

**MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR LOCKWOOD FOLLY AND:  
SUPPLEMENTAL DECLARATIONS CONTAINING COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR LOCKWOOD FOLLY**

The attached documents represent a codification of the original Master Declaration of Covenants and related Supplements filed by Channel Side Corporation, the developers of Lockwood Folly, in Brunswick County Register of Deeds Office:

Master Declaration of Covenants, Book 695, Page 968-1022, 6/17/87 Supplements:

Single Family Custom Home Lots, Phase 1, Book 696, Page 532-541, 6/22/87

Single Family Custom Home Lots, Phase 1 Book 1039, Page 424-426, 6/26/95

Single Family Custom Home Lots, Phase Book 1140, Page 149-151, 4/7/97

Single Family Custom Home Lots, Phase 2, Book 778, Page 563-565, 7/24/89

Single Family Custom Home Lots, Phase 3, Book 776, Page 97-106. 7/24/89

Single Family Custom Home Lots, Phase 3, Book 1039, Page 421-423, 6/26/95

Single Family Custom Home Lots, Phase 4, Book 895, Book 213-222, 8/13/92

Patio Homes, Windward Village, Book 741, Page 445-455, 8/9/88

Patio Homes, Spring Branch and North Point, Book 770, Page 484-494, 7/25/88

This codification consolidates the common information from the Supplements into the Master Declaration and leaves specific conditions in each of the Supplements. Also, modifications and clarifications are incorporated to reflect existing conditions and restrictions.

STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND  
RESTRICTIONS FOR LOCKWOOD FOLLY

THIS AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR LOCKWOOD FOLLY  
("Amendment") is made this 8 day of *MARCH*, 2012, by LOCKWOOD FOLLY  
PROPERTY OWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation  
("Association").

WITN ESSETH:

WHEREAS, Channel Side Corporation, a North Carolina corporation, caused to  
be recorded a Master Declaration of Covenants, Conditions, and Restrictions for Lockwood  
Folly in Book 695, at Page 968 in the office of the Register of Deeds of Brunswick County (as  
previously amended, supplemented, and consolidated, the "Master Declaration"); and

WHEREAS, in accordance with Article Eleven, Section 5 of the Master  
Declaration, the Association desires to amend the Master Declaration; and

Prepared by Ward and Smith, P.A., 127 Racine Drive, University Corporate Center (28403), Post  
Office Box 7068, Wilmington, NC 28406-7068

Please return to Ward and Smith, P.A., 127 Racine Drive, University Corporate Center (28403),  
Post Office Box 7068, Wilmington, NC 28406-7068

Attention: Justin Lewis

No opinion on title is rendered by Ward and Smith, P.A., without a separate written opinion on

WHEREAS, the Association has obtained the affirmative vote of Owners of Lots and Dwelling Units to which at least fifty-eight percent (58%) of the votes in the Association are allocated; and

WHEREAS, the terms of the Amendment shall have the same meaning as set forth in the Master Declaration unless otherwise defined herein.

NOW THEREFORE, the Association, pursuant to the provisions of Article Eleven, Section 5 of the Master Declaration, does hereby amend the Master Declaration as follows:

1. Article Four, Section 2(B) of the Master Declaration is deleted in its entirety and the following is inserted in lieu thereof:

(B) Class "B":

The sole Class B Member shall be the owner of the golf course Recreational Amenity, commonly known as Lockwood Folly Golf Course. The Class B Member does not have voting rights and is not entitled to vote on any Association matters.

2. Article Five, Section 4 of the Master Declaration is amended by deleting the following paragraph: "The Owner of the golf course recreational amenity shall pay an initial base annual assessment of \$30,000 beginning July 1, 2004 with provisions for adjustments. When there is a POA, general membership, annual assessment increase, the golf course owner will pay a % increase equal to the % increase an individual residence owner would have to endure." and inserting the following in lieu thereof: "The Class B Member shall pay an annual assessment in an amount equal to the annual assessment levied against one Dwelling Unit."

3. Article Five, Section 5 of the Master Declaration is amended by deleting the second paragraph in its entirety and inserting the following in lieu thereof: "The Class B Member shall pay special assessments in an amount equal to the special assessment levied against one Dwelling Unit."

4. Notwithstanding any other provision contained in the Master Declaration, the Class B Member has no voting rights and is not entitled to vote on any Association matters and the Class B Member shall pay an annual assessment and special assessments in an amount equal to the amount levied against one Dwelling Unit.

5. Notwithstanding any other provision contained in the Master Declaration, the golf course Recreational Amenity, commonly known as Lockwood Folly Golf Course, is and shall be the only Recreational Amenity in the Development.

6. Except as expressly provided in the paragraphs above, the terms and provisions of the Master Declaration shall continue in full force and effect according to the terms of the same as modified hereby.

IN TESTIMONY WHEREOF, the Association, acting pursuant to the authority above recited and in accordance with the affirmative vote of Owners of Lots and Dwelling Units to which at least fifty-eight percent (58%) of the votes in the Association are allocated, has caused this Amendment to be executed under seal and in such form as to be legally binding and effective the day and year upon recording this Amendment in the office of the Register of Deeds of Brunswick County, North Carolina.

LOCKWOOD FOLLY PROPERTY OWNERS  
ASSOCIATION, INC.

By:  
Gordon J. Ackley

STATE OF NORTH CAROLINA  
COUNTY OF *Brunswick*

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose(s) stated therein and, if other than in an , individual capacity, in the capacity indicated, having been first authorized to do so:

*(Official Seal)*  
*(Official Seal)*  
*Signature of Notary Public*

My commission expires: *09/07/2014*  
Notary seal or stamp must appear within this box.  
091079-0000 I  
ND: 4844-8729-0894, v

## **MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LOCKWOOD FOLLY**

This Declaration of Covenants, Conditions and Restrictions for Lockwood Folly is made this the 16th day of June, 1987 by Channel Side Corporation, a North Carolina Corporation, hereinafter referred to as the Declarant or Channel Side. The Lockwood Folly Property Owners Association Board of Directors amends this Declaration of Covenants, Conditions and Restrictions for Lockwood Folly, June 2004.

