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NORTH CAROLINA
DARE COUNTY

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DECLARATION OF PROTECTIVE COVENANTS

for

MOTHER VINEYARD ESTATES

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THIS DECLARATION OF PROTECTIVE COVENANTS, made and declared this the 21st day of Oct, 1997, by MOTHER VINEYARD LAND PARTNERSHIP, a North Carolina General Partnership, hereinafter called Declarant:

WITNESSETH:

WHEREAS, the Declarant is the fee simple owner of a certain parcel of land located on Roanoke Island, Nags Head Township, Dare County, North Carolina, and more particularly described on Exhibit "A" attached hereto and incorporated by reference herein;

AND WHEREAS, Declarant intends to develop said lots as shown on the aforesaid plat according to a common scheme with the objective that the covenants herein imposed shall inure to the benefit of each and all of the purchasers of said lots; and it is the purpose of this declaration to declare and make known the covenants and restrictions which shall apply to all lots;

AND WHEREAS, the Declarant desires to provide for the preservation of the values of Mother Vineyard Estates and to this end, desires to subject the real property described herein to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner thereof; and

NOW, THEREFORE, Declarant does by this instrument declare and make known that all that property described herein to be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, and improved subject to this Declaration of Protective Covenants, which are declared and agreed to be in furtherance of enhancing and protecting the value, desirability, and attractiveness of Mother Vineyard Estates and any part thereof, and all of which shall run with said lots and shall be binding on all parties having or acquiring any right, title or interest in the described Mother Vineyard Estates or any part thereof.

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. When used in this Declaration, unless the context shall prohibit or otherwise require, the following words shall have all following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

(a) "Architectural Standards Committee" shall mean and refer to the committee who shall be initially appointed by the Declarant and later subject to appointments by the majority at the meeting of the Mother Vineyard Estates Homeowners Association to approve exterior and structural improvements, additions, and changes within Mother Vineyard Estates.

(b) "Common Area" shall mean and refer to the private roadway and any other areas designated as such on the recorded plat.

(c) "Declarant" shall mean Mother Vineyard Land Partnership, a North Carolina Partnership, and any successor in interest.

(d) "Declaration" shall mean and refer to this Declaration of Covenants and all amendments thereof filed for record in the Office of the Register of Deeds of Dare County, North Carolina.

(e) "Dwelling" shall mean and refer to any improved property for a single family residential occupancy use located with the subdivision.

(f) "Improvements" shall mean and refer to any additions to a lot including a dwelling, garage, carports, porches, terraces, balconies, decks, patios, courtyards and any other construction which has been approved by the Architectural Standards Committee of Mother Vineyard Estates.

(g) "Living Area" shall mean and refer to enclosed heated covered areas within a dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics, and basements.

(h) "Lot" shall mean and refer to any parcel of land shown upon the aforementioned recorded subdivision plat with the exception of the common areas as heretofore defined.

(i) "Mobile Home" shall mean and refer to a modular unit, including double wide and triple wide units, built on a chassis, designed to be used as a dwelling, with or without a permanent foundation.

(j) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

ARTICLE II PROPERTY RIGHTS

Section 2.01 General. Each lot shall for all purposes constitute real property which shall be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property.

Section 2.02 Easements for Utilities and Drainage. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric, water, sewer and telephone systems, cable television service, and conduits for the purpose of bringing public services to subdivision, on, in or over an area

within ten (10) feet of each lot line fronting on a street or where a lot line abuts a right-of-way or boundary line, five (5) feet along the side lines of each lot. Declarant reserves unto itself, its successors and assigns, perpetual, alienable and releasable easements with the subdivision and the right on, over and under the ground to cut drainways for surface water and make any grading of the soil whenever and wherever such action may appear to Declarant to be necessary to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance including any necessary revisions or alterations in the retention ponds.

Section 2.03 Maintenance Easement. There is hereby reserved for the benefit of Declarant, and their respective agents, employees, successors, and assigns, the right to enter upon any lot, such entry to be made by personnel with tractors or other suitable devices, for the purposes of mowing, removing, clearing, cutting or pruning underbrush, weeds or unsightly growth for the purpose of building or repairing any land contour or other earth work which in opinion of the Declarant or its agents detracts from or is necessary to maintain the overall beauty, ecology, setting and safety of the property. Such entrance shall not be deemed as trespass. Declarant, and their successors and/or assigns, may likewise enter upon any lot to remove any trash which is collected without such entrance and removal being deemed as trespass. The provisions of this paragraph shall not be construed as an obligation on the part of the Declarant and/or the Architectural Standards Committee to undertake any of the foregoing.

