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BARBARA M GRAY, REGISTER OF DEEDS DARE CO, NC

Prepared by and return to:
Daniel D. Khoury, Esquire
Vandevanter Black LLP
PO Box 2
Kitty Hawk, NC 27949

MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MARSHES LIGHT

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**MASTER DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MARSHES LIGHT**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (the "DECLARATION") for the community of Marshes Light ("Marshes Light") is made this 15th day of September, 2006 by Marshes Light LLC, a North Carolina limited liability company (the "Declarant").

RECITALS

[STATEMENT OF PURPOSE]

A. Declarant is the Developer of that property situated within the historic Town of Manteo on Roanoke Island, North Carolina, said property more particularly described in Exhibit "A," which property has been permitted by the Town of Manteo as a conditional use having a combination of single-family residential lots per subdivision ordinance and a mixed-use of residential and retail community uses of a group development. The Declarant intends by this Declaration to establish a general plan of development for the conditional uses, said development to occur in phases.

B. Declarant's present intention is stated for information of present intent only and not as a warranty or representation of a future fact as Declarant intends to develop Marshes Light in phases of residential and commercial uses which may include by way of example and not limitation: individually owned single-family lots, condominiums, townhomes and cottages with mixed retail and residential uses, multi-family main corner quads with mixed uses of retail and residential, a dockominium and a sixty-room inn, all of which may include related accessory uses.

C. Declarant desires that the development of Marshes Light be patterned upon selected architectural styles, which recognize the design criteria established in the "Manteo Way of Building." In accord, the covenants, conditions, and restrictions of Marshes Light are promulgated to promote a sense of community by placing priority of the pedestrian over the car; scaling and configuring buildings for optimum privacy while still encouraging interaction; and offering features such as wrap-around porches that encourage neighborhood interaction; and opportunities to enjoy the natural landscape, including marsh and bay, marine uses and facilities, and the boardwalks and public parks linking the community to the Roanoke Marshes Lighthouse, NC Maritime Museum, and Roanoke Island Festival Park, all unique to the island town of Manteo.

D. To further the recited purposes, Marshes Light will be developed in phases of distinct Neighborhoods with each Neighborhood subject to being governed by the Marshes Light Master Association, a non-profit organization incorporated by the Declarant under the laws of the State of



North Carolina. The Master Association shall be delegated the administration of the Common Elements subject to the provisions of this Declaration. The Neighborhoods presently contemplated include: Marshes Light Homesites, Marshes Light Compton Corner Quads, Marshes Light Marina, Marshes Light Marina Condominiums, Marshes Light Retail Cottages, Marshes Light Townhomes, and the Inn at Marshes Light. Several of the Neighborhoods may have an owners' association (the "Neighborhood Association") to manage the property of that Neighborhood, which management and administration may include the power to levy assessments for the maintenance and replacement of the neighborhood property. Notwithstanding the formation and operation of Neighborhood Associations, the provisions of this Declaration shall be superior and shall be controlling in the event of any conflict with any provisions of any Neighborhood Association.

E To preserve the value and the amenities of Marshes Light and ensure that all improvements within Marshes Light are in conformance with the Architectural Guidelines, Declarant has made provisions for an Architectural Review Board (the "ARB"), which shall be responsible for administering the Architectural Guidelines and any improvements to be constructed. Plans and specifications detailing the nature, kind, shape, material, and location of construction of any type or purpose, including alterations or additions to existing structure, must be submitted for approval by the ARB prior to any land disturbance. The ARB shall approve such plans based on their location relative to surrounding structures, their relationship to the topography, and the harmony of exterior design. The Architectural Guidelines may be amended from time to time by the ARB in its sole discretion.

F. To accomplish the objectives as referenced within these recitals, it is in the best interest of Marshes Light for the Declarant to maintain a significant role in the implementation of each phase of Marshes Light and the Declarant has therefore retained numerous rights and will exercise controls throughout the developmental period.

NOW, THEREFORE, Declarant, as the owner of the real property described in Exhibit "B," intends with the recordation of this Declaration, to establish a general plan of development for the planned community known as Marshes Light. All property described in Exhibit "B" and any additional property as described in Article III shall be owned, conveyed and used subject to all the provisions of this Declaration which shall run with the title to each Property. This Declaration shall be binding upon all persons having any right, title, or interest in any portion of Marshes Light, their respective heirs, successors in title, and assigns.

Article I
Concepts and Definitions

The terms used in the governing documents shall be given their natural commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

Section 1.01. "Act" shall mean and refer to the North Carolina Planned Community Act as codified in Chapter 47F of the North Carolina General Statutes.

Section 1.02. "Additional Property" shall mean and refer to those portions of property described in Exhibit "A" which have not been subjected to this Declaration, other than the property described in Exhibit "B" attached hereto, which may be subjected to the Declaration as more particularly set forth in Article II hereof. The Additional Property includes all real property



currently owned by Declarant, and any adjacent or nearby property hereafter acquired by Declarant that Declarant desires to bring under this Declaration.

Section 1.03. "Architectural Guidelines" shall mean and refer to the architectural, design, and construction guidelines and review procedures adopted pursuant to Article IV, as they may be amended from time to time.

Section 1.04. "Architectural Review Board" ("ARB") shall mean and refer to that committee responsible for promulgating Architectural Guidelines and approving all buildings, structural improvements, additions, modifications, and changes within Marshes Light.

Section 1.05. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Marshes Light Master Association, Inc. as filed with the Secretary of State of North Carolina.

Section 1.06. "Assessments" shall mean and refer to all base assessments, special assessments, individual assessments, and other fees and charges levied by the Association in accordance with the Governing Documents.

Section 1.07. "Association" shall mean and refer to Marshes Light Master Association, Inc., a North Carolina non-profit association.

Section 1.08. "Base Assessment" shall mean and refer to those assessments levied on all Units subject to assessment under Article VII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 7.01.

Section 1.09. "Board" shall mean and refer to the Board of Directors of the Association.

Section 1.10. "Bylaws" shall mean and refer to the Bylaws of the Association as they may now or hereafter exist. A copy of the initial Bylaws is attached to this Declaration as Exhibit "C."

Section 1.11. "Commercial Site" shall mean and refer to any unimproved parcel of land designated on the plans of Marshes Light intended for use as a site for improvements designed to accommodate commercial enterprises to serve residents of Marshes Light and the public which shall include Building #18 "Ship Store" as shown on the Site Plan.

Section 1.12. "Common Elements" shall mean and refer to all real and personal property, including easements, which the Association owns, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Limited Common Element, as defined below.

Section 1.13. "Common Expenses" shall mean and refer to the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

Section 1.14. "Conditional Use Permit" (the "CUP") shall mean and refer to that approval for the development of all the Neighborhoods and the Common Elements of Marshes Light by the

Town of Manteo subject to the conditions of said permit which is recorded in Deed Book 1668 at Page 193 of the Public Registry of Dare County.

Section 1.15. "Declarant" shall mean and refer to Marshes Light LLC and any successor or assign designated as the "Declarant" in a written instrument filed in the Public Registry of Dare County, North Carolina executed by the preceding Declarant.

Section 1.16. "Declarant Control Period" shall mean and refer to the period during which Declarant shall maintain any and all privileges, powers, easements, exemptions, rights, and duties reserved to the Declarant by the Governing Documents, and any reasonable amendments thereto related to the development of Marshes Light including the pursuit and furtherance of the recitals set forth within the Statement of Purpose. The Declarant Control Period shall terminate on the earliest of the following:

- (i) The date on which Declarant ceases to own at least five percent (5%) of the land described in Exhibit "A";
- (ii) The date on which the Declarant executes and records in the Public Registry of Dare County, North Carolina a notice that the Declarant has terminated the Class B Membership (which amendment shall not require the consent of any other owners); or
- (iii) December 31, 2026.



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The Declarant may voluntarily elect an earlier termination of the Declarant Control Period by giving written notice to the Association at such time when the Association will accept all those privileges, powers, easements, rights, and duties. During the Declarant Control Period, the Declarant shall have all those Special Declarant's Rights defined by the Act and in addition those rights which shall include at a minimum: the right to make all appointments to the ARB, the right to appoint a majority of the members to the Board of the Association, and the right to approve any amendments to the Governing Documents.

Section 1.17. "Declaration" shall mean and refer to this Master Declaration of Covenants, Conditions, and Restrictions for Marshes Light as it may be amended and supplemented from time to time as herein provided.

Section 1.18. "Governing Documents" shall mean and refer to this Declaration, any Supplemental Declaration, the Architectural Guidelines, the Articles of Incorporation, and Bylaws of the Association.

Section 1.19. "Improvements" shall mean and include all buildings, storage sheds or areas, roofed structures, decks, patios, sidewalks, parking areas, exterior recreational areas, recreational equipment and facilities, mailboxes, exterior antennae, dishes or other apparatus to receive or transmit television or radio or microwave or other signals, loading areas, fences, walls, hedges, mass plantings, poles, driveways or paved areas, ponds, changes in grade or slope of a Unit, silt preparation of a Unit, landscaping, exterior clotheslines, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape, and any other exterior construction or exterior structure or other exterior improvement which may not be included in any of the foregoing.

The definition of Improvements includes both original Improvements and all later changes and additions to Improvements.

Section 1.20. “Individual Assessments” shall mean and refer to those assessments that may be levied against an Owner to reimburse the Association for costs incurred in bringing the Owner’s property into compliance with the Governing Documents.

Section 1.21. “Inn at Marshes Light” shall mean and refer to those two buildings numbered 5 and 6 and each notated as “30 Hotel Rooms” on the Site Plan of Marshes Light dated November 11, 2005, each containing up to thirty hotel rooms. Declarant has reserved the right to have the Inn at Marshes Light sold and operated as hotel/condominiums.

Section 1.22. “Landscaped Rights-of-Way” shall mean the medians and other areas within public or private street rights-of-way within or adjoining Marshes Light which are designated as Common Element or Landscaped Rights-of-Way on any plat recorded in the Office of the Register of Dare County, North Carolina by Declarant or by any other party entitled to subject Additional Property to the Declaration, and which shall be maintained by the Association as a Common Expense.

Section 1.23. “Limited Common Element” means a portion of the Common Elements designated by the Declarant pursuant to Section 8.02 for the use of one or more Unit or Neighborhood, but less than all of the Units or Neighborhoods.

Section 1.24. “Limited Common Expense Assessment” means the annual assessments provided for in Section 7.02(d).

Section 1.25. “Lot” shall mean and refer to any numbered plot of land which is part of Marshes Light Homesites and which is shown on any plat recorded in the Public Registry of Dare County, North Carolina.

Section 1.26. “Marshes Light” shall mean and refer to all of the property described in Exhibit “A” including all Neighborhoods and Common Elements.

Section 1.27. “Marshes Light Homesites” shall mean and refer to the 22 Single- Family Residential Lots as set forth on the Site Plan.

Section 1.28. “Marshes Light Compton Corner Quads” shall mean and refer to those four (4) buildings numbered 1, 2, 3, and 4 as shown on the Site Plan of Marshes Light dated November 11, 2005, each being mixed retail and residential in use with three (3) retail units in each Building on the ground floor, and with three (3) residential units each on floors two and three in each building, for a total of nine (9) Units (3 retail and 6 residential) per building.

Section 1.29. “Marshes Light Marina” shall mean and refer to the docks, piers, moorings, and boat slips in combination, and that, operating together as a boat launching, parking, and minor marine supplies and servicing facility, are an integral component of the Marshes Light community and which docks and piers are adjacent to and are accessed from within the Marshes Light community as shown on the Site Plan of Marshes Light dated November 11, 2005.



Section 1.30. "Marshes Light Marina Condominiums" shall mean and refer to those five buildings numbered 13, 14, 15, 16, and 17, as shown on the Site Plan of Marshes Light dated November 11, 2005, each containing residential units on two elevated floors and with dedicated ground-level parking areas below.

Section 1.31. "Marshes Light Retail Cottages" shall mean and refer to those six (6) buildings numbered 7, 8, 9, 10, 11, and 12, as shown on the Site Plan of Marshes Light dated November 11, 2005, each typically consisting of a retail unit on the ground level and with one or two residential units in each building on the second and third floors. Buildings 7, 8, 9, 10, and 11 are required to have retail spaces on the ground floor while Building 12 may have a residential unit on the ground floor at the Owners' option, and any of the six (6) buildings may be used for additional retail units versus residential on the second and/or third floors.

Section 1.32. "Marshes Light Townhomes" shall mean and refer to those six (6) attached common-wall residential units as identified and notated as "1-6 on Water Street" on the Site Plan of Marshes Light dated November 11, 2005, each to be an individual Marshes Light residential unit.

Section 1.33. "Member" shall mean and refer to every person who holds a membership in the Association.

Section 1.34. "Mortgage" shall mean a mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

Section 1.35. "Neighborhood" shall mean a group of Units that are similar in design, form and function and designated as a separate Neighborhood with features, voting rights and Base Assessments different from Units in other Neighborhoods. The CUP for Marshes Light approved the following neighborhoods: Marshes Light Retail Cottages, Marshes Light Compton Corner Quads, Marshes Light Marina, Marshes Light Marina Condominiums, Marshes Light Homesites, Marshes Light Townhouses, and the Inn at Marshes Light.

Section 1.36. "Neighborhood Assessments" shall mean any assessments levied against the units in a particular Neighborhood by a Neighborhood Association to fund the Common Elements of the buildings or property within that Neighborhood, which assessments are separate and apart from those assessments levied by the Marshes Light Master Association, Inc.

Section 1.37. "Neighborhood Association" shall mean a condominium association or other owners' association, if any, having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Association. Nothing in this Declaration shall require the creation of any Neighborhood Association.

Section 1.38. "Neighborhood Expenses" shall mean the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s) and which are assessed against the Owners within a particular Neighborhood as a Limited Common Expense Assessment as provided in Section 7.02(d) below.



Section 1.39. "Owner" shall mean one or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 1.40. "Person" shall mean a natural person, a corporation, a limited liability company, a partnership, a trustee, or any other legal entity.

Section 1.41. "Plans" means the plans and other information required to be submitted by an Owner pursuant to Section 4.04.

Section 1.42. "Property" shall mean the real property described in Exhibit "B" attached hereto and any other property hereafter subjected to this Declaration.

Section 1.43. "Restrictions and Rules" shall mean the initial restrictions and rules, initially set forth in Section 3.06 as they may be supplemented, modified and repealed pursuant to Article III.

Section 1.44. "Site Plan" shall mean and refer to that set of plans submitted to the Town of Manteo which were approved and for which a Conditional Use Permit was issued, said set of plans captioned "Historic Manteo (A Group Development Project)" dated 11/11/05 revised 03/17/06 consisting of 23 pages with the Site Plan layout described on sheets C3-C4.

Section 1.45. "Slips(s)" shall mean and refer to a condominium unit in Marshes Light Marina for boat dockage.

Section 1.46. "Special Assessment" shall mean assessments levied in accordance with Section 7.02(b) of this Declaration.

Section 1.47. "Special Declarant Rights" shall mean and refer to all rights reserved to the Declarant as allowed by the Act including, without limitation, any right: to complete all improvements of the proposed Neighborhoods; to exercise all developmental rights; to maintain sales offices and management offices; to erect signs advertising Marshes Light and models; to use easements through the Common Elements for the purpose of making improvements within Marshes Light including the Additional Property; to make the Neighborhoods of Marshes Light subject to a Master Association; and to appoint or remove any officer or board member of the Association or any Master Association during the Declarant Control Period; and to have the sole and absolute discretion relating to the use of signage for purposes of sale and for rental of Units; and the sole and absolute right to operate or through its designated agents operate real estate offices, Model Homes and Open Houses for the purpose of the marketing and sale or rental of Units in Marshes Light.

Section 1.48. "Streets" shall mean and refer to the private roads and easements of Marshes Light which are to be maintained by the Association, the same being: Compton Street, Compton Quads, Woodbury Common Mews, Dartmoor Avenue, Dartmoor Lane and Sherbourne Mews.

Section 1.49. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration executed by or consented to by Declarant which subjects Additional Property to this

Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

Section 1.50. “Unit” means a portion of Marshes Light, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as either: an attached or detached residence for a single family, whether the same be a single-family lot as provided in the Neighborhood of Marshes Light Homesites, a condominium unit as provided in the Marshes Light Marina Condominiums, a townhome as provided in Marshes Light Townhomes; as a unit of retail or residential use as provided for in the Neighborhoods of Marshes Light Retail Cottages and Marshes Light Compton Corner Quads; as a Slip as provided in Marshes Light Marina; or as Condo/Hotel Unit as may be provided for in the Inn at Marshes Light. If a condominium or townhouse unit, the term shall refer to land, if any, which is a part of the Unit as well as any improvements thereon. In the case of a structure containing multiple or mixed uses, each Unit dedicated to a separate use shall be deemed to be a separate Unit as will each condo/hotel residence room and each slip.