### **RECITALS**

Channel Side is the Owner of certain real property located on the West Side of and adjacent to the Lockwood Folly River near Holden Beach, Brunswick County, North Carolina. Which is described in the deeds recorded in Deed Book 653 at Page 786, Deed Book 653 at Page 788, Deed Book 653; at Page 790 and Deed Book 672 at Page 849 of the Brunswick Registry. Channel Side desires to subject the property to the provisions of this Master Declaration and to develop the property under the project name Lockwood Folly and to provide a method for the administration and maintenance of the property; and

Channel Side hereby reserves the right, at any time to submit any additional properties owned by it (or over which it holds the right to develop) to this Master Declaration at any time and to make such additional Property a part of The Project; and

Channel Side intends to provide a club house, swimming pool and tennis courts to be owned, operated and maintained by a non-profit corporation, created by the Declarant; and

Channel Side has incorporated, under North Carolina law as a non-profit corporation, Lockwood Folly Property Owners Association, Inc. for the purpose of carrying out the functions as contained in this Master Declaration; and

It is anticipated by Channel Side that the Common Areas shown on the various maps of the property subject to this Master Declaration will be conveyed by Channel Side to Lockwood Folly Property Owners Association, Inc.; and

Channel Side desires; (1) to provide for the preservation of the values and the amenities in the communities subject to this Master Declaration, and for the maintenance, repair, replacement and administration of the Common Areas and the facilities located thereon and (2) to establish the classes of persons entitled to use of the Common Areas and their respective rights and obligations relative to such use and the payment of their respective shares of the costs of maintenance, repair, replacement and administration.

NOW, THEREFORE, Channel Side Corporation does hereby declare that all of the property described in the above-referenced deeds together with any additional property which it may hereafter add by amendment to this Declaration shall be held, transferred, conveyed, occupied and used subject to the following easements, covenants, conditions, restrictions, liens and charges which shall run with the title to the real property and which shall be binding upon and inure to the benefit of all of the parties having any right, title or interest in the above described properties their heirs, successors and assigns.

In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and ascetically pleasing design for the Development, to protect and promote the value of the Development, the Lots, Dwellings, Recreational Amenities, Multi Family Areas and all improvements located therein or thereon including landscaping shall be subject to the restrictions set forth in this Master Declaration. Every Grantee of any interest to any property in the Development, by acceptance of a deed or other conveyance of such interest agrees to be bound by the provisions of this Master Declaration of Covenants and further agrees to pay any and all non-compliance penalties and/or fines and associated administrative costs.

**MASTER DECLARATION OF COVENANTS, CONDITIONS AND  
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## **ARTICLE ONE**

### **Definitions**

The following words when used in this Master Declaration shall have the following meaning:

1. "Architectural Standards Committee" shall mean the committee appointed by the Board for the purpose of establishing and enforcing the architectural standards of the project. The ASC shall consist of not less than three (3) nor more than eight (8) persons.

2. "Articles" means the Articles of Incorporation of Lockwood Folly Property Owners Association, Inc., a copy of which is attached hereto as Exhibit 1.

3. "Assessment" shall mean the Annual Owner's share of the common expenses or charges, Special Assessments and Fines or Penalties as established by the Association.

4. "Association" shall mean the Lockwood Folly Property Owners Association, Inc., a not for profit corporation whose purpose is to administer, the property which is subject to this Master Declaration.

5. "Board" or "Board of Directors" means the Board of Directors of the Association.

6. "Bylaws" shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit 2.

7. "Common Areas" shall mean all real and personal property: (a) Designated and shown in writing and or on a plat by the Declarant as Common Areas; (b) Conveyed to the Association for the use and benefit of the Association; (c) Held by Channel Side for the benefit of the Association. Such real property may include, for example, roads, driveways, walkways, any rights-of-way reserved to the Association, open spaces (both landscape and natural) lagoons, lakes or ponds.

Nothing contained in this definition shall limit the type of personal property which may be owned by the Association and constitute Common Areas.

8. "Commercial Vehicle" shall mean any vehicle with business identification, of any kind, visible on the vehicle or having a Gross Vehicle Weight of 10,000 pounds or more.

9. "Common Expenses" shall mean all expenditures made by the Association in carrying out its duties together with all funds assessed by the Association for the creation and maintenance of reserve under this Master Declaration.

10. "Construction Project" shall mean any and all changes on a lot, including, but not limited to, new dwelling construction, exterior renovation of an existing dwelling, landscaping, walkways, dock(s), etc.

11. "Declarant" shall mean Channel Side Corporation, a North Carolina corporation with offices at Shallotte, North Carolina, its successors and assigns. The Declarant may assign or

pledge any or all of its rights reserved under the land use documents through an assignment or in an instrument of conveyance or assignment.

12. "Development" or "Project" shall mean the property described in Deed Book 653 at Page 786, Deed Book 653 at Page 788, Deed Book 653 at Page 790, and Deed Book 672 at Page 849 together with all improvements located or constructed thereon. It shall also refer to any additional property, which may hereafter be made subject to this Master Declaration.

13. "Dwelling, Living Unit" shall mean any Dwelling quarters whether in a detached building or in an attached unit.

14. "Fine" or "Penalty" shall mean a monetary assessment on a property owner for a violation of the Master Declaration of Covenants, Conditions and Restrictions, Supplemental Covenants, By-Laws, Articles of Incorporation or Architectural Standard Guidelines for Lockwood Folly

15. "Lot" shall mean a space on the earth's surface to be used exclusively for a single-family, detached Dwelling. A parcel of land shall be deemed a Lot rather than a Dwelling until the improvements constructed thereon is sufficiently complete to reasonably permit habitation thereof. Upon completion of the building the parcel and the improvements shall collectively be considered a Dwelling for purposes of this Master Declaration.

16. "Master Declaration" shall mean this document which includes the Covenants, Conditions and Restrictions for Lockwood Folly together with all amendments which may be filed in the office of the Register of Deeds, Brunswick County, North Carolina.

17. "Member" shall mean every person that is an Owner of a Lot or a Dwelling. Any Recreational Amenity situated in the Development shall be a member of the Association, provided that any person or entity who holds an interest merely as security for the performance of an obligation shall not be a member.

18. "Multi-family Areas" shall mean those areas restricted to the erection of condominiums and town houses or any other similar type of Residential Dwelling which is not a traditional single-family Detached Dwelling.

19. "Occupant" shall mean any person including, without limitation, any Owner, guest, invitee, lessee, tenant or family member of an Owner occupying or otherwise using a Dwelling within the Development.

20. "Owner" shall mean the record Owner, whether one or more persons or entities, of the fee simple title or contractual equitable title to any Lot or Dwelling unit in The Project; provided however, notwithstanding any theory of the mortgage, shall not mean or refer to the

mortgagee, unless and until such mortgagee has acquired title pursuant to foreclosure or in any proceeding in lieu of foreclosure.

21. "Person" shall mean a Natural Person, Corporation, Partnership, Association, Trust or other legal entity, or any combination thereof.

22. "Public Side" shall mean the side of a dwelling facing the roadway.