ARTICLE III MAINTENANCE

Section 3.01 Responsibilities of Owners. Each lot owner shall be responsible for all maintenance and repair of their lot together with all other improvements thereon or therein and all lawns, landscaping of grounds on and within the lot shall be the responsibility of the owner of such lot. Each owner shall be responsible for maintaining its lot in a neat, clean and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all improvements and other structures and all lawns, trees, shrubs, hedges, grass, walkways, driveways and other landscaping. No owner shall decorate, change, or otherwise alter the appearance of any portion of the exterior of any improvements within a lot, except when traditional seasonal ornamental decorations are appropriate, unless such decorations, changes or alterations are first approved in writing by the Architectural Standards Committee as proved in Article IV hereof or do any work which, in the reasonable opinion of the Architectural Standards Committee would jeopardize the soundness and safety of the subdivision, reduce the value thereof, or impair any easement thereto without in every such case obtaining the written approval of the Architectural Standards Committee.

ARTICLE IV ARCHITECTURAL STANDARDS AND USE RESTRICTIONS

Section 4.01 Purpose. In order to preserve the natural setting and beauty of Mother Vineyard Estates, to establish and preserve a harmonious and aesthetically pleasing design for Mother Vineyard Estates, and to protect and promote the value of Mother Vineyard Estates, the lots and all

improvements located therein or thereon shall be subject to the restrictions set forth in this Article IV. Every grantee of any interest in Mother Vineyard Estates, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article IV.

Section 4.02 Architectural Standards Committee.

(a) **Membership:** The Committee shall be composed of three (3) people who need not be owners in the subdivision initially appointed by the Declarant. The initial term of the first Board shall be three (3) years and in the event there are any vacancies during said initial term, then Declarant shall have the right to make appointments for the purpose of fulfilling said vacancies. A majority of the Committee may designate a representative to act for it. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this covenant.

(b) **Procedure:** At least thirty (30) days prior to the proposed commencement of any construction, the plans shall be submitted to the Committee. The Committee's approval, disapproval or waiver as required in these covenants shall be in writing and the decision of a majority of the Committee in case of any disagreement among Committee members as to the approval, disapproval or waiver by the Committee shall be controlling. In the event the Committee or its designated representatives fail to approve or disapprove within thirty (30) days after plans have been received by it, approval of the Committee will not be required and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with. Further, in the event any construction is commenced on any lot without submission to the Committee of the plans with respect thereto, and no action or suit is instituted against the owner of such lot by any owner of any other lot constituting a portion of the subdivision within ninety (90) days after the foundation of any building being constructed on any such lot is completed, then and in any such event, approval by the Committee will not be required and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with.

(c) **Committee:** The Architectural Standards Committee appointed for an initial three (3) year term shall be Malcolm K. Fearing, III, Rex D. Tillett and Samuel E. Burrus. Thereafter, vacancies to the Architectural Standards Committee shall be appointed by a majority of the lot owners in Mother Vineyard Estates.

Section 4.03 Approval of Plans. No building, wall, driveway, swimming pool, tennis court, or other structure, site work or clearing preparatory to construction shall be begun, altered, added to, maintained or reconstructed on any lot until the plans and specifications for such work have been reviewed and approved by the Architectural Standards Committee (hereinafter referred to as "the Committee"). Before commencing such review, a lot owner shall submit to the Committee three (3) completed sets of plans and specifications, including, but not limited to: foundation plans, floor plan or plans, the four directional elevations, a schedule of proposed exterior colors and material, shingle colors, grade and weight, plan showing driveway, parking, septic tank and drainfield, and proposed commencement date of construction and expected completion of improvement. The Committee shall have the absolute and exclusive right to refuse to approve any such plans and specifications which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons which, in the sole and uncontrolled discretion of the Committee, shall be deemed sufficient. If construction of any improvement required to be approved shall not have been begun before the

expiration of six months following approval, said approval shall be void and of no effect. In such event, the plans of such improvement shall be resubmitted to the Committee for reconsideration and the Committee may, in its discretion, either confirm its earlier approval of plans or disapprove.

Section 4.04 Approval Not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in property designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, nor the Architectural Standards Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article IV, nor any defects in construction undertaken pursuant to such plans and specifications.