Section 1.51. “Zoning Ordinance” means any ordinance, regulation, or provision enacted by the Town of Manteo, North Carolina regulating, restricting, permitting, or prohibiting the use of land and the construction of Improvements thereon and, for the purpose of this definition, shall include the conditions and provisions of any conditional use permit affecting any portion of Marshes Light.

Article II Property

Section 2.01. Property Made Subject to Declaration. That real estate which is described in Exhibit “B” hereto is hereby made subject to this Declaration and the Property shall be owned, held used, occupied, leased, transferred, sold, mortgaged, and/or conveyed by Declarant, the Association, and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges, and liens set forth in this Declaration. Declarant shall have the right as set forth below, but shall have no obligation, to subject the Additional Property to this Declaration.

Section 2.02. Annexation of Additional Property by Declarant Within Twenty Years. If within twenty (20) years of the date of recordation of this Declaration, Declarant is the Owner of any real property which Declarant currently owns, or which Declarant hereafter acquires and which is contiguous or adjacent to the Property, which Declarant desires to subject to this Declaration (such real property being referred to herein as “Additional Property”), it may do so by filing and recording a Supplemental Declaration which shall extend this Declaration to such Additional Property, provided, however, that such Supplemental Declaration or Additional Declaration, as applied to the Additional Property covered thereby, may include such specific additional terms, covenants, conditions, restrictions, easements, charges, and liens, not inconsistent with this Declaration, as may be set forth in such Supplemental Declaration. There shall be no requirement that any party other than the Declarant consent to, approve, or execute any such Supplemental Declaration or Additional Declaration.

Section 2.03. No Approval Needed. The exercise of Declarant’s rights under Section 2.02 is not conditioned upon nor subject to the approval of other Owners.



Section 2.04. Additional Restriction. Declarant may, in its discretion, from time to time execute and record one or more Supplemental Declarations for the purpose of establishing certain additional or different covenants, easements, and restrictions (including, without limitation, a different level of assessments) applicable to a specific portion of the property then owned by Declarant and to be developed for a specific type of use. However, no negative reciprocal easement shall arise out of any such Supplemental Declaration so as to bind any portion of the property not expressly subjected thereto.

Section 2.05. Master Plan. The existence of a Master Plan for Marshes Light as part of the Zoning Ordinance or otherwise shall not be deemed to constitute a representation by Declarant that the real estate shown thereon shall be developed as depicted on the Master Plan, and the Master Plan may be amended from time to time in the sole discretion of Declarant with the consent (to the extent required) of the Town of Manteo, North Carolina.

Section 2.06. Effect of Filing Supplemental Declaration. A Supplemental Declaration shall be effective upon recordation in the Public Registry of Dare County, North Carolina unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

Article III Use of Property

Section 3.01. Purpose. In order to preserve the natural setting and beauty of Marshes Light, and to establish and preserve a harmonious and aesthetically pleasing design pursuant to standards promulgated by the Association, and to protect and promote the value of all properties within Marshes Light, each Unit located within Marshes Light shall be subject to the standards and restrictions set forth in this Article III. The fabric of Marshes Light's identity as a community, distinct from other developments, derives from the standards for use and conduct, and the architecture and maintenance of its structures and land uses. This Declaration establishes procedures for adopting, modifying, applying, and enforcing such standards while providing the flexibility for community standards to evolve as Marshes Light changes and grows in time.

Section 3.02. Framework for Regulation. The Governing Documents establish, as part of the general plan of development for Marshes Light, a framework of affirmative and negative covenants, easements, and restrictions that govern Marshes Light. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article establishes procedures for modifying and expanding the initial Restrictions and Rules as set forth in Section 3.06 below.

Section 3.03. Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Restrictions and Rules. The Board shall send notice by mail to all Owners concerning any proposed action at least ten (10) days prior to the Board



meeting at which such action is to be considered. Voting Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with Subsection (c) below, unless Voting Members representing more than 50% of the total Class "A" votes in the Association and the Class "B" Members, if any, disapprove. The Board shall have no obligation to call a meeting of the voting members to consider disapproval except upon receipt of a petition of the Members as required for special meetings in the Bylaws. Upon such petition of the Members prior to the effective date of any Board action under this Section 3.03(a), the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(b) Alternatively, Members, representing more than 50% of the total Class "A" votes in the Association at an Association meeting duly called for such purpose, may vote to adopt rules that modify, cancel, limit, create exceptions to, or expand the Restrictions and Rules then in effect. Such action shall require approval of the Class "B" Members, if any.

(c) Prior to any action taken under this section becoming effective, the Board shall send a copy of the new rule or explanation of any changes to the Restrictions and Rules to each Owner. The effective date shall be not less than 30 days following distribution to Owners. The Association shall provide, without cost, a copy of the Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(d) No action taken under this Article shall have the effect of modifying, repealing, or expanding the Architectural Guidelines or any provision of this Declaration other than the initial Restrictions and Rules set forth herein. In the event of a conflict between the Architectural Guidelines and the Restrictions and Rules, the Architectural Guidelines shall control. In the event of a conflict between any provisions in the Restrictions and Rules and this Declaration, the provisions of this Declaration shall control.

Section 3.04. Owner's Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Unit and the Common Elements is limited by the Restrictions and Rules as amended, expanded, and otherwise modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Restrictions and Rules may change from time to time. All purchasers of Units are on notice that the Association may have adopted changes. Copies of the current Restrictions and Rules may be obtained from the Association.

Section 3.05. Protection of Owners and Others.

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; however, the Restrictions and Rules may vary by Neighborhood.

(b) Activities Within A Unit. No rule shall interfere with the activities carried on within the confines of a Unit, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of



occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, or that create an unreasonable source of annoyance.

(c) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit.

(d) Reasonable Rights to Develop. No rule or action by the Association or Board shall unreasonably impede Declarant's right to develop Marshes Light.

The limitations in subsections (a) through (d) of this Section 3.05 shall only limit rulemaking authority exercised under Section 3.03; and shall not apply to any amendments to this Declaration adopted in accordance with Article XIV.

3.06. Initial Restrictions and Rules.

The following restrictions apply to all uses of property in Marshes Light unless specifically excepted:

(a) Parking any vehicles on the roadway area of public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages or driveways is prohibited, provided, however, that construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to commercial services or to make a delivery to a Unit or the Common Elements;

(b) Raising, breeding, or keeping animals, livestock, or poultry of any kind is prohibited, except that a reasonable number of dogs, cats, or other usual and common household pets will be permitted in a Unit; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that causes the emission of foul or obnoxious odors outside the Unit or creates noise or other conditions that tend to disturb the peace or threaten the safety of the occupants of other Units is prohibited;

(d) Any activity which violates governmental laws or regulations is prohibited; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit is prohibited;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Element or to the occupants of other Units is prohibited;



(g) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes, is prohibited;

(h) Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, body of water, or elsewhere within Marshes Light is prohibited, except that fertilizers may be applied to landscaping in Marshes Light provided care is taken to minimize runoff;

(i) Accumulation of rubbish, trash, or garbage is prohibited except between regular garbage pick ups, and only then in approved containers;

(j) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains is prohibited, except that Declarant and the Association shall have such right provided the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(k) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and recorded is prohibited, except that Declarant shall be permitted to subdivide or replat Units it owns;

(l) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years is prohibited, except as may apply to any program associated with the Inn at Marshes Light;

(m) On-site storage of gasoline, heating, or other fuels is prohibited, except that a reasonable amount of fuel may be stored at each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment. This provision shall not apply to any underground fuel tank used in connection with the operation of the marina (or to underground propane gas tanks used for fireplaces or cooking stoves);

(n) Any business, trade, garage sale, moving sale, rummage sale, or similar activity is prohibited, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for Marshes Light; (iii) the business activity does not involve door-to-door solicitation of residents of Marshes Light; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Marshes Light which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of Marshes Light and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of Marshes Light, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or

activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

These restrictions of sub-paragraph (m) shall not apply to the commercial neighborhoods that have been permitted for commercial and retail uses;

(o) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Marshes Light or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution are prohibited;

(p) Disposal or drainage of sewage, wastewater, stormwater, or other waste matter from the Property into the bodies of water within or adjacent to Marshes Light is prohibited;

(q) Any construction, erection, placement, or modification of any fixture or thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved is prohibited, except in strict compliance with the provisions of Article IV of the Declaration. This shall include, without limitation, signs; basketball hoops, swing sets, and similar sports and play equipment; clotheslines or other clothes-drying facilities; garbage cans; woodpiles; and above-ground swimming pools;

Satellite dishes that are 18 inches in diameter or less shall be permitted at Marshes Light; however, such over-the-air reception devices shall comply with all Architectural Guidelines, screening requirements, and other applicable Restrictions and Rules pertaining to the location and manner of installation. Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of Marshes Light, should any master system or systems be utilized by the Association and require such exterior apparatus;

(r) All Units must be subject to an agreement for periodic pest control. All pest-control measures must be environmentally friendly with the lowest chemicals allowed. Further, pest-control measures must be performed on the soil of a Unit (or building) prior to commencement of any construction;

(s) Any interference with the Landscaping Easement reserved to the Association as set forth in Section 10.09 below; and

(t) Any interference with the Access Easements of Woodbury Common Mews and Sherbourne Mews as reserved in Section 10.12 below.

Section 3.07. Signage. No "For Sale" or "For Rent" signs or other signs of any kind shall be displayed in public view on any Unit, facility, appurtenance, short or long term parked vehicle, or any other structure within Marshes Light unless approved by the Declarant, who shall have the sole and absolute authority to formulate any design criteria and color schemes for any signage approved by the Declarant. Notwithstanding the foregoing, the Declarant shall have the right to locate signs indicating the location of any sales and rental centers, identify model homes or Open Houses and



such other information signs of any type as may be necessary or desirable, in Declarant's sole opinion to facilitate Declarant's plans for development and sales at Marshes Light.

Section 3.08 Model Homes, Open House and Real Estate Offices. During the Declarant Control Period, the Declarant and any of its designated agents shall have the right to exclusive operation of real estate sales, rental or management offices within Marshes Light including the sole right for any Unit to be used or marketed as a "Model Home" or "Open House" for the sale or rental of any Unit within Marshes Light. The provisions set forth within this section 3.08 shall be considered a deed restriction for the entire Marshes Light and shall be a part of the consideration for the sale of property within Marshes Light.

Article IV Architectural Standards

Section 4.01. Purpose. Declarant desires to provide for the preservation of the values of Marshes Light with respect to any Unit to be constructed on any portion of Marshes Light. To that end, Declarant will establish an Architectural Review Board (the "ARB"). The purpose of the appointed ARB is to maintain standards of appearance, shape, dimension, construction material, and color among other things, in order to establish a desirable consistency and harmony between adjacent and surrounding structures and relative to location and topography to assure compliance with the design guidelines of the Manteo Way of Building of the Zoning Ordinance of the Town of Manteo.

Section 4.02. Advance Approval Required. All construction (which term shall include within its definition: staking, clearing, excavation, grading, and other site work) or modifications (except interior alterations not affecting the external structure or appearance of any building) including plantings or removal of plants, trees, or shrubs shall not take place except in strict compliance with this Article, until the requirements below have been fully met and written approval of the Architectural Review Board ("ARB") has been obtained pursuant to Section 4.03 below. Unless approved in accordance with this Article, no structure, including, but not limited to: fences, porches, patios, decks, privacy walls, gates, pools, whirlpools or other pools, and awnings shall be placed, erected, or installed upon any Unit.

Unless otherwise approved by the ARB, all improvements constructed on any portion of Marshes Light shall be built by an approved licensed general contractor. For the purposes of this Article, an "Approved Licensed General Contractor" shall mean a general contractor properly licensed who has made application to and has been approved by the ARB. The requirements and procedure for becoming an approved general contractor shall be determined by the ARB.

Section 4.03. Architectural Review Board.

Declarant shall appoint an Architectural Review Board to review and, as appropriate, approve or disapprove Plans submitted by Owners in accordance with this Article. The Architectural Review Board shall consist of three persons, at least one of whom shall have architectural or building design experience. The right to appoint and remove all members of the Architectural Review Board shall be and is hereby vested solely in Declarant so long as it owns any portion of Marshes Light. After Declarant no longer owns any portion of Marshes Light or at such earlier date as Declarant may elect, the right to appoint the members of the Architectural Review





Board shall vest in the Board. The members of the Architectural Review Board shall serve for such terms as Declarant or the Board, depending on who appoints the members, shall determine.

Section 4.04. Guidelines and Procedures. The Declarant has prepared the initial design and development guidelines and applications and review procedures (the "Architectural Guidelines") which shall be applicable to all construction activities within Marshes Light as well as the specific provisions which vary from neighborhood to neighborhood, a copy of which is attached and incorporated hereto as Exhibit D.

The ARB shall have the authority with the Declarant's approval to reasonably amend the Architectural Guidelines from time to time without the consent of the Association, provided said amendments are consistent with the Statement of Purpose set forth within this Declaration. Subsequent to the Declarant's Control Period, any amendments to the Architectural Guidelines may be either proposed by the ARB to the Association or may be proposed initially by the Association and any adoption thereafter must be by a majority vote of the Board.

The ARB shall make the Architectural Guidelines available to Owners and architects and general contractors who seek to engage in any development and construction in Marshes Light and all such persons shall conduct their activities in strict accordance with the Architectural Guidelines. A written document acknowledging receipt of the Architectural Guidelines shall be signed by the appropriate general contractor prior to commencement of any construction activity. All Owners, architects, general contractors, sub-contractors, materialmen, and their agents shall conduct their activities strictly in accordance with the Architectural Guidelines.

Any amendments to the Architectural Guidelines as may be reasonably adopted from time to time by the ARB in accordance with this Section 4.04 shall apply to construction and modifications commenced after the date of such amendment only, and shall not require modifications or removal of structures previously approved by the ARB once the approved construction or modification has commenced.

The ARB may promulgate from time to time detailed standards and procedures governing its area of responsibility and practice. In addition thereto, the following shall apply: plans and specifications showing the nature, kind, shape, color, size, materials, and location of any proposed construction and any modification, addition, or alteration to any prior approvals shall be submitted to the ARB for approval as to quality of workmanship and design and as to harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finished grade elevation.

The plans to be submitted must include site plans that depict all access streets and walkways, pathways, and other exterior improvements; grading drainage plan; fill plan identifying runoff, if any; foundation plan; landscaping plan; and lighting plan. The architectural drawings submitted must include total enclosed heated/air conditioned square footage; floor plans, including an exact computation of the square footage of each floor and drawn to the scale of one-quarter inch equals one foot; elevation drawings for all sides which shall indicate existing grade, fill, and finished floor elevation; detailed drawings of typical wall sections and any other extra features; and a complete identification of colors and materials, including shingles, siding, and color. The plans shall also include a landscaping plan showing in detail the proposed plantings and method of maintenance.



At time of submission, three sets of plans shall be submitted along with a review fee of \$300.00 and a deposit of \$1000.00 with the completed ARB application form. Construction of all improvements must be completed within ten months from the date the ARB grants an applicant approval. The deposit shall be returned upon the completion of all improvements and installation of landscaping.

Section 4.05. Non-Precedential Nature of Approvals. Each applicant acknowledges that the composition of the ARB will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Architectural Guidelines may reasonably vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the ARB may refuse to approve similar Improvements in the future.

Section 4.06. No Waiver of Future Approvals. The approval of the ARB of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARB, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters subsequently or additionally submitted for approval or consent.

Section 4.07. Basis for Decision and Variance. The ARB shall approve or disapprove any application in its reasonable discretion, based primarily on adherence with the Architectural Guidelines; however, the ARB reserves the right to grant variances based on architectural merit and on existing landscape conditions. The ARB may also consider the nature, kind, shape, height of materials, and location of the proposed improvements, harmony with surrounding structures and topography, and other factors including purely aesthetic considerations, which in the sole opinion of the ARB will affect the desirability or suitability of the construction.

Section 4.08. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the ARB shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications or for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the ARB, or the Association, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Unit.