23. "Recreational Amenities" shall mean recreational facilities located within The Project operated as ongoing business entities on a fee basis such as, but not limited to the 18-hole golf course and associated buildings.

24. "Rules" shall mean any and all regulations of the Association promulgated by the Board pursuant to its power under this Master Declaration or any other land use document.

25. "Single-Family Detached Dwelling Area" shall mean those areas restricted to the erection of a traditional single family detached Dwelling on a single Lot.

26. "Supplemental Declaration" shall mean a Declaration filed by Channel Side or any other Developer of a parcel of property located in the Development establishing covenants, conditions and restrictions for that particular parcel of property. Supplemental Declarations will be filed for the single-family areas and also for the multi-family areas

## ARTICLE TWO

### Plan of Development

**Section 1. THE DEVELOPMENT PLAN *as of 1987*:** Channel Side is planning and is in the process of constructing an 18-hole golf course together with a pro shop, maintenance shed, driving range and attendant facilities. It intends, if permits are available, to erect a dry boat storage and attendant facilities adjacent to the Lockwood Folly River. Both of these Amenities will be owned and operated by Channel Side, its successors and assigns as ongoing business enterprises on a fee basis for Owners and members of the public.

In addition to these Recreational Amenities, Channel Side plans to construct a swimming pool, club house and tennis court complex as part of the Common Area for the private use of the Owners. Title to these private facilities will ultimately be vested in the Association. Construction of these facilities will be keyed to Dwellings in the Development, with construction to commence not later than the start of construction of the 50th Dwelling Unit on the property.

**Section 2. THE LAND PLAN:** Channel Side has caused an overall land use plan to be prepared for the development which shows some "areas" or "modules" to be used for traditional single-family detached Dwellings and other "areas" or "modules" to be used for Multi-family Dwellings. Certain areas may be designated for commercial uses by Channel Side. This land use plan may be modified from time to time by Channel Side or its assigns in its sole discretion, as it deems desirable.

**Section 3. SUPPLEMENTAL DECLARATION:** A Supplemental Declaration will be filed for the various modules prior to conveyance of the first Lot or Dwelling unit in the module. The Supplemental Declaration shall be subordinate to this Master Declaration. A plat of the areas to which the Supplemental Declaration applies shall be filed proceeding or simultaneously with the Supplemental Declaration. The plat for such Area shall clearly show the Common Areas, if any, located thereon.

**Section 4. ADDITIONS TO THE DEVELOPMENT:** Should any additional property be added to Lockwood Folly and become subject to this Master Declaration, Channel Side shall have the absolute right to designate the boundaries of the various land use categories to be located therein as well as to designate the Common Areas and Recreational Amenities if any are added to the Development in the additional property. Any such additional property shall be submitted to this Master Declaration and become a part of Lockwood Folly by Channel Side filing an amendment to this Master Declaration together with a map of the area being added to the Development. Should additional properties be added to the Development and thereby become

subject to this Master Declaration the number of votes to be assigned to the Recreational Amenities located therein shall be negotiated with and agreed to by the Property Owners Association and Channel Side Corporation and shall be set out in the Amendment bringing such additional property into the Development.

**Section 5. RECREATIONAL AMENITIES:** The Declarant reserves for itself, its successors and assigns the absolute right to develop, within the property or any additions thereto, Recreational Amenities as ongoing business operations for the benefit of Owners within the Development, the Declarant, its successors or assigns, its licensees, invitees and guest, including, in the sole and absolute discretion of the Declarant, its successors or assigns, members of the general public on a fee basis. The Recreational Amenities are not a part of the Common Areas and facilities. No Lot or Dwelling Owner shall obtain any right, title or interest, either equitable or legal, in any of the Recreational Amenities by reason of his purchase of such Lot or Dwelling.

**Section 6. THE WATER SYSTEM:** Channel Side, its affiliates, successors or assigns may (but is not obligated) retain ownership of the water facilities serving the development, including all lines, pumps, pipes, water towers or tanks, or other systems related thereto which are located within the Development and which are not a portion of a Lot or Dwelling or Recreational Amenity. Should Channel Side retain ownership of the water system it shall operate the water system pursuant to authority granted by the North Carolina Public Utilities Commission and it shall charge fees for such services as approved by the regulatory authority. Notwithstanding the foregoing, however, Channel Side, its affiliates, successors or assigns owning such water facilities shall have the right, but not the obligation, at any time to convey all or any part of the water system to either the Association as a portion of the Common Areas or to any public or private utility or governmental entity for operation.

**Section 7. NOTICE;** Every purchaser of a Lot, Dwelling or Recreational Amenity shall purchase and hold title thereto with notice of Declarant's plan of development as herein set out.

## **ARTICLE THREE**

### **Property Rights In the Common Areas**

**Section 1. MEMBERS, EASEMENTS OF ENJOYMENT IN THE COMMON AREAS:** Subject to the provisions of Section 4 and any additional provisions of this Master Declaration, every member, his agent, licensees, invitees, and members of his household, shall have a permanent and perpetual easement for the use and enjoyment of the Common Areas and each easement shall be appurtenant to and shall pass with a title to every Lot or Dwelling Unit. Such easements of enjoyment shall include but not be limited to the members' right of ingress and egress over the streets, roadways and walkways over the Common Areas for the purpose of access to the Owners' Lot or Dwelling Unit.

**Section 2. TITLE TO THE COMMON AREAS;** The Declarant may (but is not obligated) retain the legal title to the Common Areas until it has sold 75% of its properties subject to this Master Declaration. Notwithstanding any other provision herein, however, the Declarant hereby covenants for itself, its successors and assigns that it will (not later than the time it has closed the sale on 75% of its property subject to this Declaration) convey by Warranty Deed, at no cost to the Association, and the Association for itself, covenants that it will accept a conveyance of all of the common areas free and clear of all liens and encumbrances except this Master Declaration.

**Section 3. LIMITATION OF MEMBERS EASEMENTS:** The rights and easements of use and enjoyment created hereby shall be subject to the following:

A. The right of the Association, in accordance with its Articles and by-laws, to borrow money for the purpose of maintenance, repair and improvement of the Common Areas and in aid thereof to mortgage such properties.