Section 4.05 Building Restrictions. No dwelling or other structure shall be constructed on a lot which has a height in accordance with Dare County Zoning. All dwellings shall have a minimum of 2100 square feet of "living area" for any single family dwelling. No building, including porches, eaves, steps and similar fixtures shall be located on any lot within twenty-five (25) feet of the front line nor closer than ten (10) feet from the side lines thereof, nor closer than twenty (20) feet from the rear property line. Side setbacks on any street shall be fifteen (15) feet.

Section 4.06 Use of Lots and Dwellings. Each lot and dwelling shall be used for residential purposes only, and no trade or business of any kind may be carried on therein. No lot shall be used for access to any adjoining lot or other property, nor for the dedication of a roadway or used as an easement for an adjoining tract or tracts of land, or other subdivision. When an owner acquires two or more lots then, and in that event, the adjoining one or more lots may be used as one (1) building site and the side lot lines and easements referred to herein shall apply to the outside perimeter line of the combined lots.

Section 4.07 Exterior Appearance. Any fences must first be approved by the Architectural Standards Committee. Any unenclosed garages or carports must be adequately screened from street views. Further, no foil or other reflective material shall be used on any windows for sunscreens, blinds, shades or other purposes nor shall any window-mounted heating or air-conditioning units be permitted.

The Architectural Standards Committee shall determine the standards and issue guidelines for the implementation thereof for the location, material, color and design of all mail and newspaper boxes and the manner which they shall be identified.

Each owner shall provide receptacles for garbage in accordance with the standards established by the Architectural Standards Committee.

Section 4.08 Signs. No signs or advertising posters of any kind shall be maintained or permitted within any windows or on the exterior of any improvements without the express written permission of the Architectural Standards Committee. There shall be permitted one (1) signs of not more than six (6) square feet advertising the property for sale. Such sign shall be located adjacent to a driveway, ten (10) feet back on the property line and not more than three (3) feet in height,

including the sign and stand. During construction, a builder's sign may be affixed to the dwelling but it may not be more than six (6) square feet and must be removed before occupancy by the owners. All "For Rent" signs shall be of the design, size, material and color as approved by the Architectural Standards Committee.

Section 4.09 Antennas. No television antenna, radio receiver, or other similar device shall be attached to or installed on any portion of subdivision, unless contained entirely within the interior of a building or other structure, nor shall radio or television signals, nor any other form of electromagnetic radiation, be permitted to originate from any lot, which may unreasonably interfere with the reception of television or radio signals with the subdivision.

Section 4.10 Animals and Pets. Animals, livestock or poultry of any kind shall not be raised, bred or kept on any lot except dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that they are under the control of their owner at all times.

Section 4.11 Nuisances. No rubbish or debris or any kind shall be dumped, placed, or permitted to accumulate upon any portion of the subdivision, nor shall any nuisance or odors be permitted to exist or operate upon or arise from within the subdivision, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions of the subdivision. Noxious or offensive activities shall not be carried on in any lot.

Section 4.12 Prohibited Structures. No structure of a temporary character, house trailer of any kind, tent, shack, garage, mobile home, barn or other outbuilding shall be used, placed or allowed on any lot or building site of land at any time either temporarily or permanently, except such temporary structures as may be necessary for the storage of materials by or for the convenience of workmen and contractors during the erection of residences upon said lots. No temporary structure of any kind, including those hereinabove set out, shall be used on any lot or site at any time as a residence either temporarily or permanently. "Modular Home" or similar types of dwellings shall not be constructed or placed upon any lot or building site.

Section 4.13 Motor Vehicles, Trailers, Boats, Etc. Each owner shall provide for parking of automobiles off the streets and roads within the subdivision prior to occupancy of any dwellings owned by such owner. There shall be no outside storage or parking upon any lot of any: mobile home, trailer, motor home, tractor, truck (other than pickup trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. No owner or other occupants of any portion of the subdivision shall repair or restore any vehicle of any kind upon or within any lot, dwelling, or within any portion of the Common Areas, except (i) within enclosed garages or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Restrictions herein shall not prohibit the parking of one (1) pleasure boat (not exceeding 30 feet in length) per lot.

Section 4.14 Driveways. Prior to the commencement of construction of improvements or clearing of any lot, other than by hand, the owner shall place a temporary clay or permanent clay and gravel or concrete driveway to provide entry to the lot from the road.