Section 4.09. Statement of Reasons for Disapproval. In any case where the Architectural Review Board shall disapprove any Plans submitted hereunder or shall approve the same only as modified or upon specified conditions, notice of such disapproval or qualified approval shall be given to the Owner submitting such Plans within forty-five (45) days after the Architectural Review Board declares the submission complete by written notice to the Owner, and such notice of disapproval or qualified approval shall be accompanied by a statement of the specific reasons therefore.

Section 4.10. Time of Approval. The Architectural Review Board shall not be required to review any Plans unless and until the submitted Plans contain all the items required by this Article IV, and such 45-day review period shall not commence until the Architectural Review Board declares the submission complete by written notice to the Owner. If the Architectural Review



Board fails to approve, disapprove, or request any additions or supplemental information relating to any preliminary or final Plans within forty-five (45) days after the Architectural Review Board declares the submission complete by written notice to the Owner, then such Plans shall be deemed to have been approved, but only to the extent that such Plans comply with the Architectural Guidelines.

Section 4.11 Expiration of Approval. If work is not commenced within twelve months from the date the Architectural Review Board approves the Plans for such work, then such approval shall be deemed revoked by the Architectural Review Board unless the Architectural Review Board, in its sole discretion, extends the time for commencing work. All work covered by such approval shall be completed within one year after the commencement thereof, except for such period of time as such completion is rendered impossible or would result in great hardship due to strikes, fires, national emergencies, critical materials shortages, or other intervening forces beyond the control of the Owner or Occupant, unless the Architectural Review Board, in its sole discretion, extends the time for completion. For the purposes of this Declaration, work on an Improvement shall be deemed to have "commenced" when the Improvement site has been graded and, in the case of buildings, footings or foundations have been poured or otherwise installed.

Section 4.12. Liability for Violation. Any person violating any provisions of this Article shall be liable for all costs incurred by the Declarant or the Architectural Review Board or any other person who seeks to enjoin or otherwise remedy such violations, including, but not limited to, reimbursement for reasonable attorney fees and expenses incurred in connection with said enforcement.

Article V
Maintenance

Section 5.01. Maintenance of Unit. Each Owner shall be responsible for all maintenance and repair of his or her Unit together with all other improvements thereon or therein and all landscaping in conformance with the Governing Documents, and the plans and landscaping plan approved by the ARB. No Improvement within Marshes Light shall be permitted by its Owner (or Neighborhood Association if applicable) to fall into disrepair and each such Improvement shall at all times be kept in a neat, clean, and good condition and repair; properly maintained; adequately painted or otherwise finished; safe and sound; and in compliance with all laws.

Each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Element or right-of-way lying between the Unit boundary and any wall, fence, or curb located on the Common Element or right-of-way within 10 feet of the Unit boundary, provided there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior written approval of the ARB or Declarant.

Section 5.02. Landscape Maintenance. All landscaping of those Lots situated within Marshes Light Homesites shall be properly maintained by the Owner (subject to the reservation of the Association to maintain landscaping within ten (10) feet of the sidewalk adjacent to each Homesite as provided in Section 10.09 below), including all necessary cutting, irrigation, fertilizing, pruning, and required replacements. Dead or damaged planting materials shall be properly replaced. Each Owner within Marshes Light Homesites shall be responsible for proper drainage from its Lot.



All other landscaping within Marshes Light shall be the responsibility of the Association unless specifically delegated to a Neighborhood Association.

Section 5.03 Responsibilities of the Association. The Association shall maintain and keep in good repair the Common Elements of Marshes Light including all landscaping except for Marshes Light Homesites and any landscaping responsibilities specifically assigned to a Neighborhood Association. The Association shall also be responsible for maintaining any necessary erosion-control provisions including the maintenance, repair, and replacement of any boardwalks and bulkheads.

Section 5.04 Marshes Light Marina Maintenance. Marshes Light Slip Owners' Association, Inc. shall be responsible for maintaining the water surface and the lands beneath the water surface of Marshes Light Marina which shall include the maintenance, repair, replacement, dredging, and insurance of all improvements which cost shall be a common expense allocated among all Slip Owners of Marshes Light Slip Owners' Association, Inc.

Section 5.05 Maintenance of Neighborhoods.

Any Neighborhood Association shall maintain its Common Elements and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents and all applicable covenants.

Upon resolution of the Board, Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of Common Elements within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way, and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the standards of Marshes Light. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided.

Article VI
Membership and Voting Rights

Section 6.01 Function of the Association. The Association is the entity responsible for management, maintenance, operation, and control of the Common Elements. The Association is also the entity responsible for enforcement of the Governing Documents. The Association shall also be responsible for the delegation of any duties and responsibilities among the Neighborhoods.



Section 6.02. Membership Each and every Owner of a Unit shall automatically become a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a property interest in Marshes Light.

Section 6.03. Classes of Membership.

The Association shall have two classes of voting membership: Class A and Class B.

(a) The Class A Members shall be all Owners of a Unit in Marshes Light except the Class B Member, if any. Class A Members shall have that allocation of vote per Unit based on the Neighborhood in which their Unit is located as illustrated by the adjacent table.

Neighborhood	Allocation of Vote
Marshes Light Homesites	1 Vote per Unit
Marshes Light Compton Corner Quads	1 Vote per Unit
Marshes Light Marina	1/4 Vote per Unit
Marshes Light Marina Condominiums	1 Vote per Unit
Marshes Light Retail Cottages	1 Vote per Unit
Marshes Light Townhomes	1 Vote per Unit
Inn at Marshes Light	1/2 Vote per Unit

(b) Class B. The Class B Member shall be Declarant, who shall be entitled to cast the Class B vote. For so long as Declarant's Class B membership exists and to the extent not otherwise provided in this Declaration or the Association's Bylaws or Articles of Incorporation (as they may be amended and restated), the affirmative vote of the Class B Member shall be required for any vote of the membership to pass. The failure of the Class B Member to cast a vote will be considered a vote in the negative. The Class B membership shall terminate on the earliest of the following:

- (i) The expiration of the Declarant Control Period pursuant to Section 1.16; or
- (ii) When, in its discretion, Declarant so determines and declares the determination in a Supplementary Declaration.

Section 6.04. Voting Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be as set forth herein or in the Bylaws. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the Bylaws.

Section 6.05. Termination of Membership. A Person's membership in the Association shall terminate automatically whenever such Person ceases to be an Owner, but such termination shall not release or relieve any such Person from any liability or obligation incurred under or in any way connected with the Association during the period of such Person's ownership of a Unit, or impair any rights or remedies which the Association or any other Member has with regard to such former Member.



Section 6.06. Powers of the Association Relating to Neighborhood Associations.

The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association that the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the standards of Marshes Light. The Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefore.

A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Individual Assessments against the Unit Owners of that Neighborhood Association to cover the costs, as well as an administrative charge and sanctions.

Article VII
Association Finances

Section 7.01. Budgeting and Allocating Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 7.03. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 7.02.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

The Association is authorized to levy Base Assessments against all Units subject to assessment under Section 7.02 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Within thirty (30) days after adoption of the yearly budget the Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget. The Board shall set a date for a meeting of the Owners to consider modification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary



and notice. A quorum need not be present at such meeting the budget is deemed ratified unless disapproved at that meeting by Members representing at least seventy-five percent (75%) of the total Class A Members in the Association or by the Class B Member, if such exists. If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Annual Assessment from time to time during the year, subject to the notice requirements on the right of the Members to disapprove the revised budget as set forth above.

Section 7.02. Creation of Assessments, Personal Obligation, and Lien. Each Owner, other than the Declarant, hereby covenants and agrees to all the covenants, cements, and restrictions of this Declaration and to pay to the Association:

- (a) Base Assessments. The Association is authorized to levy Base Assessments against all Units to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board will consider the level of services to be delivered to that Unit as well as any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year. The initial Base Assessment shall be \$1,250.00. Commencing with the year January 1, 2007, each annual budget adopted by the Board and proposed for ratification by the Owners shall include a five percent (5%) increase to the Base Assessment. In the alternative, the Board may determine that the amount of the automatic 5% increase is inadequate and that the amount of the annual Base Assessment should be increased greater than 5%. The Board shall also have the discretion to propose for ratification that the annual Base Assessment for any year be an amount less than that amount determined by that amount determined by the automatic increase of 5% per annum; provide however, such action shall not constitute a waiver by the Board of its right to revert to the full minimum regular Base Assessment compounded by 5% per annum increases in subsequent years.
- (b) Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. In addition to the Base Assessments and the Limited Common Assessments, the Association may levy a periodic Special Assessment if the purpose in doing so is found by the Board to be in the best interest of the Association and the proceeds of such assessment are used primarily for the maintenance and upkeep, including capital expenditures, of the Common Elements or the Limited Common Elements, as applicable. If any Special Assessment is in an amount greater than the Base Assessment (or the Limited Common Expense Assessment, as applicable) for the same year, then no such Special Assessment shall be levied without the approval of the majority of the votes of the Class A Members (or in the case of the Limited Common Elements, those Class A Members of the Neighborhood to which such Limited Common Elements appertain) who are voting in person or by proxy at a meeting duly called for such purpose and the affirmative vote of the Class B Member



(for so long as the Class B membership shall exist); otherwise such Special Assessment may be established by the Board without a vote of the membership. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

- (c) Individual Assessments. The Association may levy Individual Assessments to reimburse the Association for costs incurred in bringing a Unit or Neighborhood into compliance with the Governing Documents together with the costs, fees, and expenses including reasonable attorneys' fees (the "costs of collection") incurred by the Association incidental to the enforcement of any Rules and Regulations, collection of assessments, or collection of damages or charges arising under the Governing Documents. All assessments together with interest and late payment fees, and any costs of collection shall be a charge on the Unit (or Units within the Neighborhood and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be a personal and continuing obligation of the person or persons jointly and severally, who is (are) the Owner (s) of such Unit at the time when the assessment fell due.
- (d) Limited Common Expense Assessments. "Limited Common Expenses" are those expenses attributable to managing, maintaining, improving, caring, operating, renovating, repairing, establishing appropriate reserves for, insuring, and replacing Limited Common Elements. The purpose of the "Limited Common Expense Assessment" is to provide a means whereby the Owner of Units within a particular Neighborhood which directly benefits from specific Limited Common Elements or a specific service or higher or more frequent use of services shall pay their proportionate share of the Limited Common Expenses attributable to such Limited Common Element or specific service. Limited Common Expenses may be assessed annually by the Board.

An Owner's personal obligation for payment of such assessments shall not pass to such Owner's successors in title unless expressly assumed by them, but the lien against such Owner's Unit as established in this Declaration shall continue in effect (unless terminated as otherwise provided herein). No Owner shall be exempt from liability for any assessment provided for herein by reason or non-use of such Owner's Unit or the Common Elements.

Section 7.03. Budgeting for Reserves. The Board shall prepare and review at least annually a reserve budget for the Common Elements. The budgets shall take into account the number and nature of the replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 7.01 a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period.

Section 7.04. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; The Lien, Remedies of Association. If any Owner fails to pay an Assessment when due and payable, the Assessment shall be subject to a late charge in the amount of five percent (5%) of the

delinquent Assessment and shall bear interest from the due date at the rate equal to the lesser of eighteen percent (18%) per annum or the highest rate of interest permitted by law. If an Assessment is not paid by the due date, it shall become delinquent and the Association may thereafter send a notice of such delinquency to the Owner, stating that if the delinquent Assessment is not paid in full within ten (10) days after the date of such notice the Association may thereafter file a written notice of such delinquency (the "Lien Notice") in the Clerk's Office of the Dare County Superior Court to evidence the lien upon the Unit against which such Assessment was made. Such Lien Notice, setting forth the amount of such unpaid Assessment, the name of the Owner of the Unit, and the legal description of the Unit shall be signed by an agent of the Association and shall be recorded in the Clerk's Office. The Association may foreclose the lien for the Assessments provided for in this Declaration in the same manner as provided for a foreclosure of a power of sale in a Deed of Trust. The Association may also secure and collect Assessments by any other means permitted by law. In addition, either in the first instance or for deficiency following foreclosure, the Association may bring an action at law to collect such indebtedness against the Owner personally obligated to pay the same. In accord with Section 47F-3-116 of the Act, the Association is the prevailing party in any action brought to recover assessments shall be entitled to reimbursement for all costs and reasonable attorney's fees incurred in connection with the collection of the delinquent assessments which shall be added to the amount of the assessments due and shall be secured by the Association lien. Interest, late charges, costs, and attorneys' fees of any such action, including the cost of filing the Lien Notice, shall be added to the amount of the Assessments due and shall be secured by the Assessment lien. The personal obligation of the Owner to pay such Assessment shall remain his personal obligation for the statutory period and shall be binding on any successor in interest.

If the Assessment or Assessments are not paid within thirty (30) days after the delinquency date, the Assessment or Assessments shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law, and the Board acting on behalf of the Association may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot or Unit and there shall be added to the amount of such assessment, the costs of such action and reasonable attorney's fees as allowed by the Act or other cost incurred by the Association. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment at the maximum rate permitted by law and a reasonable attorneys' fee as allowed by the Act together with the costs of the action.

Section 7.05. Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy its obligation for Assessments on Units which it owns which have received a certificate of occupancy either by paying such Assessments in the same manner as any other Owner or by paying the difference between the amount of Assessments levied on all other Units subject to Assessment and the amount of actual expenditures by the Association during the fiscal year. Unless Declarant otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year.

Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, Declarant shall pay Assessments on its unsold Units in the same manner as any other Owner.



Section 7.06. Calculation of Assessments.

(a) Units. The Common Expenses of the Units are to be allocated in accordance with the relative values assigned to the Neighborhoods on the adjacent table which is

Neighborhood	Percentage Base Assessment
Marshes Light Homesites	75% per Unit
Marshes Light Compton Corner Quads	125% per Unit
Marshes Light Marina	50% per Unit
Marshes Light Marina Condominiums	100% per Unit
Marshes Light Retail Cottages	125% per Unit
Marshes Light Townhomes	100% per Unit
Inn at Marshes Light	50% per Unit

based on the projected level of services to Units within the designated Neighborhood to determine a Unit's Base Assessment which shall be an allocated percentage of the total Base Assessment for the current budget year.

For purposes of illustration, if the total Base Assessment for the current budget year is \$600.00, then the Percentage Base Assessment for a Unit in Marshes Light Compton Corner Quads would be \$750.00 and the Percentage Base Assessment for a Unit in the Inn at Marshes Light would be \$300.00.

Allocation Method. Notwithstanding the provisions of this Section 7.06, the Board shall have the authority to change the manner in which any Assessments are calculated and allocated if, in the reasonable judgment of the Board, such change is necessary to fairly and equitably apportion the responsibility for the payment of such Assessments.

Section 7.07. Capitalization of the Association. Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such Assessment. This amount shall be used by the Association to cover operating expenses and other expenses incurred by the Association pursuant to the Governing Documents.

Section 7.08. Statement of Common Expenses. In accord with Section 47F-3-118 of the Act, the Board or managing agent shall provide any member, Owner, contract purchaser or Mortgagee, within ten (10) days after a written request therefore, with a written statement of all unpaid assessments for Common Expenses due with respect to a specific Unit (or a statement that the amount of unpaid assessments is zero). No contract purchaser, Mortgagee, or purchaser from a Mortgagee requesting such a statement shall be liable for, nor shall the Unit conveyed to such Person relying on such statement be subject to, a lien for any unpaid assessments due prior to the date of such statement in excess of the amount set forth on such statement; provided, however, that this section shall not be interpreted to release any Owner from personal liability for such assessments levied while such Person owned the Unit. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.



Article VIII
Property Rights in the Common Elements

Section 8.01. Owners' Rights of Enjoyment. Subject to the provisions of this Declaration, Bylaws and except to the extent limited by the designation of "Limited Common Element" or designation of parking spaces as Limited Common Elements as applicable to those parking spaces located under the Buildings of Marshes Light Marina Condominiums, every Owner shall have an easement in and a right of enjoyment in and to the Common Elements to be used for the intended purposes, which easement and right shall be appurtenant to and shall pass with the title to every Unit.

Section 8.02. Limited Common Elements. Declarant shall have the power, for so long as Declarant has the right to add Additional Property under Section 2.02 hereof, to restrict portions of the Common Element for the use of a specific Owner or Owners, and their respective Occupants, customers, guests, and invitees, by designating such portions of Common Element as "Limited Common Element." Those parking spaces located under the buildings in Marshes Light Marina Condominium shall be Limited Common Elements to the designated buildings. The Common Elements include the streets other than Fernando Street and Uppowoc Street, the alleyways within Marshes Light Homesites, all landscaping, stormwater areas, the pond, any catch basins, any dumpster pads, any pump stations, all bulkheading, all boardwalks, signage, and any lighting within the Common Elements.