B. The right of the Association to set specific charges for the use and maintenance of the Common Areas; and

C. The right of the Association as provided in its Articles and Bylaws to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, or for a period that may be determined by the Board of Directors for any violation of this Master Declaration, the Association's Articles, Bylaws published rules and regulations; provided however, that the right of a member of ingress and egress over the streets shall not be abrogated; and

D. The right of the Declarant and the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purpose; and

E. The right of the Declarant, with approval of the Association, to add to or delete part of the Common Areas and to dedicate easements and rights-of-way over the Common Areas in accordance with the terms of this Master Declaration; and

F. The right of the Association to adopt and enforce, at any time, rules and regulations governing the use of the Common Areas and all facilities situated thereon. Any rules and/or regulations so adopted shall apply until rescinded or modified the same as if originally set forth at length in this Master Declaration.

**Section 4. EASEMENT FOR GOVERNMENTAL, HEALTH, WATER SANITATION AND EMERGENCY SERVICES:** A non-exclusive easement is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services and any emergency services such as fire, ambulance and rescue services, for purpose of ingress and egress over the Common Areas. Channel Side further reserves an easement over the Common Areas as needed for the installation, maintenance and operation of the central water system, which will serve the Development.

**Section 5. RECREATIONAL AMENITIES;** Ownership of a Lot or Dwelling unit confers no ownership either legal or equitable, in any Recreational Amenity. The Declarant intends to operate the Recreational Amenities as ongoing business enterprises for profit in such manner as the Declarant in its sole discretion may determine; however, it is intended that these Recreational Amenities may be used by and for the benefit of the Owners as well as members (in the discretion of the Declarant) of the general public. Channel Side Corporation reserves the right to sell any of the Recreational Amenities to any other person to be operated as ongoing business enterprises. The Owner of the Recreational Amenities shall set the charges and establishes the terms and conditions under which an Owner of a Lot or Dwelling in the Development may use the Recreational Facilities. The Recreational Amenities, which are shown on the land use plan, are the initial Recreational Amenities, which are subject to this Master Declaration. They are hereby designated as the Recreational Amenities and include the following: (a) One 18 hole Golf Course, Driving Range, attendant club house and related facilities (b) The Dry Boat Storage / Marina facility on Geneo's Pt. Rd. This facility is subject to permits by various regulatory agencies. On the date of the filing of this Master Declaration these permits have not been obtained. If and when these permits are obtained, the Declarant intends (but is not obligated) to proceed with erecting, maintaining and operating this Amenity as an ongoing business enterprise. Channel Side reserves the right to add additional Recreational Amenities to the Project and operate them as on going business enterprises, as it deems desirable.

Any Recreational Amenity shall be deemed a member of the Association with all the rights and obligations of membership as herein contained.

**Section 6. EASEMENT FOR DECLARANT:** The Declarant reserves to itself, its successors and assigns over, through, under, and across the Common. Areas the right of temporary roads, utility services and drainage systems as are necessary in its sole discretion for the proper development and administration of The Project.

**Section 7. CHANGES IN BOUNDARIES, ADDITIONS TO DESIGNATED COMMON AREAS:** Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of any designated Common Area within the Development, and to make additions thereto.

**Section 8. EASEMENTS FOR UTILITIES:** There is hereby reserved for the benefit of the Declarant, the Association, public utility or governmental unit providing services in the Development, and their respective successors and assigns an Easement upon, over, under and across (a) all of the Common Areas (c) all portions of the multi-family areas on which Dwellings are not constructed or erected and (c) All land located within 10 feet of any Lot line as shown on all plats of record, for the purpose of installing, replacing, maintaining and operating all utilities.

**Section 9. MAINTENANCE EASEMENT:** The Declarant reserves for itself and the Association and their respective agents and employees an Easement to enter upon any Lot or unimproved portion of any Dwelling, or Multi-Family area for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash therefrom so as to maintain reasonable standards of health, fire safety and appearance within the Development. This reservation shall not impose any duty or obligation upon the Declarant or the Association to perform any such action. Furthermore, the Declarant hereby reserves for its benefit and that of the Associations an Easement but not obligation to enter upon any unimproved portion of any Lot, Dwelling or multifamily area which is located within thirty feet from the waters edge of any lagoon, pond, water course and waterway, whether natural or man made, within the Development for the purpose of maintaining such area and keeping the area clear and free from unsightly growth and trash and the maintenance of reasonable water quality standards.

**Section 10. ENVIRONMENTAL EASEMENTS:** Declarant reserves for its benefit and the Association and their respective agents and employees an Easement on, over and across all Lots and all unimproved portions of Dwellings and Multi Family areas for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, procedures promulgated or instituted by the Board of Directors or by any Governmental entity, such

Easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides and herbicides within, the Development.

**Section 11. IRRIGATION EASEMENTS:** There is hereby reserved for the benefit of the Declarant and the Owner of the golf course, their affiliates, agents, employees, successors and assigns a permanent exclusive easement and right (a) to pump water from the lagoons, ponds, waterways, basins, water dependant structures and other bodies of water located in the Development for the purpose of irrigating any portion of the Development including the golf course, and (b) to drill, install, locate, maintain and use wells, pumping stations and related water facilities and systems within the Common Areas and or lands within the property owned by the Declarant. Except as herein contained the pumping of any water from any lagoon, pond, lake or body of water for any purpose other than fire fighting is prohibited without express written permission of the Association.

**Section 12. ENTRY BY GOLFERS;** Each Lot, Dwelling and Multifamily area adjacent to a golf fairway or green is hereby made subject to an Easement in favor of the registered golf course players to enter upon such property to remove a golf ball or to play the golf ball. Once a residential unit is constructed on such property this easement shall be limited to the recovery of the golf ball. This Easement is for pedestrian access only and the player shall not use a golf cart or other vehicle for the purpose of entry on any such adjoining property nor shall such player commit a nuisance while on such property.

**Section 13. ENCROACHMENTS:** No encroachment shall be erected upon any pond, lagoon or other body of water within or adjacent to the Development unless specifically permitted by the Declarant or the Architectural Standards Committee.

## ARTICLE FOUR

### Membership, Voting Rights and Turnover

**Section 1. Membership:** Every person who is an Owner of a Lot or a Dwelling shall be a member of the Association. Any Recreational Amenity situated in the Development shall be a member of the Association, provided that any such person or entity who holds an interest merely as security for the performance of an obligation shall not be a member.

**Section 2. VOTING RIGHTS:** The Association shall have three (3) classes of voting membership:

**(A.) Class "A":**

The Class "A" Members shall be all those Owners as defined in Section 1 of this Article with the exception of the Declarant and any Recreational Amenity. Class "A" members shall be entitled to one vote for each Lot or Dwelling Unit in which they hold the interest required for membership by Section 1. When more than one person holds such interest in any Lot or Dwelling Unit, all such persons shall be members and the vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot or Dwelling Unit. The Bylaws may establish procedures for voting when the title to a Dwelling Unit or Lot is held in the name of a corporation or more than one person or entity.