Section 4.15 Foundations. All single family residences and dwellings must have some exterior appurtenances on either the front or side elevations, such as covered stoops, porches, decks or breezeways. These exterior appurtenances must be a minimum of forty (40) square feet.

ARTICLE V VARIANCE

Section 5.01 Variance. The Architectural Standards Committee (hereinafter referred to as "Committee") may from time to time grant the owners of lots within the subdivision a Waiver or Variance of the provisions of this Declaration. The conditions under which such a waiver or variance may be granted shall be in the total discretion of the Committee. It is understood that the existence of this power does not create a right in any homeowner or lot owner to such action by the Committee and the decision of the Committee on request for waiver or variance shall be final. The expressed purpose of the powers as described in the paragraph is to enable the Committee to alleviate hardships created by the terms of this Declaration under circumstances which are beyond control or fault of the parties and would create irreparable harm or unnecessary hardship without such action; or under conditions where title to the property in question is clouded, encumbered or detrimentally affected by the existence of conditions which cannot otherwise be corrected. Even when conditions as described herein exist so that waiver or variance appears appropriate, granting such waiver or variance shall remain completely within the discretion of the Committee.

ARTICLE VI GENERAL PROVISIONS

Section 6.01 Duration. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding upon all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, who shall be burdened and benefited by these Covenants for a period of thirty (30) years from the date of this Declaration, after which time all said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a two-thirds majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part, provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is sent to every owner at least ninety (90) days in advance of any action taken.

Section 6.02 Notices. Any notice required to be sent to owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as owner on the records of the ad valorem records of Dare County at the time of such mailing. Notice to any one of the owners, if title to a lot is held by more than one, shall constitute notice to all owners of a lot.

Section 6.03 Enforcement. In the event of any violation or breach of any of the restrictions contained herein by any property owner or agent of such owner, Declarant, its successors or assigns, and/or any future Association established by a majority vote of lot owners within the subdivision or any aggrieved owner of a lot in Mother Vineyard Estates may jointly or severally have the right to

proceed in law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach of any of the restrictions set out above, but before litigation may be instituted ten (10) days written notice of such violation shall be given to the owner or his agent. The failure to enforce any right, reservation or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restriction contained in this Declaration shall in no way affect any of the other restrictions, but they and each of them shall remain in full force and effect.

Section 6.04 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 the Architectural Standards Committee, 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 which are less restrictive.

Section 6.05 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 6.06 Amendment of Declaration. This Declaration may be amended by a majority of lot owners in the subdivision. No amendment to this Declaration shall be effective until recorded in the Office of the Register of Deeds of Dare County, North Carolina.

ARTICLE VII
PROPERTY SUBJECT TO THIS DECLARATION IS WITHIN THE JURISDICTION
OF
MOTHER VINEYARD ESTATES PROPERTY OWNERS ASSOCIATION, INC.

Section 7.01. Existing property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association, is approximately 168 acres of land located on Roanoke Island, in Nags Head Township, Dare County, North Carolina, more particularly described as being all of the property shown on map of "Mother Vineyard Land Partnership", recorded in Plat Cabinet C, Slide 186C, amended in Plat Cabinet D, Slide 44 of the Dare County Public Registry, the maps of Phase One is recorded in Plat Cabinet D, Slide 314-315; and the map of Phase Two recorded in Plat Cabinet D, Slide 332; with other phases to be recorded.

ARTICLE VIII
MEMBERSHIP AND VOTING RIGHTS

Section 8.01. Membership. Every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 8.02. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A lots. Class A lots shall be all lots except Class B lots as the same are hereinafter defined. Each Class A lot shall entitle the Owners of said Lot to one (1) vote. When more than one person owns a fee simple interest in any Lot, all such persons shall be Members, and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; however, fractional voting will not be allowed.

(b) Class B lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in subparagraphs (i) or (ii) below. The Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(i) When the total number of votes appurtenant to the Class A lots equals the total number of votes appurtenant to the Class B Lots; or

(ii) On December 31, 2000,

whichever event shall first occur.

When the Class B Lots are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

ARTICLE IX
PROPERTY RIGHTS

Section 9.01. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewerage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to another non-profit corporation with purposes similar to those of this Association;

(c) The right of the Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to the Class A and Class B Lots, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Owners as set forth herein.

Section 9.02. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner in Section 9.01 of this Article may be exercised by members of the Owner's family.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 9.01 of this Article may be delegated to guests of such Owners, tenants or contract purchasers.