Declarant may either: (i) indicate the locations of the Limited Common Element appertaining to one or more Units by depicting such Limited Common Element and the Lots(s) or Unit(s) to which it is appurtenant on a plat attached to or recorded with a Supplemental Declaration; (ii) label a portion of the Common Element as "Common Element That May Be Assigned as Limited Common Element" on a plat attached as an exhibit to the applicable Supplemental Declaration and thereafter assign such Limited Common Element or Limited Parking Area to one or more specific Units by Supplemental Declaration to indicate the assignment and the Limited Common Element being assigned and the Units to which it is appurtenant; or (iii) indicate that such Common Element is a Limited Common Element by a description in a Supplemental Declaration.

The designation of parking spaces for the use of specific Owner(s) or Occupant(s) shall not result in that designated parking area being deemed a Limited Common Element.

Section 8.03. Extent of Owners' Easement. The rights and easements of enjoyment created in Section 8.03 of this Article VIII shall be subject to the following:

(a) All provisions of this Declaration affecting such rights and easements, including without limitation those contained in this Article VIII.

(b) The right of the Association to prescribe and enforce regulations governing the use, operation, and maintenance of the Common Elements (including limiting the number of guests of Members who may use the Common Elements).

(c) The right of the Association to borrow money for the purpose of improving, repairing, replacing, and maintaining the Common Elements and facilities and/or the Landscaped Rights-of-Way and in connection with such borrowing to mortgage the Common Elements,



provided the rights of such mortgagee in the Common Element shall be subordinate to the rights of the Association and the Owners hereunder (Note: the term "mortgage" when used in this Declaration also includes a Deed of Trust and any other type of security interest in real or personal property).

(d) The right of the Association to take such steps as are reasonably necessary to protect the Common Element against foreclosure;

(e) The right of the Association to suspend the voting rights and the right to use recreational facilities of the Common Elements if any, by an Owner (including his tenants) for any period during which any assessment against such Owner's Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association's published rules and regulations.

Section 8.04. Changes in Boundaries; Additions to Common Elements. Declarant expressly reserves for itself and its successors and assigns the right to reasonably change and realign the boundaries of the Common Elements, and any Lots, including the realignment of boundaries between adjacent Units owned by Declarant, provided that any such change or realignment of boundaries shall not materially decrease the acreage of the Common Elements and shall be evidenced by a revision of and/or addition to those plats of Marshes Light which shall be recorded in the Office of the Register of Deeds of Dare County, North Carolina. Except as provided herein, Units may not be subdivided or separated into smaller lots or any portion of a lot be separately conveyed.

Section 8.05. Damage or Destruction of Common Elements by Owner. If any Owner or any of their guests, tenants, licensees, agents, employees of Owner, or his family damages any of the Common Elements as a result of negligence or misuse, the Owner hereby authorizes the Association to repair the damage. The cost of repair shall be the responsibility of that Owner and shall become an Individual Assessment payable by the responsible Owner, and shall constitute a lien on the Owner's property and be collectible in the same manner as assessments as set forth in Section 7.02(c).

Section 8.06. Common Elements and Limited Common Elements. The Declarant shall retain the legal title to the Common Elements until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Declarant, the Association or Neighborhood Association(s) are able to maintain the same but, notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors, and assigns, that it shall convey the Common Elements to the Association at Declarant's option anytime within twenty (20) years of the recordation of this Declaration.

Section 8.07. Rights in Common Elements, Limited Common Elements, and Parking Areas Reserved by Declarant. Until such time as Declarant conveys a Common Element, a Limited Common Element to the Association, Declarant shall have the right as to that Common Element, or Limited Common Element, but not the obligation, (i) to construct such Improvements thereon as it deems appropriate for the common use and enjoyment of Owners; and (ii) to use the Common Elements or Limited Common Element for other purposes not inconsistent with the provisions of this Declaration (including, without limitation, for a marketing or sales office, construction control center, or hospitality center).



Article IX
Rights Reserved to the Declarant

9.01. Special Declarant Rights. In addition to the development rights reserved by Declarant as hereinafter set forth within this Article IX, the Declarant has reserved all Special Declarant Rights as allowed by the Act including, without limitation: all rights to complete improvements within all of the Neighborhoods of Marshes Light; to exercise all development rights as set forth below; to maintain sales offices; to use Units as models and management offices; to use easements through the Common Elements for the purpose of making improvements within Marshes Light or within the Additional Property; to make all the Neighborhoods of Marshes Light subject to the Association and to appoint or remove any officer or board member of the Association during the Declarant Control Period.

9.02. Duration of the Declarant's Rights. All rights, privileges, and powers reserved by the Declarant herein including Special Declarant Rights and those powers related to all Neighborhoods of Marshes Light including the Additional Property shall extend to the earlier of:

- (i) The date on which Declarant ceases to own at least five percent (5%) of the land described in Exhibit "A";
- (ii) The date on which the Declarant executes and records in the Public Registry of Dare County, North Carolina a notice that the Declarant has terminated the Class B Membership (which amendment shall not require the consent of any other owners); or
- (iii) December 31, 2026.

Section 9.03. Right to Complete Marshes Light. The Declarant shall have the right to conduct all lawful activities required or related to the completion of the Marshes Light development as such may be reasonably amended from time to time and as approved under the Ordinances of the Town of Manteo, North Carolina.

Section 9.04. Right to Modify Units Within Neighborhoods. Prior to adding any Neighborhood designated in Section 1.35 of this Declaration as Additional Property pursuant to Section 1.02, the Declarant shall have the right to reconfigure the types of Units within a Neighborhood (i.e.: Single-Family Residential, Townhomes, or Condominiums and the mixed uses of Residential and Commercial) subject to amendment and approval of its Conditional Use Permit by the Town of Manteo.

Section 9.05. Additional Phases. The Declarant hereby declares that all of that property described in Exhibit A is subject to the Declarant's right to unilaterally subject such property to this Declaration. For the duration of the Declarant Control Period, the Declarant shall have the right to incrementally annex all or any portions of that property comprising the additional phases by executing one or more Supplemental Declarations.

Section 9.06. Governing Documents. During the Declarant Control Period, the Association shall make no amendments to the Governing Documents or take any other action that may adversely affect the Declarant's interest without the Declarant's prior written consent.



Section 9.07. Easements. The Association shall take no action seeking to alter easements established in the Governing Documents by the Declarant, nor to prevent establishment of easements necessary to complete the Marshes Light development.

Section 9.08. The Declarant's Representation on the Board. During the Declarant Control Period, the Declarant shall have the right to appoint the majority of members serving on the Board of the Association which right of appointment may earlier be terminated as provided in Section 1.16 herein. The number of members of the Board and composition may not be changed during the Declarant Control Period without the Declarant's written consent.

Section 9.09. Marketing and Sales Activities. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant and its successors and assigns during the Declarant Control Period, the inalienable and transferable right and easement in and to Marshes Light for the maintenance of signs, sales offices, construction offices, business offices, and model Units, together with such other facilities as may be reasonably required, convenient, or incidental to the completion and improvement of Common Elements, and/or sale of Units, or any Additional Phases, for so long as Declarant owns any Unit in any Additional Phase for the purpose of the sale.

Section 9.10. Right to Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other persons, provided the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a written instrument Declarant signs and records in the office of the Public Registry of Dare County, North Carolina. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

Section 9.11. Exclusive Rights to Use Name of Development. No Person shall use the name "*Marshes Light in Historic Manteo*," "*The Inn at Marshes Light*," or "*Marshes Light Marina*" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "*Marshes Light*" in printed or promotional matter where such term is used to solely to specify where their Unit is located within Marshes Light and the Association and Neighborhood Associations shall be entitled to use the words "*Marshes Light*" in their names.

Section 9.12. Right to Notice of Design or Construction Claims. No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Marshes Light in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the Owner of the property to discuss the Owner's concerns and conduct their own inspection.



Section 9.13. Right to Approve Additional Covenants. No Person shall record any declaration of covenants, conditions and restrictions, declaration of condominium, or similar instrument affecting any portion of Marshes Light without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and recorded by Declarant.

Section 9.14. Right to Approve Architectural Changes. No amendment or modification to the Architectural Guidelines shall be effective without prior written notice to and the written approval of Declarant so long as Declarant owns property subject to, or which may become subject to this Declaration in accordance with Section 2.02.

Article X
Easements

Section 10.01. Easement Reserved by Declarant. Declarant, for so long as there is a Class B Membership, and then the Association, for itself, its successors, and assigns, and its agents, contractors, and employees reserves a perpetual, inalienable, and releasable easement on, over, and under the Property (and including all Units, Common Element, and Limited Common Element) for installation, maintenance, repair, replacement, use, operation, and removal of utilities (including, without limitation, electric, natural gas, telephone, and cable television) and related appurtenances and equipment (including without limitation, wires, poles, pipes, transformer boxes, and conduits), stormwater and drainage facilities, and soil and water impoundments, provided, however, no easement hereby reserved shall be applicable to any portion of a Unit or Common Element or Limited Common Element used or approved as a building site by the ARB. Full right of ingress and egress shall be had by Declarant at all times over the Units or Common Elements or Limited Common Elements (other than the portions thereof used or approved as building sites) for the installation, use, operation, maintenance, repair, replacement, or removal of any such utility, drainage facility, or impoundment, together with the right to remove any obstruction that may be placed in any easement that would constitute interference with the use of such easement, or with the use, installation, maintenance, repair, replacement, removal, or operation of same. Assignees to whom Declarant reserves the right to assign and convey, in whole or in part, the easements reserved by it hereunder shall include, without limitation, the Association and one or more governmental entities or public utility companies, provided, however, neither the foregoing reservation of easement rights nor any similar reservation of easement rights contained in this Declaration shall create or impose any obligation upon Declarant, or its successors and assigns, to provide or maintain any such utility, drainage facility, or impoundment, which if not otherwise maintained, shall be maintained by the Association.

Section 10.02. Easement Reserved for the Association.

(a) Full rights of ingress and egress shall be had by the Association at all times over and upon each Unit for the maintenance and repair of each Unit in accordance with the provisions hereof and for the carrying out by the Association of its rights, powers, duties, and obligations hereunder, provided that any such entry by the Association upon any Unit shall be made with the least inconvenience to the Owner as reasonably practicable, and any damage caused as a result of the negligence of the Association's employees or agents shall be repaired by the Association at its expense.



(b) In addition to the foregoing, and in order to implement effective and adequate erosion control, the Association, and its contractors, employees, and agents, shall have the right to enter upon any portion of any Unit before and after Improvements have been constructed thereon for the purpose of performing any grading or landscaping work or constructing, repairing, replacing, using, and maintaining erosion control devices provided, however, no such activities shall interfere with any Improvements constructed on any such Unit (which Improvements have been approved by the ARB). If the need for erosion control results from the construction of Improvements on any portion of a Unit or any excavation, grading, removal, reduction, addition, or clearing of any Unit or portion thereof, the cost of any such work performed by the Association for the purpose of implementing effective and adequate erosion control shall be assessed against the Owners of the Unit on which such corrective action is necessary. Prior to exercising its right to enter upon such Unit and perform any grading or landscaping work or construct or maintain erosion prevention devices, the Association shall give the Owner of such Unit thirty (30) days written notice of and the opportunity to take the corrective action specified in the notice. The Association may then exercise its right to enter upon the Unit and take or complete the necessary corrective action.

Section 10.03. Easement Reserved for Governmental Entities and Public Utilities. An easement is hereby established for applicable governmental entities and municipal, state, or public utilities serving the Marshes Light development as well as and their agents and employees, over all Units and Common Elements hereby or hereafter established, for the purpose of setting, removing, repairing, maintaining, and reading utility meters; maintaining, repairing, and replacing streets, utilities, utility or drainage connections; and acting for other purposes consistent with the public safety and welfare, including without limitation, police and fire protection, garbage collection, and mail delivery, the rights granted by such easements to be exercised in a reasonable manner and at reasonable times (except in the case of an emergency).

Section 10.04. Easements Shown on Recorded Maps. Declarant, for itself, its successors, and assigns (including, without limitation, governmental entities and the Association), and in addition to those easements reserved in this Declaration, hereby reserves easements in the locations and for the purposes shown and indicated on all maps of Units subject to this Declaration that are recorded in the Public Registry of Dare County, North Carolina, and for the purpose of exercising and implementing such easement rights, Declarant and the Association shall have the right of ingress, egress, and regress over and upon those easement areas. The rights reserved by this Section 10.04 include, without limitation, the right to construct, alter, place, maintain, repair, replace, and use in the easement areas identified on such maps, all Improvements deemed necessary, in the reasonable discretion of the Declarant or the Association, for the full exercise of such easement.

Section 10.05. Encroachment Easements for Improvements Constructed by Declarant. Declarant does hereby grant, declare, and establish easements over all Units for the encroachment of improvements now or hereafter constructed by the Declarant on adjacent Units, Common Elements, or rights-of-way to the extent that such improvements actually encroach, including, but not limited to, such items as sidewalks and landscaping, provided such encroachment does not interfere with the reasonable use of those Units.

Section 10.06. Easement for Adjacent Units. Each Unit shall be subject to a non-exclusive easement and right of passage for the benefit of any adjacent attached Unit (the "Benefited Unit") to the extent reasonably necessary to permit the Owner of the Benefited Unit (the "Benefited Owner")



access to any adjacent Unit for purposes of inspecting, maintaining, repairing, replacing, and otherwise caring for the Benefited Unit provided, however, that the Benefited Owner shall take reasonable steps to minimize any damage to an adjacent Unit and that the Benefited Owner shall restore as nearly as possible to its original condition any adjacent Unit damaged or altered as a result of the exercise of this easement. The Owner's exercise of its rights hereunder shall be conducted at reasonable times and shall not unreasonably interfere with any Owner's use and enjoyment of its adjacent Unit. The Benefited Owner shall indemnify and save harmless any Owner of an adjacent Unit from any loss or damage that such Owner may sustain, including reasonable attorneys' fees (as allowed by the Act), as a result of entry by the Benefited Owner on the adjacent Unit.

Section 10.07. Erosion Control. Declarant reserves for itself and for the Association a perpetual easement, right, and privilege to enter upon any Unit, Common Element, or Limited Common Element, either before or after any Improvement has been constructed thereon or during such construction, for the purpose of taking such erosion control measures as Declarant or the Association deems necessary to prevent or correct soil erosion control or siltation provided, however, that Declarant or the Association shall not exercise such right unless it has given the Owner of the Unit (or the Association as to the Common Element or Limited Common Element) at least five (5) days' prior notice thereof (or such shorter notice as shall be appropriate in an emergency as determined by Declarant or the Association, as applicable) and the Owner or the Association, as the case may be, has failed to take appropriate action to correct or prevent the erosion or siltation problem. The cost incurred by Declarant or the Association, as applicable, in undertaking such erosion or siltation control measures on any Unit shall become an Individual Assessment upon the Unit and shall constitute a lien against the Unit and shall be collectible in the manner provided herein for the payment of Assessments. This Section shall not apply to Property so long as it is owned by Declarant.

Section 10.08. Maintenance of Units. Declarant reserves for itself and for the Association the perpetual easement, right, and privilege to enter upon any Unit, after at least ten (10) days' notice to the Owner thereof, for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth; dispensing pesticides, herbicides, fertilizer, and grass seed; removing trash and debris; and taking such other action as Declarant or the Association, as applicable, may consider necessary to correct any condition which violates this Declaration or the Architectural Guidelines, detracts from the overall beauty of the Property, or which may constitute a hazard or nuisance. The cost incurred by Declarant or the Association, as applicable, in taking such action shall constitute an Individual Assessment upon the Unit and shall be collectible in the manner provided herein for the payment of Assessments.

Section 10.09. Easement for Landscaping, Signs, and Related Purposes. There shall be and is hereby reserved to Declarant until such time as the Class B Membership terminates, and thereafter to the Association, a non-exclusive easement (i) over Common Elements and Limited Common Elements for the first twenty (20) feet adjacent to the edge of the right-of-way for any public or private street, alleyway, and adjacent walkway through, along, or adjoining such Common Element or Limited Common Element, or as otherwise shown on a plat recorded prior to the conveyance of or dedication of the Common Element or Limited Common Element, for the purpose of erecting and maintaining berms; directional, safety, or security signs; temporary promotional signs; plantings; street lights or lighting; entrance features; stone, wood, or masonry wall features and/or related landscaping; and (ii) over Units for the first ten (10) feet adjacent to the edge of the right-of-way for any public or private street, alleyway, and adjacent walkway through, along, or adjoining such Unit,



for the purpose of erecting and maintaining directional, convenience, information, safety, or security signs; temporary promotional signs; or other signs deemed desirable by the Declarant in a manner that does not interfere with normal and convenient use of the Unit and provided that such easement on the Unit shall not be deemed to prohibit the construction of any Improvement on the Unit that is otherwise approved pursuant to the terms of this Declaration.