**(B) Class "B**

The sole Class B Member shall be the owner of the golf course Recreational Amenity, commonly known as Lockwood Folly Golf Course. The Class B Member does not have voting rights and is not entitled to vote on any Association matters.

**(C) Class "C":**

The Class "C" member is the Declarant. The Class "C" member shall be entitled to three votes for each Lot or Dwelling Unit in which it holds the interest required for membership by Section 1; provided that The Class "C" membership shall cease and become converted to Class "A" membership on the happening of the earlier of any of the following events:

1. When the total votes outstanding in the Class "A" membership equal the total votes outstanding in the Class "C" membership; or
2. At any earlier time that the Declarant, in his sole discretion, voluntarily converts its Class "C" membership to class "A" membership.
3. On December 21, 1997, if not sooner converted under (1) or (2).

From and after the happening of the earlier of these events, the Class "C" member shall be deemed to be a Class "A" member entitled to one vote for each Lot or Dwelling Unit in which it holds the interest required for membership under Section 1.

(ii) Notwithstanding any provision in paragraph (i) of this subsection (c) to the contrary, the Declarant shall have the right to appoint the Board of Directors (who need not be members of the Association) until the occurrence of either of the following events:

1. Ninety days after the Declarant no longer holds the title to 25% of the Development; or

2. The Declarant relinquishes its right described in clause one (1) of this sentence. Upon the occurrence of either (1) or (2) in the preceding sentence, then the existing, members shall be obligated to elect the Board and assume control of the Association.

**Section 3. TURNOVER:** Within ninety (90) days after the happening of the events described in paragraph C (ii) 1 or 2 of section two of this Article 4, the Association shall conduct a special meeting of the membership hereinafter called the Turnover Meeting, for the purpose of electing officers and directors.

The provision for the Declarant to appoint a member to the Board of Directors was rescinded by Channelside Corp., the Declarant, and the Association by mutual agreement on May 9, 2009.

## **ARTICLE FIVE**

### **Covenant for Assessments**

**Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS:** Except as hereinafter more fully provided, the Declarant for each Lot, Recreational Amenity or Dwelling Unit owned by it which is subject to this Master Declaration hereby covenants and each Owner of any Lot, Recreational Amenity or Dwelling Unit, by acceptance of a deed therefore, whether or not it shall be so expressed in the particular deed of conveyance shall be deemed to covenant, and agree to pay to the Association: (1) Annual Assessments, (2) Special Assessments for capital improvements and other assessments to be fixed, established, and collected from time to time as hereinafter provided and (3) Fines levied for non-compliance of the Declaration of Covenants, Conditions and Restrictions and the Architectural Standard Guidelines for Lockwood Folly. The Annual Assessments, Special Assessments and Fines together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. By acceptance of a deed, each Member expressly covenants that liens may be placed against the Owner's Lot, Dwelling Unit or Recreational Amenity for nonpayment of Annual Assessments, Special Assessments and/or Fines.

**Section 2. PURPOSE OF ASSESSMENTS:** The assessment levied by the Association for common expenses shall be used exclusively for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of the development and maintaining the development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors. The common expenses to be funded by the annual assessments may include but shall not necessarily be limited to the following: (a) management fees and expenses of administration; (b) utility charges for utilities serving the common areas and charges for other common services for the development including trash collection and security services if any such services or charges are in fact paid by the Association; (c) the cost of insurance coverage as the Board of Directors determine to be in the interest of the Owners; (d) the expenses of maintenance, operation and repair of the common Areas; (e) the expenses of the Architectural Standards Committee which are not defrayed by plan review charges; (f) any ad valorem or personal property taxes assessed or levied against the Common Areas; (g) the expense of maintenance, operation, repair and reconstruction of any and all roadways, pathways, trails, lagoons, waterways and landscaped areas within the property

which have not been conveyed to the Association; and (h) all expenses associated with providing security services to the Development; and (i) the establishment and maintenance of a reasonable reserve fund for maintenance, repair and replacement of the Common Areas, to cover emergency repairs as a result of casualties which are not covered by insurance and to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments; and (j) such other expenses as may be determined from time to time by the Board of Directors of the Association to be common expenses. Planned Unit Development Associations or Condominium Associations shall be the collecting agents for or on behalf of the Association where such organizations exist and will collect all annual assessments and special assessments as fixed by the Association.

**Section 3. DATE OF COMMENCEMENT OF "ANNUAL ASSESSMENTS"; DUE DATE; ASSESSMENT PERIOD:** The annual assessment provided herein for Class "A" members shall commence upon conveyance of a Lot or Dwelling to the Class "A" member. The annual assessment for the Class "B" Membership shall commence on the first day of the month following the date the Recreational Amenity is open and operating as an ongoing enterprise. Once the assessment period has commenced the assessments shall thereafter be due on the first day of every assessment period as this term is defined in the Bylaws of the Association. There is no commencement date for the Class "C" member.

**Section 4. BASIS AND AMOUNT OF THE ANNUAL ASSESSMENTS;** The total annual assessments shall be divided among the Lots, Dwellings and Recreational Amenities as follows: The Owner of each Dwelling unit in the property shall pay an annual assessment, which beginning in the year 1988 shall be not less than \$150.00. The Board is granted the right to assess a larger amount based on the actual costs in carrying out its duties for the year 1988. The range of annual assessment for each Dwelling Unit after the year 1988 may thereafter be increased in proportion by the greater of either 10% of the assessments for the previous year or by the percentage increase, if any, for the then current year in the Consumer Price Index (all urban consumer, U. S. City average, all items 1967 = 100 or its succeeding index). When the clubhouse, swimming pool, tennis courts and common facilities are added by the Declarant, the limitation on assessment increase will be waived in order to allow these extra charges to be included in the annual budget. Once these additional charges are absorbed into the annual assessment, the assessment cap shall apply to future years, unless some additional common facilities requiring adjustment is added, in which event the cap will be waived for the year of such addition.

The Owner of each Lot in the Development shall pay an assessment in an amount equal to 75% of the annual assessment for the Dwelling Unit. For the purpose of this assessment a

property will be classed as a Lot and not as a Dwelling Unit until construction is completed on the Dwelling. The assessment as a Dwelling Unit shall begin on the first day of the fiscal year thereafter.

"The Class B Member shall pay an annual assessment in an amount equal to the annual assessment levied against one Dwelling Unit."