(c) Guests. The right and easement of enjoyment granted to every Owner in Section 9.01 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors governing said use.

Section 9.03. Rules and Regulations Regarding Parking. The Board of Directors of the Association may make such reasonable rules and regulations as it may elect with respect to the parking of vehicles; however, no vehicles shall at any time be parked on areas designated Private Street now in the Common Area.

Section 9.04. Conveyance of Title to the Association. Declarant covenants, for itself and its successors and assigns, that it will convey fee simple title to the Common Area to the Association prior to the conveyance of the first Lot to an Owner within any phase, section, or annexation. Declarant reserves and easement to, from, over and across the Common Area for the purpose of constructing additional residences upon the Lots. Such conveyance shall be free and clear of all encumbrances and liens, except utility and drainage easements of record or shown on the recorded plat of the property owned by Mother Vineyard Land Partnership.

Section 10.01. Creation of the Lien and Personal Obligation of Assessment. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest, costs and attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s), corporation(s), or entities owning such Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them; however, such unpaid assessments or charges shall continue to be a lien on the property against which the assessment was made.

Section 10.02. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the maintenance and repair of the Common Areas and roadways, the employment of attorneys to represent the Association when necessary, and such other need as may arise. In addition, expenditures by the Association for the landscaping, planting and maintenance of Common Areas shall be deemed expenditures for the beautification and health, safety and welfare of the residents of the Properties and are hereby authorized.

Section 10.03. Maximum Annual Assessment. Until January 1 of the year immediately following the Conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$100.00 per Class A lot and \$50.00 per Class B lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Board of Directors may increase the maximum annual assessment, effective January 1 of each year, without a vote of the membership, provided that any such increase shall not exceed ten percent (10%) of the maximum assessment for the previous year with a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds (2/3) of the votes appurtenant to the Class A and Class B Lots, in person or by proxy, at a meeting duly called for that purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum, provided, however, that the ratio of the assessment established for each Class B Lot shall always be one-fourth (1/4) of the assessment for a Class A Lot. In the event that Class B Lots are converted to Class A Lots, or Class A Lots are reconverted to Class B Lots, the assessment with respect to each such Lot shall be prorated and charged according to its class as of the date of each conversion and reconversion.

(d) Any Class B Lot rented by Declarant during any assessment year shall be treated as a Class A Lot for assessment purposes. Such Lot shall remain a Class B Lot for all other purposes.

(e) Any annual assessment established by the Board of Directors shall continue thereafter as the annual assessment until changed by the Board or by the Members.

Section 10.04. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction of a capital improvement upon the Common Area, provided that any such assessment shall have the same assent of the Members as provided in Section 10.03(b) of this Article and shall be in the ratios provided in Section 10.03(c) of this Article.

Section 10.05. Assessment Rate. Than annual and special assessments must be fixed at a uniform rate for all Lots within each class and may be collected on a monthly basis.

Section 10.06. Notice and Quorum for Any Action Authorized Under Sections 10.03 and 10.04. Written notice of any meeting called for the purpose of taking any action authorized under Section 10.03 or 10.04 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days prior to the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes appurtenant to the Class A and Class B Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and, if called for a date not less than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 10.07. Date of Commencement of Annual Assessments; Due Date; Certificate of Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of all or any part of the Common Area to the Association. The first annual assessment shall be the "maximum annual assessment" set forth in Section 10.03 of this Article and shall be pro-rated according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least fifteen (15) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 10.08. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur a late charge in the amount of \$10.00 and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of ten

percent (10%) per annum or the maximum rate allowed by law, whichever is less. The Association may bring an action at law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; interest, late payment charge, costs and reasonable attorney's fees of such action or foreclosure shall be added the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10.09. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien, but the sale or transfer of any Lot pursuant to the foreclosure of such mortgage or deed of trust shall extinguish the lien of such assessments as to any installment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10.10. Exempt Property. All property dedicated to and accepted by a local public authority, and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

IN WITNESS WHEREOF, the duly authorized partners of the undersigned Declarant have executed this Declaration of Protective Covenants under seal, this the 21 day of October 1997.