There is also granted herein an exclusive "Landscape Easement" reserved to the Declarant until such time as the Class B membership terminates, and thereafter to the Association over all Units in Marshes Light Homesites over the first ten (10) feet adjacent to the edge of the sidewalk adjoining such Unit for the purpose of the Association having the right to plant and maintain trees and other landscaping in the discretion of the Association pursuant to the Association's landscaping plan.

Section 10.10 North Carolina Division of Environmental Management Water Quality Section Stormwater Regulations. As a condition to the North Carolina Stormwater Management Permit No. SW7050611MOD2 issued by the Division of Water Quality for Marshes Landing, the following covenants may not be changed or deleted without the consent of the North Carolina Division of Environmental Management Water Quality Section (the "DEM").

(a) The allowable built-upon area per lot shall not exceed that square footage designated by DEM, and the maximum allowable lot coverage allowed by the Zoning Ordinance for the B-2 District in the Town of Manteo. For purposes of coverage, the Town of Manteo excludes those portions attributed to alley ways (Woodburn Common Mews and Sherbourne Mews) and sidewalks.

(b) Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with any development except for average driveway crossings, is strictly prohibited by any persons.

Section 10.11 Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Marshes Light, including Units, and a perpetual nonexclusive easement of access throughout Marshes Light to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into a Unit shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

Section 10.12 Woodbury Common Mews and Sherbourne Mews. Woodbury Common Mews and Sherbourne Mews are reserved non-exclusive access easements for the adjoining Unit Owners of Marshes Light Homesites and Marshes Light Townhouses (the "Mews"). Unit Owners are prohibited from any action or activity which would encroach upon, impair or disturb the Mews, including the parking of any vehicles or equipment on any paved portion of the Mews.



Article XI
Environmental Areas

Section 11.01. Assignment of Responsibilities.

Various governmental agencies may have the purview to place restrictions upon wetlands, drainage areas, and buffers within and adjacent to Marshes Light. Declarant may from time to time and at any time deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to the Association, which shall accept, own, maintain, and preserve the foregoing areas in accordance with the requirements of such agencies. All such areas that are conveyed to the Association shall become a portion of the Common Element, and the ownership, operation, and maintenance thereof shall be a Common Expense.

Section 11.02. Surface Water Management System.

(a) No structure of any kind shall be constructed or erected, nor shall an Owner in any way change, alter, impede, revise, or otherwise interfere with the flow and the volume of water in any portion of the ditches, canals, channels, ponds, lakes, retention areas, or other bodies of water or waterways reserved for, or intended by Declarant to be reserved for, drainage ways or for the accumulation of runoff waters, as reflected in any permits therefor, or plat or instrument of record, without the specific written permission of the Association and Declarant.

(b) An Owner or Neighborhood Association shall in no way deny or prevent ingress and egress by Declarant or the Association to such drainage areas for maintenance or landscape purposes. The right of ingress and egress, and easements therefore, are hereby specifically reserved and created in favor of Declarant, the Association, or any appropriate governmental or quasi-governmental agency that may reasonably require such ingress and egress.

(c) No Unit shall be increased in size by filling in any water retention or drainage areas on which it abuts. Owners shall not fill, dike, riprap, block, divert, or change the established drainage ways without the prior written consent of the Association and Declarant.

(d) The use of pesticides in any water basin or wetland is prohibited, excepting only such use by the Association or the Declarant, its successors, or assigns.

(e) No wells may be drilled, dug, or installed within any Unit or Neighborhood except by the Declarant or with the Declarant's written consent.

Section 11.03. Open Space and Buffers.

Any property conveyed or dedicated to the Association, which is designated as open space or landscape buffers on any plat, permit, or other recorded document, shall be owned and maintained by the Association in a natural open condition. The Association or any subsequent owner shall not do anything that diminishes or destroys the open space or buffers and such areas shall not be developed for any purpose except that which improves or promotes the use and enjoyment of such areas as open space.

Section 11.04. Use of Watercraft.

Use of watercraft on any body of water within or adjacent to Marshes Light shall be subject to the Rules and Regulations promulgated by the Association in addition to any rules promulgated by Marshes Light Slip Owners' Association, Inc., provided no Person shall be permitted to have permanent residency on any yacht, boat, or other watercraft docked, moored, or otherwise located on any body of water within or adjacent to Marshes Light. Temporary occupancy shall be permitted in Marshes Light Marina subject to the Declaration of Condominium for Marshes Light Marina. In addition, no sewage effluent, treated or otherwise, may be discharged from any yacht, boat, other watercraft, or docking facility into the marina or any other body of water within or adjacent to Marshes Light.

Section 11.05. Recycling Program.

The Board may, but shall not be obligated to, establish a recycling program for Marshes Light. In such event, all occupants of Units shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program is set up to accommodate. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation. Any costs associated with the implementation or operation of a recycling program shall be Common Expenses and any income the Association receives as a result of such recycling efforts shall be applied to Common Expenses.

Article XII

Compliance and Enforcement

Section 12.01. Preventive Remedies.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in Section 7.5 of the Bylaws. Such sanctions may include, without limitation:

(i) Imposing reasonable monetary fines subject to the provisions of Section 47F-3-107.1 of the Act, which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator provided, however, the Owner shall pay the fine upon notice from the Board if the fine is not paid by the violator within the time period set by the Board;

(ii) Suspending an Owner's right to vote;

(iii) Suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any Assessment or other charge owed to the Association;

(iv) Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;



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(v) Requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(vi) Without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Guidelines from continuing or performing any further activities in Marshes Light; and

(vii) Levying Individual Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in Section 7.5 of the Bylaws:

(i) Exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(ii) Bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as an Individual Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs as an Individual Assessment against all Units within such Neighborhood. Except in an emergency situation, the Association shall provide the Owner or Neighborhood Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) The Association's position is not strong enough to justify taking any or further action; or

(ii) The covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or

(iii) Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or



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(iv) That it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, or rule.

The Association, by contract or other agreement, may enforce applicable governmental ordinances, and permit governmental authorities to enforce ordinances within Marshes Light for the benefit of the Association and its Members.

Section 12.02. Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to Common Elements, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its members.

In exercising the rights and powers of the Association, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Bylaws.

Section 12.03. Cumulative Remedies. The remedies hereby specified are cumulative, and the listing of specific remedies herein shall not be deemed to preclude any aggrieved Person's right and privilege to resort to any other remedy provided hereunder or at law or in equity.

Section 12.04. Failure to Enforce Not a Waiver of Rights. No delay or failure on the part of an aggrieved Person to invoke any available remedy in respect to a violation of any provision of this Declaration shall be held to be a waiver by the Person of (or an estoppel of that Person to assert) any right available to him upon recurrence or continuance of such violation or the occurrence of a different violation, nor shall there be imposed upon Declarant, the Association, the Board, or the Architectural Review Board a duty to take any action to enforce this Declaration.

Section 12.05. Constructive Notice and Acceptance. Each Owner, Occupant, or other Person, by acceptance of a deed conveying title to any Unit in Marshes Light, or the execution of a contract for the purchase thereof, or the acceptance of a lease or license therefore, or the taking possession thereof, whether from Declarant or other Owner or lessee, shall for himself, his successors and assigns, be deemed to (i) accept such deed, contract, lease, license, or possession upon and subject to each and all of the provisions of this Declaration, and (ii) covenant to and with



Declarant and the other Owners to keep, observe, comply with, and perform the requirements of this Declaration, whether or not any reference to this Declaration is contained in the instrument by which such Person acquired said interest.

Section 12.06. Liability for Non-Enforcement. Neither Declarant, the Architectural Review Board, the Board, the Association, or any Member thereof, nor their successors or assigns shall be liable for damages to any Owner, licensee, or occupant by reason of any mistake in judgment, negligence, nonfeasance, action, or inaction in the administration of the provisions of this Declaration or for the enforcement or failure to enforce this Declaration or any part thereof; and every Owner or occupant, by acquiring an interest in the Property, agrees that he will not bring any action or suit against Declarant, the Architectural Review Board or its members, the Board or its members, or the Association to recover damages or to seek equitable relief on account of their enforcement or non-enforcement of this Declaration.

Article XIII

Insurance: Repair and Restoration

Section 13.01. Right to Purchase Insurance. The Association shall purchase, carry, and maintain in force insurance covering any part or all of the Common Elements and any improvements thereon or appurtenant thereto and any other property of the Association, for the interest of the Association, the Board, its agents and employees, Declarant and its officers and employees, and of all Members of the Association, in such amounts and with such endorsements and coverage as the Board shall consider to be good, sound insurance coverage for similar properties. Such insurance may include, but need not be limited to:

- (a) Comprehensive public liability and property damage (hazard) insurance on a broad form basis with respect to the Common Element and/or Landscaped Rights-of-Way with coverage of at least Five Million and No/100 Dollars (\$5,000,000.00) for public liability and in an amount of at least eighty percent (80%) of replacement cost coverage for hazard insurance;
- (b) Coverage for the personal liability (if any) of the Declarant (and its officers, agents, employees, and servants), the Board (and the individual members thereof), the officers of the Association, the ARB and other committees appointed by the Board, the Owners and Members;
- (c) Fidelity bond for all officers and employees of the Association and other Persons having control over the receipt of disbursement of Association funds; and
- (d) Such additional insurance as the Board in the prudent exercise of its business judgment determines advisable.

Section 13.02. Insurance Proceeds. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance recovered to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Element and/or Landscaped Rights-of-Way.



Section 13.03. Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a Special Assessment in the manner provided for in this Declaration, to cover the deficiency.

Article XIV
Miscellaneous Provisions

Section 14.01. Duration. This Declaration and the terms, covenants, and provisions set forth herein shall run with and bind the Property and shall inure to the benefit of every Owner of a Unit in the Property, including Declarant, and their respective heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded and including December 31, 2036. Beginning on and including January 1, 2034, the easements, covenants, conditions, and restrictions herein shall be automatically extended for successive period(s) of ten (10) years each unless, at a duly called annual or special meeting of the Association at which a quorum is present held prior to the expiration of the applicable time period, termination of this Declaration is approved by the affirmative vote of seventy-five percent (75%) or more of the votes entitled to be cast by the Members present or represented by proxy. A vote by the membership on termination of this Declaration may be held only upon presentation to the Association of a petition for termination signed by Members possessing no less than twenty-five percent (25%) of the total eligible vote of the membership of the Association, which petition, in the case of an annual meeting of the Association, shall be presented to the Association prior to the date that notice of the annual meeting is sent to the Members. The Association shall give written notice of any annual or special meeting, at which termination of this Declaration is to be considered and voted upon, to all Owners at least thirty (30) days and no more than sixty (60) in advance of the date of such meeting, which notice shall set forth that termination of this Declaration will be considered and voted upon at such meeting. If the membership votes to terminate this Declaration, such termination shall be effective upon the expiration of the then- applicable time period for which the Declaration is in existence, or shall be effective on such date thereafter as may be specified in the resolution of termination passed by the membership as required herein (it being the intention of this Section, notwithstanding anything to the contrary appearing herein, that if the membership has voted to terminate this Declaration, the membership may set a date of termination that may result in this Declaration continuing to be in effect for a period of less than ten (10) years following the expiration of a preceding time period in which this Declaration was in effect. The quorum required at the annual or special meeting at which termination of this Declaration is to be considered by the membership pursuant to the petition filed with the Association shall be the presence of Members plus proxies entitled to cast sixty percent (60%) or more of the total vote of the membership. If such quorum is not present, subsequent meeting(s) may be called until a quorum is present, subject to the same notice requirements, and the required quorum at such subsequent meeting(s) shall be one-half (1/2) of the required quorum at the immediately preceding meeting.

If the Members vote to terminate this Declaration in accordance with the foregoing requirements, then the President and Secretary of the Association shall execute in recordable form a certificate which shall set forth at least the following information: the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which time such resolution was adopted; the date that notice of such meeting was given; the total number of votes required to



constitute a quorum at such meeting; the total number of votes present at such meeting; the total number of votes necessary to adopt the resolution terminating the Declaration; the total number of votes cast in favor of such resolution; and the total number of votes cast against the resolution. Such certificate shall be recorded in the Public Registry of Dare County, North Carolina no later than thirty (30) days following the date such resolution of termination is passed by the membership, and such certificate may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 14.02 Amendment. Subject to the limitations hereinafter contained, this Declaration or any Supplemental Declaration hereto may be amended or modified at any time prior to December 31, 2036, by an instrument signed by the Owners entitled to exercise not less than seventy five (75%) of the total votes in the Association as set forth in this Declaration provided, however, that no such amendment shall be effective without the written consent of Declarant so long as there is Class B Membership, and in no event shall any amendment limit the rights of Declarant under this Declaration so long as there is a Class B Membership.

In addition to the foregoing rights, and notwithstanding anything to the contrary that may appear herein, Declarant may (at Declarant's option) at any time and from time to time amend or modify this Declaration and any Supplemental Declaration without obtaining the consent or approval of the Members or any other person or entity if such amendment or modification is necessary for any one or more of the following purposes: to correct an obvious typographical error; to cause this Declaration or any such Supplemental Declaration to comply with the requirements of FHA (Federal Housing Administration), VA (Veterans Administration), Fannie - Mac (Federal National Mortgage Administration), Office Of Interstate Land Sales Registration of the Department Of Housing and Urban Development (OILSR) or other similar agency; or as may be necessary to establish or maintain the tax-exempt status of the Association under the laws of the United States or the State of North Carolina.

All amendments to this Declaration must be recorded in the Public Registry of Dare County, North Carolina and shall not become effective until recorded. With respect to amendments that require approval of the Owners, all such amendments also shall be executed by the Association, following determination by the Board that the amendment has been duly approved by the required percentage of Owners (for the purpose of this determination, the Board may rely on its most current membership list and shall not be required to conduct any title examination of any Unit to determine ownership thereof). The Board shall make its determination and cause the amendments to be recorded if the Board determines that the required number of Owners has executed the amendment(s) within thirty (30) days of receipt of the proposed amendment(s) purportedly signed by the required number of Owners. If the Board determines that the required number of Owners has executed the proposed amendment(s), the Board shall cause the amendment(s) to be recorded.

With respect to amendments by the Declarant that do not require the consent of the Owners, the Association also shall execute such amendments prior to the recordation thereof so that such amendments may be indexed in the Public Registry of Dare County, North Carolina in the name of the Association as well as in the name of the Declarant.



Section 14.03 Remedies. Declarant, the Association, the Neighborhood Associations, and every Owner shall have the right to enforce the terms, covenants, conditions, restrictions, easements, charges, and liens for which provision is made in this Declaration, which enforcement shall be by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any Person violating or attempting to violate any such term, covenant, condition, restriction, easement, charge, or lien either to restrain violation or to recover damages, and against the land, to enforce any lien created by these covenants; and failure by the Association, the Neighborhood Associations, Declarant, or any Owner to enforce any such term, covenant, condition, restriction, easement, charges, or liens shall in no event be deemed a waiver of the right to do so thereafter or a waiver of any other or future violation provided, however, each Neighborhood Association shall have the right to enforce the terms, covenants, conditions, restrictions, easements, charges, and liens set forth in this Declaration only with respect to Neighborhood Property which that particular Neighborhood Association was formed to control, pursuant to an Additional Declaration contemplating such Neighborhood Association's right to enforce this Declaration.

Section 14.04 Severability of Provisions. If any paragraph, section, sentence, clause, or phrase of this Declaration shall be or becomes illegal, null, or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null, or void, the remaining sections, sentences, clauses, and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses, and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses, or phrases shall become or be illegal, null, or void.

Section 14.05 Notice. Except as otherwise provided herein, whenever written notice to an Owner (including Declarant) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner appearing on the records of the Association. If notice is given in such manner, such notice shall be conclusively deemed to have been given by placing same in the United States mail properly addressed, with postage prepaid, whether received by the addressee or not. It shall be the duty of each Owner to keep the Association informed of such Owner's current mailing address and telephone number. The Association may use the address of such Owner as listed with the Dare County Tax Department.