Until the time of turnover to the Association the Declarant shall not pay any annual or special assessment; however, the Declarant shall pay the difference in cost between the sum of all annual assessments collected from Class "A" and Class "B" members and the actual cost of operation of the Association. After turnover, the Declarant shall not be obligated to pay an annual or special assessment on any Dwelling or Lot owned by it. Notwithstanding any other provision to the contrary in this Master Declaration, the Declarant may at any time commence paying assessments as to Dwelling Units or Lots owned by it and thereby automatically terminate its obligation to fund deficits, but at any time thereafter the Declarant may again elect to follow the procedure specified in the preceding sentence.

**Section 5. SPECIAL ASSESSMENTS:** In addition to the Annual Assessment authorized by this Article Five, the Board may levy and in any Assessment Year a Special Assessment, no greater than 100% of the then current Annual Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas including the necessary fixtures and personal property related thereto, or for other purposes deemed appropriate by the Association. The due date of any Special Assessment under this Article shall be fixed in a resolution authorizing such assessment. The Declarant shall not be obligated to pay a Special Assessment levied on any Dwelling Unit or Lot owned by it.

"The Class B Member shall pay special assessments in an amount equal to the special assessment levied against one Dwelling Unit."

**Section 6. CHANGE IN BASIS AND MAXIMUM AMOUNT OF THE ANNUAL ASSESSMENT:** Subject to the limitations of Section. 4 and for the periods therein specified, the Board may change the maximum and basis of the assessment fixed by Section 4 for any such period, provided that written notice containing a copy of the newly adopted budget outlining the assessment change is sent to all members at least thirty (30) days in advance of the effective date of the adopted change.

**Section 7. DUTIES OF THE BOARD OF DIRECTORS:** The Board of Directors of the Association shall prepare a roster of Owners and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written

notice of the assessment for each Assessment Year shall be sent to every Owner subject thereto at least thirty (30) days prior to the commencement of the Assessment Year.

The Association shall, upon demand at any time, furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association setting forth whether the Assessment has been paid. The certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

**Section 8. EFFECT OF NON-PAYMENT OF ASSESSMENTS; THE PERSONAL OBLIGATION OF THE OWNER; THE LIEN; REMEDIES OF THE ASSOCIATION; LATE FEES; RESALE CERTIFICATE:** If an assessment is not paid on the date when due (being the dates specified in Section 3 and Section 5 hereof), then it shall become delinquent and shall, together with interest thereon, become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period. Provided, however, unless the Seller obtains from appropriate officers of the Association at closing, a certificate attesting to the fact that all assessments are paid and present such certificate to the purchaser at closing, the purchaser shall be conclusively presumed to have assumed such past due assessments and shall also become forthwith liable therefore. The Owner requesting the certificate shall pay to the Association a reasonable sum to cover the costs of examining records and preparing the certificate. If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate established by the Board of Directors not to exceed the maximum legal rate of interest, and the Association may bring an action at law against the Owner personally obligated to pay the outstanding assessment and/or bring an action to foreclose the lien against the property; and there shall be added to the amount of such-assessment all costs of collection, including, but not limited to the cost of preparing and filing the complaint in such action, the cost of any and all attorneys' fees, incident to collection whether or not suit is brought, including attorneys' fees on appeal. In the event a judgment is obtained, such judgment shall include interest on the assessments as provided above and a reasonable attorneys' fee to be fixed by the Court, together with costs incident to the action.

In addition to the foregoing remedies, the Board of Directors may assess a "Late Fee" of twenty percent (20%), compounded annually, on the delinquent assessment for each Annual or Special Assessment which is more than ten (10) days delinquent, for the purpose of helping defray collection costs.

**Section 9. SUBORDINATION OF THE LIEN TO MORTGAGES:** The lien for the assessments provided for in this Declaration shall be subordinate to the lien of any mortgage now or hereafter placed upon an Owners property subject to assessment; unless such assessment is secured by a Claim of Lien that is recorded prior to the recording of such mortgage

## **ARTICLE SIX**

### **Maintenance**

**Section 1. OWNER'S RESPONSIBILITIES:** Maintenance and repair of Lots, Dwellings and Recreational Amenities, together with all improvements thereon and all lawns, landscaping and grounds shall be the responsibility of the Owner or Multi-family association with responsibility thereof. Each Owner or Multi-family association shall maintain its Lot, Dwelling or Recreational Amenity in a neat, clean and sanitary condition. Such responsibility shall include the maintenance and care of all exterior surfaces of all Dwellings, buildings, mailboxes and other structures as well as lawns, trees, shrubs, hedges, grass and other landscaping. Each Owner, Multi-Family Association or Recreational Amenity with responsibility shall also be obligated to pay for any costs incurred by the Association for associated non-compliance penalties and/or fines and administrative costs for repairing, replacing, maintaining or cleaning any items which they fail or refuse to discharge. Except for the Declarant, No Owner, Multi-Family Association or Recreational Amenity shall change or otherwise alter the appearance of any portion of the exterior of any Dwelling or building or the landscaping, grounds or other improvements unless such change or alteration is first approved in writing by the Architectural Standards Committee as hereinafter established.

**Section 2. ASSOCIATIONS RESPONSIBILITIES:** Unless otherwise provided, the Association shall maintain and keep in good repair the Common Areas including any improvements or structures located thereon. No diminution or abatement of assessments, fees or charges, however, shall be claimed or allowed by any Owner by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by it under this Declaration.

In the event the Board determines that any Owner or responsible Multi-Family Association has failed or refused to carry out its duties under this Article, the Association shall take such action as is necessary to restore the property to the conditions required under this Article. Entry upon any property for this purpose by the Association, its agents or employees shall not be deemed a trespass. Except in emergency situations; 15 days written notice will be given, stating the scope of the work to be performed. This right in favor of the Association shall not, however, impose any obligation upon the Association to undertake any particular corrective action. In the event the Association does however, take any corrective action in regards to any property, the Owner thereof shall promptly reimburse the Association for all costs and expenses incurred in such corrective action.

## **ARTICLE SEVEN**

### **Insurance and Casualty Losses**

**Section 1. PROPERTY AND CASUALTY INSURANCE:** Property and casualty insurance on the Common Areas shall be maintained through the Association in an amount equal to the maximum insurable value thereof. The Association shall also purchase such other insurance as may be necessary on the Common Areas for the purpose of properly protecting the Association. The Association may also purchase liability insurance covering the Association's Directors and Officers.

**Section 2. PREMIUMS:** The premiums for all insurance policies purchased by the Association shall be deemed to be general expenses of the Association and shall be paid by the members through the Annual Assessment against each Dwelling Unit, Lot and Recreational Amenity as provided in this Declaration.