MOTHER VINEYARD LAND PARTNERSHIP

By George W. Spruill (SEAL)
General Partner

By M. K. Harrison (SEAL)
General Partner

By Samuel E. Brown (SEAL)
General Partner

By Ray E. Hollowell, Jr. (SEAL)
General Partner

By: Rex D. Tillett (SEAL)
Rex D. Tillett, Assignee of partnership
interest of Ray E. Hollowell, Jr. in
Mother Vineyard Land Partnership

I, a Notary Public of the County and State aforesaid, certify that Malcolm K. Fearing, III, General Partner of Mother Vineyard Land Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 21st day of October, 1997.



(Seal-Stamp)

Carol Ballance
Notary Public

My commission expires: 10-30-2000

I, a Notary Public of the County and State aforesaid, certify that Ray E. Hollowell, Jr., General Partner of Mother Vineyard Land Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 31st day of October, 1997.

(Seal-Stamp)

Bonny F. Bonner
Notary Public
Dare County, N.C.

Bonny F. Bonner
Notary Public

My commission expires: June 21, 2000

I, a Notary Public of the County and State aforesaid, certify that Samuel E. Burrus, General Partner of Mother Vineyard Land Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 1st day of October, 1997.

(Seal-Stamp)

PENNY C. BEASLEY
NOTARY PUBLIC
TYRRELL COUNTY, N.C.

Penny C. Beasley
Notary Public

My commission expires: 12-10-99

I, a Notary Public of the County/City and State aforesaid, certify that George W. Spicer, General Partner of Mother Vineyard Land Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 21 day of October, 1997.

(Seal-Stamp)

Richard J. Coit
Notary Public

My commission expires: Jan 31, 1998



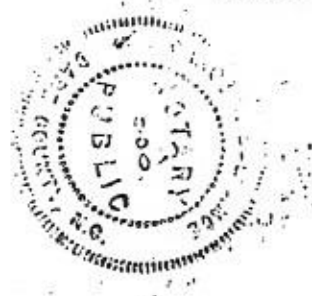
NORTH CAROLINA, DARE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Rex D. Tillett, assignee of the partnership interest of Ray E. Hollowell, Jr. in Mother Vineyard Land Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal or stamp, this 1st day of October, 1997.

Crosby Ballance
Notary Public

My Commission expires: 10-30
~~June 21~~, 2000



CONSENTED TO:

Book Page

1142 0811 (SEAL)

Rex D. Tillett
Rex D. Tillett

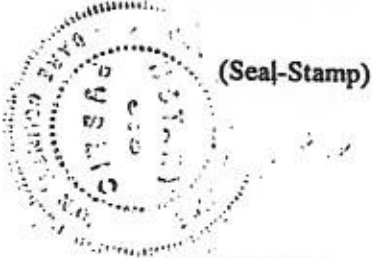
Laura Tillett
Laura Tillett (SEAL)

William Edward Hicks
William Edward Hicks (SEAL)

Kay Jones Hicks
Kay Jones Hicks (SEAL)

STATE OF NORTH CAROLINA, COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that Rex D. Tillett and wife, Laura Tillett, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 31ST day of October, 1997.



Carol Ballance
Notary Public

My commission expires: 10-30-2000

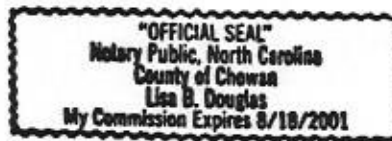
STATE OF NORTH CAROLINA, COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that William Edward Hicks and wife, Kay Jones Hicks, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 28th day of October, 1997.

(Seal-Stamp)

Lisa B. Douglas
Notary Public

My commission expires: 8/18/2001



CONSENTED TO:

Rex D. Tillett Book 1142 Page 0812 (SEAL)
Rex D. Tillett

Laura Tillett (SEAL)
Laura Tillett

William Edward Hicks (SEAL)

Kay Jones Hicks (SEAL)

STATE OF NORTH CAROLINA, COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that Rex D. Tillett and wife, Laura Tillett, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this 23rd day of October, 1997.

(Seal-Stamp)

Bonny F. Bonner
Notary Public

Bonny F. Bonner
Notary Public
Dare County, N.C.

My commission expires: June 21, 2000

STATE OF NORTH CAROLINA, COUNTY OF DARE

I, a Notary Public of the County and State aforesaid, certify that William Edward Hicks and wife, Kay Jones Hicks, personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and official seal or stamp, this ____ day of _____, 1997.