Section 14.06. Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or Board, will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes that are less restrictive.

Section 14.07. No Trespass. Whenever the Association, Declarant, the ARB, and their respective successors, assigns, agents, or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of Marshes Light, the entering thereon and the taking of such action shall not be deemed to be trespass.

Section 14.08. Successors of the Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges, and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by instrument in writing and recorded in the Public Registry of Dare County, North Carolina.



Section 14.09. No Partition. Except as is permitted in the Declaration or amendments thereto, there shall be no judicial partition of the Common Elements or any part thereof, nor shall any Person acquiring any interest in the Property or any part thereof seek any judicial partition unless the Property or such portion thereof have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Association from acquiring and disposing of tangible personal property nor from acquiring title to real property that may or may not be subject to this Declaration.

Section 14.10. Cumulative Effect: Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with the Neighborhood Associations, if any, any condominium association or other association, if any, having jurisdiction over any part of Marshes Light and the Association may, but shall not be required to enforce the latter provided, however, in the event of conflict between or among such covenants and restrictions and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any condominium or those Neighborhood Associations shall be subject and subordinate to the Governing Documents. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 14.11. Resubdivision or Recombination of Units. For so long as there is a Class B Membership, no Unit shall be subdivided without the written consent of Declarant. One or more Units may be combined into a single Unit with the written consent of Declarant and, upon such combination and consent of Declarant, the resulting Unit shall be considered as one Unit for the purposes of this Declaration, provided however, the foregoing shall not prohibit or restrict the right (which is hereby reserved) of Declarant to subdivide, combine, resubdivide, recombine, or re-record maps relating to any Units subject to this Declaration.

Section 14.12. Laws of North Carolina and the United States. This Declaration shall be subject to and construed in accordance with the laws of the State of North Carolina and all applicable laws and regulations of the United States of America.

Section 14.13. Joinder of Trustee and Beneficiary. Trustee and Lender join in the execution of this Declaration to consent to the terms of the same and subordinate the lien of any deed of trust to the Trustee for the benefit of Lender encumbering the Property to the provisions of this Declaration.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has caused this Declaration to be signed in its company name the day and year below acknowledged.

DECLARANT:

MARSHES LIGHT LLC, a North Carolina
limited liability company

BY: BODDIE-NOELL ENTERPRISES, INC.
Its Manager

By:  (SEAL)
Charles J. Hayes, Jr., Attorney-in-fact



TRUSTEE:

BB&T COLLATERAL SERVICE CORPORATION

By: _____ (SEAL)

Name: Ashley A. Cox

Title: Vice President

BENEFICIARY:

BRANCH BANKING AND TRUST COMPANY

By: _____ (SEAL)

Name: Donald L. McGeary

Title: Senior Vice President

STATE OF NORTH CAROLINA
COUNTY OF DARE

I, Amanda C. Takach, a Notary Public for the aforesaid County and State, do hereby certify that Charles J. Hayes, Jr., personally appeared before me this day, and acknowledged that he is Attorney-in-Fact for Boddie-Noell Enterprises, Inc., a North Carolina corporation, the Manager of Marshes Light, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the Company in its capacity as Manager of said Company, he executed the foregoing instrument, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Dare, State of North Carolina, in Book _____, Page _____ and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said Charles J. Hayes, Jr. acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Boddie-Noell Enterprises, Inc., acting as Manager of Marshes Light, LLC.

Witness my hand and official seal, this 20 day of September, 2006.

Amanda C. Takach (SEAL)
Notary Public



My Commission expires: 10/15/10



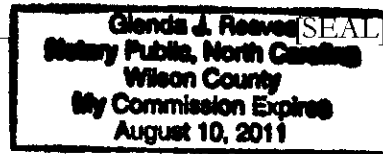
STATE OF NORTH CAROLINA
COUNTY OF Wilson

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Abraham Cox personally came before me this day and acknowledged that he/she is (title) Vice President of BB&T Collateral Services Corporation., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (title) Vice President and attested by him/her as its (title) Vice President.

Witness my hand and official stamp or seal, this 25th day of September, 2006.

My commission expires: August 10, 2011

Notary Public Glenda J. Reaves
Glenda J. Reaves



STATE OF NORTH CAROLINA
COUNTY OF Wilson

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Duncan McBooga personally came before me this day and acknowledged that he/she is (title) Si Vice President of Branch Banking and Trust Company., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its (title) Si Vice President and attested by him/her as its (title) Si Vice President.

Witness my hand and official stamp or seal, this 25 day of September, 2006.

My commission expires: August 10, 2011

Notary Public Glenda J. Reaves
Glenda J. Reaves

[SEAL]

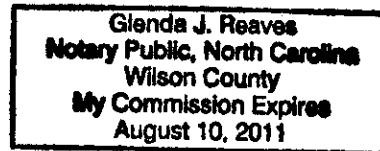




EXHIBIT A TO MASTER DECLARATION

MARSHES LIGHT PROPERTY OWNED BY DECLARANT

All those certain tracts or parcels of land lying and being situate in the Town of Manteo, Nags Head Townships, Dare County, North Carolina and being more particularly described as follows:

BEGINNING at a concrete monument located in the East margin of the 100 foot right of way of U.S. Highway 64-264, said point of beginning being also located South 66 deg. 33 min. 27 sec. West 93.44 feet from a set PK nail in the centerline of the newly dedicated 36' right of way of Uppowoc Street; thence from said point of beginning along the East margin or right of way of U.S. Highway 64-264 North 33 deg. 05 min. 05 sec. West 11.02 feet to a concrete monument or other marker located in the South line of property owned by County of Dare, a body politic as more particularly described in Deed Book 1642, Page 267 in the Public Registry of Dare County, North Carolina; thence North 53 deg. 37 min. 32 sec. East 244.31 feet to a point; thence cornering along the arc of a circular curve to the left having a radius of 232.00 and a chord of North 27 deg. 32 min. 47 sec. East 203.98 feet to a point situated in the Western margin of the 36 foot right of way of Uppowoc Street; thence cornering and proceeding North 53 deg. 38 min. 50 sec. East 33.64 feet to a point; thence North 01 deg. 53 min. 44 sec. East 12.98 feet to an iron pin or other marker located in an existing drill hole in concrete situated within the centerline of the dedicated 36 foot right of way for the extension of Uppowoc Street; thence continuing along the centerline of Uppowoc Street North 22 deg. 30 min. 48 sec. West 513.93 feet to a point formerly marking a point of tangency between the Western property line of Marshes Light, LLC and the Eastern property line of the County of Dare, a body politic prior to the dedication by Marshes Light, LLC and the County of Dare of the 36 foot right of way providing for the extension of Uppowoc Street South of Fernando Street; thence continuing along the centerline of Uppowoc Street along an arc with a circular curve to the left with a radius of 2228.00, the chord being North 30 deg. 57 min. 47 sec. West 654.76 feet to a point; thence continuing along the centerline of Uppowoc Street North 39 deg. 24 min. 45 sec. West 49.67 feet to an "X" set in concrete in the Southern margin of the 30 foot right of way of Fernando Street; thence cornering and proceeding along the Southern margin of the 30 foot right of way of Fernando Street North 51 deg. 42 min. 15 sec. East 114.98 feet to an existing drill hole in concrete set in the Southern margin of the 30 foot right of way of Fernando Street, said drill hole having N.C. Grid Coordinates of N = 244257.208 meters and E = 909769.422 meters; thence continuing along the Southern margin of the 30 foot right of way of Fernando Street North 51 deg. 41 min. 51 sec. East 826.34 feet, more or less, to the mean highwater mark of Shallowbag Bay, thence along and with the mean highwater mark of Shallowbag Bay in a general southerly direction to a point which is located at the eastern terminus of the southern line of the tract depicted as "Huldah B. Turner 7.17 Ac." on that map recorded in Map Book 2, Page 180, said point being located at the eastern terminus of the line depicted as "S70.09W-690.0" on the aforesaid Huldah B. Turner map; thence South 53 deg. 37 min. 32 sec. West a distance of 1,168.62 feet more or less to the place of beginning; same containing approximately 21.46 Acres more or less as shown on that survey captioned "Conveyance Survey for Marshes Light, L.L.C./Dare County" prepared by Seaboard Surveying & Planning, Inc. File No. 0203075, dated March 19, 2004, last revised July 5, 2005 and recorded July 20, 2005 in Plat Cabinet G, Slide 75, in the Public Registry of Dare County, North Carolina. The property herein conveyed is subject to the dedications of right of way of Uppowoc Street and Grenville Street as set forth on the afore-referenced Survey recorded in Plat Cabinet G, Slide 75, in the Public Registry of Dare County North Carolina.



EXHIBIT B TO MASTER DECLARATION

Section 2.01 Property made subject to Declaration

1. Lots 4, 5 and 6 as more particularly described on that exempt subdivision plat prepared by Seaboard Surveying & Planning, Inc. and filed in the Public Registry of Dare County, North Carolina to which reference is made for a more particular description; and
2. Easements and boardwalks recorded in Book 1688 at page 128 of the Dare County Registry

Unofficial Copy



Exhibit "C" to
Master Declaration

BYLAWS

of

MARSHES LIGHT MASTER ASSOCIATION, INC.

Unofficial Copy



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BY - LAWS
OF
MARSHES LIGHT MASTER ASSOCIATION, INC.

ARTICLE I
NAME, PURPOSE , APPLICABILITY, AND ASSENT

1.1 Name. The name of this non-profit, non-stock membership corporation shall be Marshes Light Master Association, Inc., hereinafter referred to as "the Association."

1.2 Purpose. The purpose of the Association shall be to administer and manage the affairs of those properties situated in the Marshes Light development in the historic Town of Manteo on Roanoke Island consisting of mixed residential and commercial neighborhoods of Single-Family Residential Lots, Marshes Light Townhouses, Marshes Light Inn, Marshes Light Marina, Retail Cottages, Main Corner Quads, and Marina Condominiums ("Marshes Light" and/or the "Property"), established pursuant to the terms of the Master Declaration of Covenants, Conditions, and Restrictions for Marshes Light filed in the Public Registry of Dare County, North Carolina as amended, supplemented, or restated (the "Declaration") in accordance with the North Carolina Planned Community Act (the "Act") and the Governing Documents as defined in Section 1.20 of the Declaration, as may be amended from time to time. The Association shall not engage in any activities other than those directly related to administration of the Property and the Owners' responsibility with respect to the same.

1.3 Applicability. These By-Laws are applicable to the operation of Marshes Light Master Association, Inc. and its operation of the development known as Marshes Light, as such property is described in Exhibit "A" attached to the Declaration.

1.4 Assent. These By-Laws are binding on all present and future Owners, tenants, guests, residents, or other persons occupying or using the facilities of Marshes Light. The mere acquisition, rental, or act of occupancy of any part of Marshes Light will signify that these By-Laws are accepted, ratified, and will be complied with by those Owners, tenants, guests, residents, or other persons occupying or using the facilities of Marshes Light. The provisions of the Declaration regarding the governing and administration of the Association are incorporated herein by reference. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any Rules of Conduct made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.



ARTICLE II DEFINITIONS

2.1 Definitions The definition of words contained in the Declaration, Article I, shall apply to those words and terms as used in these By-Laws.

ARTICLE III OFFICES, REGISTERED AGENT, FISCAL YEAR, POWERS

3.1 Principal Office, Registered Office. The principal office of the Association shall be located at the offices of Kitty Hawk Land Company, 3628 North Croatan Highway, Kitty Hawk, North Carolina, 27949, or such other places as the Board of Directors may designate from time to time.

3.2 Registered Agent. The initial Registered Agent for the Association is Daniel D. Khoury, whose address is Post Office Box 2, Kitty Hawk, North Carolina, 27949. The individual serving as Registered Agent may be removed from office and replaced at any time by vote of the Board of Directors of the Association.

3.3 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

3.4 Powers. The Association shall have all the common law and statutory powers of non-profit corporations. The Association shall also have all the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

ARTICLE IV MEMBERSHIP

4.1 Qualification. Membership in the Association shall be confined to and consist of the Owners of Marshes Light. Membership shall be appurtenant to and inseparable from unit ownership. No Owners shall be required to pay any consideration whatsoever for his membership. Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of registration of the conveyance in the Dare County Registry of the Unit in question shall govern the date of ownership of each particular Unit and will be the date that membership in the Association shall begin for the Owner. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy, or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.



4.2 Annual Meeting. There shall be a regular annual meeting of the Owners held each year during the same month of each succeeding year, for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting. The first meeting of the membership, whether a regular or Special Meeting, shall be held within ninety (90) days after the expiration of one year from the date of recordation of the Declaration in the Public Registry of Dare County, North Carolina and shall be set by the Declarant.

4.3 Place of Meetings. Meetings of the Association shall be held at a designated place within the Town of Manteo, or such other place as determined by the Board.

4.4 Special Meetings. Special meetings of the Association may be called at any time by the President of the Association, or by a majority of the Board of Directors, by the Declarant during the Declarant Control Period, or upon written request of Members who are collectively entitled to vote at least 20% of all the votes in the Association. The Notice of any Special Meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a Special Meeting except as stated in the Notice.

4.5 Notice of Meetings. Written notice stating the place, day, and hour of the meeting and the agenda for the meeting will be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, personally or by mail, or sent via electronic mail to those Owners and authorized recipients who have given consent for electronic transmission or otherwise as permitted by the Act, by or at the direction of the President, or the Secretary, or the persons calling the meeting as provided in these Bylaws, to the registered mailing address for notice of each Member entitled to vote at such meeting.

4.6 Quorum. A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) 20% of the votes of the Association are present at the beginning of the meeting. If, however, such quorum is not present or represented at the meeting, the Members entitled to vote at the meeting will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented by proxy.

4.7 Majority of Owners. As used in these Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

4.8 Voting by Mail. Voting by mail is permitted for election of the Board of Directors, amendment of the Articles of Incorporation, adoption of a proposed plan of merger, consolidation, or dissolution pursuant to the provisions of the Act and the North Carolina Nonprofit Corporation Act, each as amended from time to time, or other questions that come



before the Association. In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice will include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail for or against such proposal, a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received, and the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.

4.9 Proxies. Any Member may cast such Member's vote in person or by proxy, but no proxy will be valid if it is not dated or if it purports to be revocable without notice. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.

4.10 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles of Incorporation or these Bylaws.

4.11 Designation of Voting Representative by Non-Individual Owners – Requirement for Proxy. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company, or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association, and appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Unit at the meeting.

4.12 Designation of Voting Representative by Multiple Owners – Use of Proxy. If more than one Owner holds title to a Unit, each Owner may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy, and if a majority of the Owners for a Unit cannot agree, then the Owners of such Unit will not be entitled to vote. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.

4.13 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date, and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice



of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

4.14 Action Without a Meeting. Any action that may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members.

4.15 Conduct of Meetings. The President shall preside over all meetings and the Secretary shall keep minutes of the meeting in a record in a minute book with all resolutions adopted at a meeting, as well as a record of all transactions occurring thereat.

**ARTICLE V
BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE**

5.1 Number, Qualification, and Initial Board. The affairs of the Association will be managed by a Board of not less than three and not more than five Directors. Except as provided below regarding Directors appointed by Declarant during the Declarant Control Period, the Directors will be Members of the Association or the delegates of Members appointed by proxy under Article IV above. The number of the Board of Directors will be established from time to time by amendment to these Bylaws.

The initial number of members of the Board of Directors will be three. The names and addresses of the three persons who are to serve on the initial Board of Directors until their successors are appointed are as follows:

Mickey Hayes	PO Box 229, Kitty Hawk, NC, 27949
Bobby Howsare	PO Box 229, Kitty Hawk, NC, 27949
Lee Whitley	PO Box 229, Kitty Hawk, NC, 27949

5.2 Directors During Declarant Control Period. During the Declarant Control Period the Board of Directors will be selected by Declarant and will serve at the sole discretion of Declarant, subject, however, to the provisions of the Act. The Directors selected by Declarant need not be Members of the Association, and the initial Board of Directors members selected by the Declarant are those set forth in Section 5.1 above.

5.3 Election of Directors After Declarant Control Period. Upon termination of the Declarant Control Period in accordance with the Declaration, a special meeting of the Association will be called, at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Board of Directors, and any terms of Directors appointed by Declarant that have not expired will terminate at that time. Subsequently, Directors will be elected by the Members at each annual meeting of the Members.