**Section 3. DAMAGE OR DESTRUCTION TO COMMON AREAS:** Should any part of the Common Areas be damaged or destroyed the Association shall cause it to be repaired or replaced if the insurance proceeds together with available reserves are sufficient to do so. If the Board determines these funds are insufficient and therefore a special assessment is necessary to complete the repair or replacement, then the members of the Association shall be given notice of the amount of the special assessment and an opportunity to vote on the question. The Board shall impose the special assessment unless 65% of the total Association membership votes no.

## **ARTICLE EIGHT**

### **Condemnation**

**CONDEMNATION OF COMMON AREAS:** Should any portion of the common areas be taken through eminent domain or conveyed by deed in lieu of condemnation by the Association the award or proceeds made or collected by the Association shall be disbursed or held as follows:

- (a) to the extent practical in the discretion of the Board the funds shall be used for the replacement of the condemned facility on some other part of the common area;
- (b) if replacement at some other location within the common area is not feasible, then these funds shall be added to the reserves held by the Association; or (c) should the Board deem the funds not necessary for addition to the reserves then these funds shall be disbursed on a pro-rate basis to the membership of the Association.

## ARTICLE NINE

### Administration of the Common Areas

**Section 1. MANAGEMENT:** The Association, subject to the rights of the Declarant and the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements located thereon.

**Section 2. DUTIES AND POWERS:** The duties and powers of the Association shall be those set forth in (a). Chapter 55A of the North Carolina General Statutes as it applies to non-profit Corporations, (b) this Declaration (c) the Bylaws and (d) The Articles of Incorporation of this Corporation. Should there be conflicts or inconsistencies between any of these documents then the order of authority shall be the General Statutes, this Declaration, the Articles of Incorporation and the Bylaws. Notwithstanding any other provision in this Master Declaration to the contrary, as long as the Declarant shall own any Lot, Dwelling, or Recreational Amenity in the Development the Association shall not, without the consent of the Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

**Section 3. AGREEMENTS:** All Agreements and actions lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, successors and assigns. The Association may perform its duties and responsibilities through its Board of Directors and further shall have the authority to delegate to persons of its choice such duties as may be determined by the Board of Directors to be expedient. The Board shall have the power to employ such managers, agents and employees as necessary in its discretion to carry out its functions under this Declaration. In addition, the Association may pay for and the Board of Directors may hire and contract for such legal, accounting and other professional services as are necessary or desirable in connection with the operation of the Development or enforcement of this Declaration or the Bylaws or the rules and regulations of the Association.

**Section 4. RESTRAINT ON TRANSFER:** The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated or transferred in any manner except to the extent that a transfer of ownership of a Lot, Dwelling or Recreational Amenity also transfers the membership in the Association which is an appurtenance to such Lot, Dwelling or Recreational Amenity.

**Section 5. RULES AND REGULATIONS:** The Association acting through its Board of Directors may make and enforce reasonable rules and regulations, and establish appropriate penalties and/or fines for non-compliance in governing the use of the Development. *Such as, but not limited to, Pool Policy and Rules, Fitness Center Policy and Rules, Tennis Court Policy and Rules, Clubhouse Policy and Rules, Boat Storage Area Policy and Rules, Boat Ramp and Docks Policy and Rules, Use of Common Areas, Feeding of Alligators and Wildlife, Speed Limits, etc.*

## ARTICLE TEN

### Architectural and Landscaping Standards and General Prohibitions

**Section 1. PURPOSE:** In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and ascetically pleasing design for the Development, to protect and promote the value of the Development, the Lots, Dwellings, Recreational Amenities, Multi Family Areas and all improvements located therein or thereon including landscaping shall be subject to the restrictions set forth in this Master Declaration of Covenants, Conditions and Restrictions. Every Grantee of any interest to any property in the Development, by acceptance of a deed or other conveyance of such interest agrees to be bound by the provisions of this Master Declaration of Covenants, Conditions and Restrictions.

**Section 2. ARCHITECTURAL STANDARDS COMMITTEE (ASC):** The Board of Directors, at its first meeting, shall establish an Architectural Standards Committee (ASC). The ASC shall consist of not less than three (3) nor more than eight (8) members. The members of the ASC shall serve at the pleasure of the POA Board of Directors. The ASC is authorized to enforce compliance, by assessing fees, fines or penalties, to this Master Declaration of Covenants and Restrictions and the Architectural Standards Guidelines for Lockwood Folly and to retain the services of consulting architects, landscape architects, engineers, inspectors, attorneys and or any other professionals it deems appropriate in order to advise and assist it in performing its functions under this Article. Amendment 06-03 Approved 11/13/2006

**Section 3. PERMITTED IMPROVEMENTS:** No improvements of any nature whatsoever, specifically including landscaping shall be constructed, altered, added to, placed or maintained upon any part of the Development except: (a) such improvements as are approved by the ASC in accordance with this Article, or (b) any other improvements which under this Article does not require the consent of the ASC.

**Section 4. PLACEMENT OF IMPROVEMENTS:**

A. All buildings, structures or other improvements shall be placed on the Lot under the supervision of the ASC. The ASC, to assure that Dwellings and other structures will be located so that the maximum view, privacy and breezes will be available shall take into consideration the topography of each Lot and also the location of trees, vegetation, other aesthetic and environmental considerations, as well as the precise site and location of any other Dwellings or structures within the Development. Should the ASC elect to require specific setback lines, they shall be shown on the plat of the Lots or parcels to which these specific requirements apply. Even in those cases, where specific setback lines are shown on the plat the ASC shall have the right, in its discretion, to grant a variance if it deems appropriate in order to protect some particular environmental or aesthetic consideration.

B. The ASC, in its discretion, may require any Owner or contractor for any planned improvement within the Development to post a payment and/or performance bond with it to assure satisfactory completion of such improvement. The bond shall be in form and amount as deemed satisfactory to the ASC. The ASC, may, in lieu of requiring the posting of a payment or performance bond, accept a sum satisfactory to it to be held by the ASC in escrow in order to assure the completion of all of the improvements including landscaping in accordance with the approved plans and specifications and within the time periods provided within this Article.

C. The exterior of any improvement permitted under this Article shall be completed within the time specified in Section 9 of this Article, unless the ASC allows, in writing, a longer time period. Should the improvements, including landscaping, not be completed within the provided time periods, the ASC shall be entitled to collect on or enforce payment under the bonds. If the ASC has accepted funds in escrow in lieu of the bonds it shall be entitled to retain any such sums as a penalty for failure to complete the work within the allotted time. Any escrow funds held by the ASC shall be invested in an interest bearing account and the interest thereon shall be the property of the Owner should he become entitled to a return of the escrow funds, or the Association's in the event of forfeiture.