(Seal-Stamp)

Notary Public

My commission expires: _____

NORTH CAROLINA, DARE COUNTY

Book 1142 Page 0813

The foregoing certificates of Carolyn Ballance
Bonny F. Bonner of Dare Co., NC Penny C.
Beasley of Turrell Co., NC, Mildred E. Coit
of Comm. of Va. & Lisa B. Douglas of Chowan
Co., NC all Notaries Public.

are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Doris A. Fry
Register of Deeds

By: Vanella M. Walcott
Assistant Register of Deeds

EXHIBIT A - DESCRIPTION
ROANOKE ISLAND PROPERTY

All that certain tract or parcel of land lying and being in Nags Head Township, Roanoke Island, Dare County, North Carolina, further described by metes and bounds as follows:

BEGINNING at an existing iron pipe lying and being on the South margin of the right of way of N.C. State Road 1166, also known as Scuppernong Road, said existing iron pipe marking the Northwest corner of the lands now or formerly belonging to R. D. Sawyer Motor Company, Inc. as described in Deed Book 441, Page 892, Dare County Registry; thence from said beginning point the following calls:

1. Running in a general Southwesterly direction on and along the South margin of the right of way of SR 1166 to a point in and marking the Northeast corner of the lands now or formerly owned by Ernestine A. Scarborough; thence
2. Turning and running a general Southeasterly direction along the Scarborough lands and continuing through a concrete post lying in and marking the Southeast corner of the Scarborough lands and Northeast corner of the lands now or formerly belonging to Norman S. Ward; thence
3. Continuing along the Ward lands to an existing concrete monument lying in and marking the Southeast corner of the Ward lands; thence
4. Turning and running a general Southwesterly direction along the Ward lands to a point at the East edge of the waters of Dough's Creek, said point also being on the East line of the lands now or formerly belonging to the Dare County Board of Education; thence
5. Turning and running a general Southeasterly direction along the Dare County Board of Education lands to a point in Dough's Creek; thence
6. Turning and running a general Northeasterly direction to a point at the East edge of the waters of Dough's Creek; thence
7. Turning and running a general Southeasterly direction along the East edge of the waters of Dough's Creek and following the various meanderings thereof to an existing concrete monument on the Southern edge or bank of a ditch running an East/West course roughly and opening onto Dough's Creek on the West and Shallowbag Bay on the East, said Southern edge of the ditch presently marks a portion of the Town of Manteo City Limits and the North line of lands now or formerly owned by The State of North Carolina and said monument also lies in and marks the Southwest corner of the lands herein described; thence
8. Turning and running a general Northeasterly direction along the

9. Turning and running a general Northerly direction and following the various meanderings of the waters of Shallowbag Bay to the waters at the West edge of Mother Vineyard Canal; thence

10. Turning and running a general Northerly, then Easterly, then Northerly direction along the North and West edges of the waters of Mother Vineyard Canal and following the various meanderings thereof to an existing iron pipe at the West edge of the waters of Mother Vineyard Canal, said existing iron pipe also marks the Southeast corner of the lands now or formerly belonging to R. D. Sawyer Motor Company, Inc. and a Northeast corner of the land herein described; thence

11. Turning and running a general Southwesterly direction along the lands now or formerly belonging to the Motor Company lands to an existing iron pipe; thence

12. Turning and running a general Northwesterly direction along the lands now or formerly belonging to the Motor Company to the point or place of beginning;

Said tract or parcel of land contains 161 acres, more or less and is more particularly described and shown on that certain plat or map prepared by W. M. Meekins, Jr. and Associates, Inc. entitled, "Survey for Mother Vineyard Land Partners" recorded in ~~Map Book~~ PCC, Slide 186C, Dare County Registry; said plat or map shows the course and distance boundary lines of the above property and is fully incorporated herein by reference as if each course and distance shown thereon had been additionally set forth above. See also "Revised Survey for Mother Vineyard Land Partnership" recorded in Plat Cabinet D, Slide 44, Dare County Registry.

Furthermore, the Seller conveys all riparian rights in and to the canals and ditches shown on the plat referred to above and incorporated herein by reference. The Seller also conveys all rights, titles and interests it may own in and to the bottoms of all canals and ditches shown on the plat referred to above and incorporated herein by reference which lie within or abut the property conveyed, but subject to such local, state and federal laws and regulations as may control or regulate the use thereof.

Lastly, there is also quitclaimed hereby all lands included in the description set out in that deed dated November 2, 1961, and recorded in Deed Book 102, Page 597, Dare County Registry, said description being incorporated herein by reference.