5.4 Term of Office of Directors After Declarant Control Period. The term of office for the initial full slate of Directors elected by the Members will be fixed at the time of their election as they themselves will determine in order to establish a system of three-year terms in which at least one-third of the Board is elected each year, and the Board will identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the initial Board is set at three pursuant to Section 5.1 above, one Director will serve for a one-year term, one Director will serve for a two-year term, and one Director will serve for a three-year term. At the expiration of the initial term of office of each respective Director, a successor will be elected to serve three years. Each Director will hold office until such Director's successor is elected by the Members and qualified to take over the office.

5.5 Removal of Directors. Any Director other than one appointed by Declarant may be removed, with or without cause, at any regular or special meeting of the Members by 67% of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting.

5.6 Vacancies.

(a) During Declarant Control Period. During the Declarant Control Period, if a Director appointed by Declarant dies, becomes disabled, or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled, or deceased Director; if a Director elected by the Members dies, becomes disabled, or resigns, the remaining Directors will appoint a new Director from among the Members other than Declarant to serve the remainder of the term of the resigning, disabled, or deceased Director representing Members other than Declarant.

(b) Following Declarant Control Period. After the expiration or termination of the Declarant Control Period, any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director.

5.7 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties as a Director.



ARTICLE VI MEETING OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than annually. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day that is not a legal holiday.

6.2 Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three days' notice to each Director.

6.3 Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 50% of the votes on the Board are present at the beginning of the meeting.

6.4 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

6.5 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

6.6 Action Taken Without a Meeting. The Directors will have the right to take any action that they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 General. The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration, or the Act, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.



7.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors will have the following powers and duties, in each case subject only to applicable requirements of the Act:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration.

(b) To establish, make, amend from time to time, and enforce compliance with such reasonable Restrictions and Rules as are necessary for the operation, use, and occupancy of the Project, subject to the provisions of the Declaration. A copy of such Restrictions and Rules as established by the Board of Directors will be delivered or mailed to each Member promptly after adoption.

(c) To keep in good order, condition, and repair all the Common Elements and all items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

(d) To fix, determine, levy, and collect the prorated Base Assessments to be paid by each of the Members towards the gross expenses of the Property, and to adjust, decrease, or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

(e) To levy and collect Special Assessments per Section 7.03(b) of the Declaration whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made.

(f) To levy and collect Individual Assessments per Section 7.03(c) of the Declaration for violation of the Governing Documents or because the Association has incurred an expense on behalf of a Member under the Governing Documents.

(g) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws, and to exercise other remedies for delinquent Assessments as set forth in the Declaration.

(h) Imposing charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, the Bylaws, or Rules and Restrictions established by the Association, all in accordance with Section 7.5 below and the Act.



- (i) To enter into contracts within the scope of their duties and powers.
- (j) To establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors.
- (k) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.
- (l) To cause to be maintained the insurance coverages (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers, and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws, and the Act.
- (m) To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (b), (e), (f), and (g) of this Section 7.2 and duties reserved to the Board by law will not be so delegated.
- (n) To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Act.

7.3 Manager. The Board of Directors may employ for Marshes Light a professional management agent or agents as Manager for compensation established by the Board of Directors to perform such duties and services as authorized by the Board of Directors. During the Declarant Control Period, the Manager may be an affiliate of the Declarant. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (e), (f), and (g) of Section 7.2 of this Article and duties reserved to the Board by law. Declarant, or an affiliate or employee of Declarant, may be employed as Manager, subject to the limitations of the Act. If the Board delegates powers of the Board or officers of the Association relating to collection, deposit, transfer, or disbursement of Association funds to the Manager (other than Declarant):

- (a) The Manager will maintain fidelity insurance coverage or a bond as required by the Declaration;
- (b) The Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other Associations managed by the Manager and will maintain all reserve accounts of each Association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are



located must send copies of monthly bank statements directly to the Association, and the Manager will not have authority to draw checks on, or to transfer funds from, the Association's reserve account; and

(c) An annual accounting for Association funds and a financial statement will be prepared and presented to the Association by any one of the following: the Manager, a public accountant, or a certified public accountant.

If a professional manager is employed, the management agreement must be for a specified term (not to exceed three years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination or require advance notice of termination in excess of 90 days. Declarant may enter into a management agreement before the expiration of the Declarant Control Period, but the management agreement must provide that the Association has the right to terminate the management agreement without cause and such right may be exercised by the Association at any time after the expiration of the Declarant Control Period.

7.4 Abatement and Enjoinment of Violations by Owners. The violation of any Rule of Conduct adopted by the Board or the breach of any bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists, and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition which may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass, or, (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner; (c) in any case of flagrant or repeated violation by an Owner, to require such Owner to give sufficient sureties for his future compliance with the Governing Documents; or (d) after notice and an opportunity to be heard (as provided in Section 7.5 below), to levy reasonable assessments and fines in accordance with the Act for such violations, and further in accord with the hearing procedures of Section 7.5 below. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

7.5 Hearing Procedure. The Board will not impose a fine, suspend voting, or suspend any rights of a Member or other occupant of the Property for violations of Rules and Restrictions or of the provisions of the Governing Documents unless and until the procedure below is followed:

(a) Demand. Written demand to cease and desist from the alleged violation will be served upon the alleged violator specifying:

(i) The alleged violation;

(ii) The action required to abate the violation; and

(iii) A time period of not less than 10 days during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.

(b) Notice. At any time within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate will serve the violator with written notice of a hearing to be held by the Board. The notice will contain the following:

- (i) The nature of the alleged violation;
- (ii) The time and place of the hearing, which time will be not less than 10 days from the giving of the notice;
- (iii) An invitation to attend the hearing and produce any statement, evidence, and witness on the Member's behalf; and
- (iv) The proposed sanction to be imposed.

(c) Hearing. The hearing will be held pursuant to the notice, affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these Bylaws, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Board will be final.

(d) Appeal. The Board may in its discretion appoint a Hearing Committee to hear the matter. In such event the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the Board by written notice to the Hearing Committee, the other party, and the Board. The Board will consider the minutes of the hearing and report the decision of the Board within a reasonable period of time not exceeding 60 days after receipt of the notice. The decision of the Board will be final.



The foregoing procedures will not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent Assessment.

7.6 Remedies Cumulative. All rights, remedies, and privileges granted to the Association or the Owner pursuant to any terms, provisions, covenants, or condition of the Governing Documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies, or privileges as may be available to such party at law or in equity.

7.7 Nonwaiver of Remedies.

(a) The failure of the Association or any Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or the Owner to enforce such right, provision, covenant, or condition in the future.

(b) The failure of a First Mortgagee to enforce any right, provision, privilege, Covenant, or condition which may be granted to it or them by the Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant, or condition in the future.

**ARTICLE VIII
OFFICERS AND THEIR DUTIES**

8.1 Enumeration of Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer, and such other officers as the Board may from time to time create by resolution. Following the expiration of the Declarant Control Period, all officers of the Association must be Owners of Units in Marshes Light.

8.2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3 Term. The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

8.5 Resignation and Removal. Any officer maybe removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

8.7 Multiple Offices. The same person may hold any -two or more offices except the offices of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

(a) President. The President will preside at all meetings of the Association and the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, and other written instruments; cause to be prepared and execute, certify, and record amendments to the Declaration on behalf of the Association; and exercise and discharge such other duties as may be required of the President by the Board.

(b) Vice President. The Vice President will act in the place and stead of the President in the event of his absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and place it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association unless the Board specifically directs otherwise; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.



**ARTICLE IX
FINANCIAL RECORDS AND STATEMENTS**

9.1 Reports. The Board shall keep records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Association, and financing records and books of account of the Property, including a chronological listing of receipts and expenditures for each Unit, which, among other things, shall contain the amount of each Assessment against each Unit, the date when due, the amounts paid, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and authorized agents, upon reasonable request. A written annual summary of all receipts and expenditures of the Association shall be rendered by the Board to all Owners on or before the 15th day of March of each fiscal year.

9.2 Operating Expense Funds. All sums collected by the Association may be commingled in a single account, but they shall be held for the Owners for the purposes for which they are paid, and shall include the following funds:

(a) General Common Expense Fund, to which shall be credited collection of that portion of the Common Expense Assessments received for defraying the costs of operating the Property on a day-to-day basis, including normal maintenance and repairs, insurance, and related charges; and

(b) Capital Improvement Fund, to which shall be credited, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair, and replacement of Common Elements at a future date.

**ARTICLE X
COMMITTEES**

10.1 Appointment. The Board of Directors may appoint a Hearing Committee as described in Section 7.5 above, and other committees as the Board deems appropriate in carrying out its purposes.

**ARTICLE XI
INDEMNIFICATION**

11.1 Indemnification of Directors and Officers. To the extent permitted by law and consistent with the Articles of Incorporation, the Association will indemnify every member of the Board of Directors, and every officer, employee, and agent of the Association and every person who serves at the request of the Association as a director, officer, employee, fiduciary, or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, or

other enterprise or employee benefit plan against liability asserted against or incurred by such person in such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article will not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

In the event of a settlement, indemnification will be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of such actions or omissions in the performance of such person's duties for the Association. The foregoing rights will not be exclusive of other rights to which such member of the Board of Directors or officer or other person may be entitled. All liability, loss, damage, cost, and expense arising out of or in connection with the foregoing indemnification provisions will be treated and handled by the Association as a Common Expense.

ARTICLE XII NONPROFIT CORPORATION

12.1 Nonprofit Status. The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors.

ARTICLE XIII AMENDMENTS TO BYLAWS

13.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

13.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed by any voting Member of the Association. Members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be a vote of not less than 67% of the Members, but any amendment during the Declarant Control Period shall require the written consent of the Declarant to be effective.

13.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted or reserved to the First Mortgagees without the consent of said First Mortgagees in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of



the Association or Declaration without satisfaction of the requirements therein contained. No amendment to this Section shall be valid.

13.4 Execution. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Bylaws, which certificate shall be executed by the President and attested by the Secretary.

ARTICLE XIV MISCELLANEOUS

14.1 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

14.2 Use of Electronic Mail or Meeting. Any action or vote which may be taken or entered by a Director, Owner, or Member in person, or by proxy, other than a vote on amendment of the Declaration, may, in the alternative, be accomplished by the use of electronic mail or electronic meeting utilized in accordance with rules promulgated by the Board of Directors establishing reasonable safeguards as to the genuineness of the action and notice to the other participants. The action shall be evidenced by a written record describing the action taken, signed before or after such action by all members utilizing said method, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

14.3 Dissolution. The Association may be dissolved in accordance with the terms of the Declaration and the creation and execution of a plan of dissolution that is in full compliance with all terms of the North Carolina Nonprofit Corporation Act. Any Association assets remaining after satisfying all Association debts will be distributed in accordance with the plan of dissolution and in a manner complying with the North Carolina Nonprofit Corporation Act.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Marshes Light Master Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by written consent of all directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this ____ day of _____, 2006.

BY: _____
Secretary

NORTH CAROLINA
DARE COUNTY

I, _____ a Notary Public of the aforesaid County and State do hereby certify that _____, Secretary of Marshes Light Master Association Inc., a North Carolina corporation, appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this ____ day of _____, 2006.

Notary Public

My Commission Expires: _____

(SEAL)



EXHIBIT D
to Master Declaration

MARSHES LIGHT
ARCHITECTURAL GUIDELINES

ARTICLE I - POLICIES AND PROCEDURES

1.1 ARCHITECTURAL STANDARDS AND POLICY STATEMENT

Marshes Light is part of the historic community of the Town of Manteo on Roanoke Island that patterns itself after elements found in the traditional style of the Town of Manteo way of building. Consistent with this style of architecture, the extended use of gables, dormers and wrap-around porches and decks are encouraged with exterior sidings having the standard cedar shake or horizontal lap siding look with exteriors stained or painted with soft earth tones such as grey, black, brown or taupe. The architectural review process will encourage a consistency in character of the preferred architecture and quality of all improvements. Toward fulfillment of these policies, only high quality in architecture, design and landscaping features will be approved. The architectural guidelines have been developed to provide each Owner with protections for the longevity of their investment.

1.2 AUTHORITY TO ESTABLISH GUIDELINES AND CONDUCT DESIGN REVIEW

The Declaration has established an Architectural Review Board (ARB) to implement the Architectural Guidelines. The ARB will make determinations using this document as a guideline. Although the Guidelines will contain a list of specific requirements, the ARB will have the authority to make subjective variance determinations based on the concept that no two lots are alike. The design solution for one lot may not be appropriate for another. The ARB shall judge compliance with these provisions in relation to appearance, aesthetics or infringement of design upon the rights of other owners in Marshes Light. The ARB reserves the right to require modifications or deletions to proposed designs to achieve compliance with these policies.

1.3 RESPONSIBILITY FOR OBTAINING ARB APPROVAL

1.3.1 Property Owner is Responsible: Each property owner within Marshes Light is responsible for his or her property's compliance with these Architectural Guidelines. Any proposed improvements to be made to that property may affect that compliance, and the Declarant requires that the Owner obtain approvals from the ARB prior to making the improvements. This is true regardless of whether or not the work is being performed by the Owner directly or by a Contractor.

1.3.2 Property Owner to Comply with other Laws: In addition to approval from the ARB, other approvals and permits may be required by Dare County, such as a building permit. It is not the responsibility of the Association, the ARB, or the Declarant to obtain any other permits for you, nor to provide any guarantees or waive any legal requirements for compliance with any state, county or Town of Manteo law, with the Declaration or with these Architectural Guidelines.

1.4 PREPARATION OF SUBMITTALS

1.4.1 Submittals to be Complete and Accurate: Submittals prepared for consideration by the ARB need to be complete and accurate. Submittals for design review must include drawings prepared as described below. The ARB may require that color chips accompany submittals for proposed paint selections. All requested information on the application forms needs to be furnished. The ARB will reject applications that are incomplete or inaccurate.

1.4.2 Summary of Submittal Requirements: Proper submittals include drawings that are accurate, drawn to scale, and with sufficient detail to adequately explain the entire design. Insufficient explanation of a design, including all



visible details, is cause for rejection of an application. The ARB, at its discretion, may accept plans that are marked-up in red with late changes to design features. However, the ARB may require that the marked-up sheets be corrected, revised and re-submitted. As a minimum requirement, copies of each of the following drawings shall be submitted:

NEW HOMES: Site Plan 1:30 Scale

Site Drainage Plan

Foundation Plan

Scaled Floor Plans

All Exterior Elevations (Show actual ground level. Indicate finish materials.) 1/4" = 1' Scale

Exterior Color Selection with color chips (Submit with New Home application)

Finish Landscaping Plan (Submit with New Home Application)

ADDITIONS: Site Plan 1:30 Scale - Showing addition location, distances to property lines, and tree(s), if any, to be removed. Show any changes in landscaping.

Floor plan(s) of Addition 1/4" = 1' Scale

All Exterior Elevations of Addition including existing house (Show finish materials)

ACCESSORY STRUCTURES:

Site Plan 1:30 Scale - Showing location of new structure and existing house with distances between each, distances to property lines, and tree(s), if any, to be removed

Floor Plan(s)

All Exterior Elevations (Show finish materials)

OTHER SITE IMPROVEMENTS: Site Plan 1:30 Scale - Showing location of improvement, existing structures, distances to property lines, and tree(s), if any, to be removed. Plan of improvement (i.e. deck, patio, swimming pool, etc.).

FENCES: Site Plan 1:30 Scale - Showing location, extent of fence, and tree(s), if any, to be removed. Drawing of fence with heights, materials and sizes identified.

HOUSE COLOR CHANGES: For changes to existing house colors, submit application form with manufacturer's names and color names. Submit color chips with application.

1.4.3 **Fees:** The design review fee of \$300.00 must be submitted with the application along with a security deposit of \$1,000.00. The security deposit will be returned following completion of the improvements of the approved application.

1.5 REVIEW MEETINGS

The ARB meets to review applications on an "as needed" basis and schedules review meetings within twenty-one (21) days of receipt of a completed application.

1.6 REVIEW BASIS

The ARB bases its review of each application on its interpretation of the Declaration, these Guidelines as well as the graphic and written information presented. Due to time constraints, ARB review of all applications occurs without personal presentations by the applicants. Therefore, it is the applicant's responsibility to provide in writing sufficient and accurate information to the ARB for proper consideration. If, in the applicant's opinion, extenuating circumstances exist which would justify a variance from stated guidelines, this information should be presented with the application.

1.7 APPROVALS

An application is approved when the ARB or its designated representative gives notice to the applicant in writing. No verbal approvals are given. The ARB may issue any of the following four decisions:



"Approved": means approved as submitted.

"Approved with Limiting Conditions": means approved only if stated conditions in the approval letter are met.

"Not Approved": means not approved for construction. Reasons for disapproval will be given in writing. The ARB may also provide suggestions for revisions but does not provide design solutions. A disapproval action requires a re-submittal by the applicant for review before any approvals can be given.

"Preliminary Review": means a review of early design drawings to give the applicant direction as to what the concerns of the ARB are likely to be regarding that design. Comments are given to the Applicant but no approval to proceed is granted without ARB review of a complete submittal in accordance with the above requirements.

1.8 APPEALS

- 1.8.1 Appeals to the ARB: Should an application be denied on the basis of the Architectural Guideline, and the applicant feels that the submittal was misinterpreted, or that there are extenuating circumstances that could qualify them for an exception from these requirements then the applicant may request an appeal pursuant to the procedures addressing non-compliance in Section 7.5 of the Association Bylaws. If the ARB agrees that a second review is in order, the application will be sent to an architect for a third party review.

1.9 CONSTRUCTION CHANGES

All construction must be completed in accordance with the application and the plans as approved. Exterior changes to any improvements must receive prior written approval by the ARB. Applicants requesting design change approvals should consult with the ARB to determine if additional plans and specifications are required.

ARTICLE II-LOT DEVELOPMENT GUIDELINES.

2.1 CLEARING AND HOMESITE PREPARATION

2.1.1 Site Clearing:

ABSOLUTELY NO CLEARING WITHOUT APPROVAL: No clearing or work of any kind shall commence on any homesite until plans and specifications, as defined in these guidelines, have been submitted and approved by the ARB. For new homes, an on-site stakeout review must be completed and written approval of the stakeout received.

2.1.2 Grading and Erosion Control:

- a) **PREVENT EROSION DURING CONSTRUCTION:** The Applicant must Comply with applicable government regulations and code requirements in preventing silt runoff. Erosion control devices shall be installed prior to construction. Any mud or silt runoff onto adjoining properties or streets shall be immediately abated and any offsite deposits removed.
- b) **GRADING FOR DRAINAGE:** Responsibility for the grading for drainage lies with the Owner. Where necessary, the site must be graded to direct water away from residence and prevent ponding, standing water, or poorly drained areas. One may not direct drainage to or across adjacent properties.
- c) **TERRACING AND RETAINING WALLS:** Where necessary to stabilize slopes, applicant shall provide retaining walls, stepped terraces, or other forms of permanent erosion control as may be required by the ARB. Any structures constructed for erosion control, such as retaining walls must be approved in writing by the ARB.

2.1.3 Construction Site Management :

- a) TRASH CONTAINMENT: A trash containment area shall be provided on each site during construction. Trash shall not be dumped on other sites or on common areas within the Marshes Light Community.
- b) HAZARDOUS AND TOXIC WASTE: No petroleum based products or other potentially hazardous or toxic substances may be disposed of on any property within the Marshes Light Community.
- c) PORTABLE TOILETS: During construction of a new home, the builder shall maintain a portable construction site toilet at all times.

2.2 **MINIMUM REQUIRED IMPROVEMENTS TO SINGLE FAMILY LOTS IN THE MARSHES LIGHT HOMESITES NEIGHBORHOOD**

2.2.1 Minimum Required Improvements: The following minimum improvements will be required on lot in Marshes Light:

- a) HOUSE: Any development or improvement of a Lot in The Marshes Light Homesites neighborhood must include, as part of the initial approval, a single-family house that meets the minimum Guidelines in this document, including any neighborhood addenda.
- b) PAVED DRIVEWAY, SIDEWALK, AND FRONT WALK: All Homesites developed in the Marshes Light Homesites neighborhood will include a paved driveway servicing the home from the rear alleyway and a paved walk to the front door from the streetside (front) of the residence, in accordance with Pavement Guidelines, paragraph 2.5, specified in this document.

2.2.2 Equipment and Utilities Screening: Exterior HVAC equipment shall be screened in accordance with Guidelines in this document.

2.2.3 Finished and Landscaped Yard: Every improved homesite shall be landscaped in accordance with Landscape Guidelines in this document. Required landscaping may include trees or shrubs for screening certain views.

2.2.4 Proximity of Similar Houses: The ARB reserves the right to reject the placement of houses with the same or substantially similar elevations side-by-side, directly across or diagonally across from each other. The ARB shall make final judgment as to the degree of acceptable similarities permitted in each neighborhood.

2.2.5 Minimum Square Footage: Each Unit shall contain a minimum of 1,800 square feet of heated living area. Measurements shall be made to exterior walls.

2.2.6 Maximum Built Upon Area: The maximum built upon area (impervious coverage) is subject to the restrictions of the stormwater permit issued by the North Carolina Division of Environmental Management Water Quality Section and the Zoning Ordinance for the B-2 District in the Town of Manteo.

2.3 **LANDSCAPING**

2.3.1 Landscape Plan Required: Stabilization of the soil is a high priority with the goal of having natural plant materials to be disturbed as little as possible and restored, if disturbed. In the event of any disturbance, a restoration plan shall be presented and approved by the ARB.

Specifications: A landscape plan shall be submitted as follows:

- (a) The plan submitted shall be drawn accurately with property lines, house and drive shown, with plantings located and labeled for identification.
- (b) A plant list is required noting the types of plants to be used and the sizes (container size, height, etc.).



2.3.2 Changes in Topography, Water Features: Any earthwork creating changes in topography, site drainage, creation of ponds, pools, or other water features must be approved by the ARB. Exterior fountains and ponds are not permitted in front yards unless approved by the ARB.

2.3.3 Trees and Shrubs: Every improved yard shall have minimum required trees and shrubs as approved by the ARB. Homeowners shall be required to maintain required trees and shrubs in healthy condition, and from time to time replace any diseased or dead items, with new nursery grown items. All shrubbery indicated on the landscape plan to be a minimum 3-gallon container size.

2.4 LANDSCAPE ACCESSORIES

2.4.1 Signs: No signs of any type shall be permitted at any time in the Marshes Light community during the Declarant Control Period without the prior written approval of the Declarant.

2.4.2 Decorative Ornaments and Other Landscape Accessories:

- a) **DEFINITION**: Landscape accessories including gazebos, firewood sheds, green house, arbors, trellises, benches, fountains, flagpoles, permanent barbecues, and decorative objects must be approved by the ARB as to design and location.
- b) **PLACEMENT**: In general, landscape accessories are neither permitted farther forward nor closer to side property lines than the rear corners of the house. The ARB may consider accessories that are part of an overall landscape plan, in the front yard areas on a case-by-case basis.

2.4 PAVEMENTS

2.5.1 Driveways: Every improved lot in The Marshes Light Homesites neighborhood shall have a driveway with approved pavement materials to include exposed aggregate, brick pavers, interlocking concrete pavers, patterned concrete, or a pre-approved stamped asphalt pattern. The driveway will serve the lot only from the rear alleyway, and not from the street (front) side.

2.6 MECHANICAL, ELECTRICAL AND COMMUNICATIONS EQUIPMENT

2.6.1 Condenser Screening: Required screening of heat pump or air conditioning condensers must be by finished and painted vertical board fence enclosures, or lattice enclosures, properly supported, trimmed, level and plumb. Equipment shall be screened on all sides with allowance for one 3' wide opening, not visible from the street. Spaces between vertical boards shall be 2" max. The height of the screening enclosure shall be at least as high as the equipment screened, but not more than 1' higher. Landscaping may be used as a screening alternative and in such event must be approved by the ARB.

2.6.2 Satellite Antennas

- a) **PERMITTED ANTENNAS**: The following antennas are permitted:
 1. An antenna that is designed to receive direct broadcast satellite service, including direct-to-home satellite services, that is eighteen inches (18") or less in diameter or diagonal measurement.
 2. An antenna that is designed to receive video programming services via multi point distribution services, including multi-channel, multi point distribution services, instructional television fixed services, and local multi point distribution services, and that is eighteen inches (18") or less in diameter or diagonal measurement.
- b) **LOCATION**: The ARB shall approve antenna locations. The following priorities shall be observed in determining antenna locations:
 1. Mounted directly on the rear of the house, on a roof plane facing the rear, or on the backside of a chimney.

2. Mounted on the ground in the rear yard.
 3. Mounted on a pole, an existing other structure, or a tree in the rear yard.
 4. If no clear signal may be obtained in any of the above locations, mounted on the ground or, if necessary, on a pole, in the front yard, or on the front plane of the house.
- c) **APPEARANCE AND SCREENING:** Visibility of antennas should be minimized using one or both of the following methods:
1. Screen the antenna from view from the street with natural plantings, trees and shrubs, to the extent they do not compromise the signal reception.
 2. Use antennas with a dark or muted color, or paint the antenna a muted color to blend with the background surface or with the surrounding landscape.
- d) Residents are encouraged to use care in the selection and placement of antennas to preserve the appearance Guidelines and character of Marshes Light.

2.7 EXTERIOR LIGHTING AND FIXTURES

2.7.1 Permitted Fixtures

- a) **GENERAL TYPES PERMITTED:** Exterior light fixtures shall be limited to lights at entrances, at garage doors, low intensity landscape or driveway lights, and side or rear (only) eave-mounted floodlights directed completely within the applicant's homesite area.
- b) **STYLES:** Light fixtures, except for floodlights, shall be compatible in style with the style of the house.
- c) **FACADE FLOODLIGHTING:** Floodlighting of front facades may be allowed, but only as approved by the ARB and on the condition that floodlights use only incandescent fixtures.

2.7.2 Prohibited Fixtures

High intensity house or pole mounted area or security lights are prohibited. "High intensity" refers to ballasted light fixtures using high or low-pressure sodium, mercury vapor, or metal halide lamps.

2.8 FENCES

2.8.1 Fences

- a) **DEFINITION:** An approved decorative fence can be a picket fence, framed lattice fence, framed board fence, or a fence that combines any of these, if it meets the specifications of this paragraph. A decorative fence should consist of three primary defining elements:
 1. All parts shall be sanded and painted (or stained) and made of decay resistant wood. Cedar is recommended. Color should be white unless otherwise approved by the ARB. Fences of synthetic materials designed to look like wood will be considered on a case-by-case basis.
 2. All posts shall be square or turned decorative styles with post caps or decorative tooled tops. Oversize posts or piers shall be used at all terminations, gates and openings.
 3. All supported fences shall be centered on posts and piers. Fence runs may not pass on one side of the post or pier. For picket fences, the supporting rails shall be supported at the center of each post, with pickets facing to the outside of the homesite. For framed fences, the framed structure shall be centered on the posts or piers.

- b) LOCATION AND USE: Approved decorative fences may be located on side and rear areas of the lot.
- c) HEIGHTS: Fences extending into the corner side yards should not exceed 48" in height (average) to the top of the pickets. Posts and piers may be higher as required by the design.
- d) LANDSCAPING: Fence submittals to the ARB may require additional landscaping.

2.9 PLAY EQUIPMENT AND STRUCTURES

2.9.1 Play Equipment: Play equipment is often highly visible, and depending on its design and application, may defeat many of the aesthetic goals that the community has sought to achieve. For this reason, the Association requires approval by the ARB of all exterior play equipment prior to placement on the lot. For the purposes of this article, play structures and equipment shall include, but not be limited to, the following:

- SWING SETS
- SLIDING BOARDS
- JUNGLE GYMS - CLIMBING STRUCTURES
- SKATE BOARD RAMPS, STRUCTURES
- BASKETBALL GOALS
- TRAMPOLINES

2.9.2 Placement and Screening

- a) PLACEMENT: Play equipment approved by the ARB shall be located in rear yards only, away from property lines adjacent to other houses or streets, and away from neighbors' direct view where possible.
- b) SCREENING: The ARB may require that certain play equipment be screened from view. The standard requirement for screening will be to provide densely shaped evergreen shrubs or trees of a height, when planted, of at least 2/3 the height of the structure, and so placed as to provide a continuous screen on the stipulated side. Planting can be in a continuous row or staggered. A variety of shrubs/trees may be used in addition to single species solutions. It shall be the responsibility of the homeowner to submit to the ARB a plan and proposed plant types for review.

2.10 **LOT COVERAGE**

Lot coverage restrictions exist on all lots and are specified on a lot by lot basis per the North Carolina Stormwater Management Permit issued by the Division of Water Quality.

2.11 **HOURS OF CONSTRUCTION**

All work will be done during the hours of 8 a.m. to 7 p.m. Monday through Saturday. The use of drugs or alcohol or playing of loud music is strictly prohibited on a construction site. Unleashed dogs are not permitted.

ARTICLE III- DESIGN GUIDELINES

3.1 **APPEARANCE**

3.1.1 Appearance: All homes in Marshes Light must be aesthetically pleasing to all views. Exterior colors must be approved by the Committee.

3.1.2 Exterior Wallcoverings: Cedar shake, either original or equivalent is preferred; however, products such as "Channel Rustic" or "Hardi Plank" or equivalent will be approved as well depending on aesthetic considerations. Vinyl or aluminum siding will not be allowed.



- 3.1.3 Exterior Trim: Cedar trim is to be supreme clear grade. All exposed finishes, including pressure or salt treated wood, are to be painted or stained as part of the house schedule except for stair treads and decking. Pilings at ground level to be covered with wood lattice of checkerboard pattern or otherwise masked. All exposed pilings must be wrapped. Gable-end treatments are important. Use of rake board or frieze board is encouraged.
- 3.1.4 Windows: Wood frame, vinyl-clad windows with white finish is preferred. Baked on finishes or extruded aluminum by Anderson, Pella, Eagle, Kohler and Marvin will be considered. Lower quality, all vinyl frames will not be approved. Windows and doors shall have a one- by four-inch minimum exterior trim surround casing.
- 3.1.5 Entry: Entry from driveways and garages or carports are encouraged. Under-roof main entry porticos should be of proper scale. Exterior entry doors are to be wood or fiberglass of solid or six panel design and may include glass inserts. Main entry may not be metal or sliding glass.
- 3.1.6 Roofing: Gables and hips will have minimum 6/12 slopes, except as incidental to primary design. Fascia boards are to be constructed of wood and painted. Soffits are preferred to be built of wood, but vinyl or aluminum will be considered. Fire retardant wood shakes or heavy weight (300 lb minimum) composition/fiberglass architectural shingle, slate or tile should be used as roof covering with roof colors complimentary to house plan. Roof colors of yellow and gold are not likely to be approved. Roof colors of red, green and blue-gray will be considered on a limited basis. No metal chimneys will be permitted. Roof stacks, sky lights, plumbing vents and solar panels are to be placed on rear slopes and painted black or color of roof shingles.
- 3.1.7 Porches: Open or screened, be sure that porch proportions balance with floor below. No cross bracing of exposed decks will be allowed. Joist bands are to be painted. Pickets are to be nailed to rails from behind. Porches (including wrap-around) are very much encouraged.
- 3.1.8 Pools: Outdoor pools are not permitted.

ARTICLE IV - OTHER GUIDELINES

4.1 PROPERTY MAINTENANCE

- 4.1.1 Property maintenance includes the upkeep of lots, buildings and other improvements consistent with good property management, proper trash disposal and animal control.
- 4.1.2 Each property owner has the following responsibilities:

a) General Property and Plant Care

1. Seeding, weeding, regular cutting, and watering of plants.
2. Pruning and care of all trees and shrubbery.
3. Painting and external care of structures and other improvements.

b) Trash

1. Disposal of trash and other refuse on a weekly basis.
2. No accumulation or storage of trash or bulk materials on any lot.
3. Screening of any trash containers kept outside of the house or garage.

4.2 YARD STORAGE

- 4.2.1 Vehicles. The following vehicles may not be parked or stored on any homesite (except in an



approved garage), common area, or street in Marshes Light: campers, house trailers, horse and utility trailers, recreational vehicles, boats, boat trailers, motorcycles, school buses, or commercial vehicles over 6,000 lbs. net vehicle weight or with dual wheels, inoperable vehicles, vehicles without current registration, or similar items. Major vehicle repairs may not be undertaken except in enclosed garages. Minor emergency repairs such as battery charging or changing; replacing a flat tire, and jump-starting are permitted in the open on any lot.

ARTICLE V - AMENDMENT

In recognition that Marshes Light will not be frozen in time, but rather a community whose needs and environment will evolve, the ARB reserves the right, from time to time, as it deems appropriate, to promulgate and amend specific design criteria and standards which make up the Architectural Guidelines of Marshes Light. Owners are responsible for obtaining the current Architectural Guidelines from the ARB prior to formulating any plans for improvements.

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