D. No structure may be temporarily or permanently occupied until Brunswick County has issued a certificate of occupancy. Further, no structure shall have the permanent electrical service connected by Brunswick Electric Membership Corporation (the electrical supplier) until Brunswick County has issued the certificate of occupancy. No temporary structure of any kind shall be permitted within the Development except in connection with an on going building project. Any such temporary structure shall be immediately removed from the Development

when the building is completed. Temporary structures for social functions may be permitted by the Board for specific functions provided such structures are immediately removed from the Development after the function is terminated. No stable, poultry house or yard, dog pen or other similar structure may be allowed on any property within the Development. No outside clothes drying facilities may be allowed within the Development except as may be allowed in any Supplemental Declaration. During construction the Owner shall require his contractor to maintain the property in a reasonably clean and uncluttered condition. To the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of the structure the Owner and the contractor shall cause immediate removal of all equipment, tools and construction materials including debris from the Lot.

**Section 5. ARCHITECTURAL APPROVAL:**

A. To preserve the architectural and aesthetic appearance of the Development all plans and specifications for any structure or improvement whatsoever to be erected in the property including the proposed location thereof, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof, any remodeling, reconstruction, alterations or additions thereto, shall be subject to and shall require the written approval of the ASC before any such work is commenced.

B. The Owner shall submit to the ASC such plans and specifications for any and all proposed improvements as may be required by the ASC. The plans shall show the location on the Lot or parcel of the structures proposed to be constructed, altered, placed or maintained together with the proposed construction material, color schemes exterior elevations and any other details required by the ASC.

C. The ASC shall approve or disapprove plans, specifications, and details within thirty (30) days from the receipt thereof. One (1) set of said plans and specifications and details with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other two (2) copies thereof shall be retained by the ASC for its permanent files.

D. The ASC shall establish written architectural and aesthetic criteria to be used in reviewing all plans, specifications and details submitted for its approval. The criteria shall be subject to revision by the Committee. In addition, the ASC may establish such administrative procedures and rules as it deems expedient to facilitate the administration of this Article.

E. The ASC shall have the right to disapprove any plans, specifications or details submitted to it in the event they are not, in the opinion of the ASC, in accordance with (1) any of the provisions of this Master Declaration, (2) the written criteria established by the ASC (3) the general plan of the Development, (4) if the design or color scheme of the proposed structure(s) is

not in harmony with the general surroundings of such Lot or Parcel or with the adjacent structures, (5) if the plans and specifications submitted are incomplete, or (6) in the event the ASC deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare or rights of all or any part of the Development subject hereto, or the Owners thereof.

F. Prior to commencement of construction, a building permit must be obtained from Brunswick County and a plan approval must be obtained from the ASC. Prior to occupancy, an occupancy permit must be obtained from Brunswick County. The ASC or its agents shall have the right to inspect all construction to insure that the structure is in accordance with the approved plans, specifications and details. No structure or improvement shall be made unless it conforms strictly to the approved plans, specifications and details. These required certificates are in addition to those required by the local, county, or state authorities.

G. As part of the site plan application, the Owner must submit, if needed, plans for installing a culvert or swale in the drainage ditch where his driveway is to cross the drainage ditch between the roadway and Lot or Parcel. The cost of the swale, culvert and covering is to be borne by the Owner and the construction specifications must meet the ASC 's approval. The culvert must be installed before any construction may begin on the Lot or Parcel.

**Section 6. LANDSCAPING APPROVAL:**

A. To preserve the aesthetic appearance of the Development, no landscaping, grading, excavating, or filling of any nature shall be implemented or installed by anyone other than the Declarant, unless and until the plans therefore have been submitted to and approved in writing by the ASC.

B. The procedure outlined in section five of this Article shall apply in all respects to this section.

C. The landscape and grading plans shall be reviewed and approved with consideration of the harmony of the proposed landscaping design, the environmental character of the surrounding area, the preservation of natural drainage patterns, the visual impact on the surrounding areas and the establishment of adequate shading and buffering in regard to individual Lots. The landscaping plan shall be in general conformity with the overall landscaping plan of the golf course.

(Amendment 07-02 March 26, 2007)

**Road Side and Property Line Swales in Lockwood Folly**

In accordance with the recommendations of HDR Engineering in preparation of the Lockwood Folly Storm Water Master Plan and the authority granted the POA Board of

Directors in the Master Declaration of Covenants, Conditions and Restrictions (MDC Article X Section 6. C., Architectural Standards Guidelines Section XIII and Section VI 6.18). The following requirements for Road Side and Property Line Swales, identified as sheet P in the Architectural Standards Guidelines Section XV, are hereby adopted and added to the Lockwood Folly Master Declaration of Covenants, Conditions and Restrictions, Architectural Standards Guidelines Section XV.

IN WITNESS WHEREOF, the Board of Directors has hereunto set its hand and seal this the 26 day of March, 2007.

D. Unless located within five (5) feet of a building or parking area, no tree, shrub, bush or other vegetation having a trunk diameter of six (6) inches or more at a point four (4) feet above ground level shall be cut, removed or mutilated, provided this does not apply to dead or diseased trees or shrubs. If any such tree, bush or shrub is removed without approval of the Committee the Owner shall replace it with a tree, bush or shrub of comparable value. In the event the Owner fails, within thirty (30) days, to satisfactorily replace the tree, bush or shrub removed, the Owner shall pay the Association a damage fee, as set by the POA, upon demand. The Association through its agents and employees shall have the right to enter the property for the purpose of replacing the tree, bush or shrub. Liquidated damages provided for herein shall become a lien on the property of the Owner.

E. The ASC shall promulgate standards and criteria for the landscaping plans in general. A copy of the criteria may be obtained from the ASC.

**Section 7. APPROVAL NOT A GUARANTEE:** Approval of plans, specifications and the publication of architectural and landscaping standards shall not be considered as representing or implying that the plans, specifications or standards, if followed, will result in properly designed improvements. Neither the Declarant, the Association, the Committee nor any architect or agent thereof shall be responsible or liable in any way for defects in any such plans or specifications submitted, revised or approved pursuant to the terms of this Article.

**Section 8. TEMPORARY STRUCTURES:** No temporary house, trailer, tent, garage, or other building shall be placed or erected on any Lot or Parcel, provided, however, that the Association may grant permission for any such temporary structure for storage of materials during construction. No such temporary structure as may be approved shall be used at any time as a Dwelling place.

**Section 9. COMPLETION OF STRUCTURES:** Once construction or improvement is started on any Single-Family Detached Dwelling, it must be substantially completed in

accordance with the plans and specifications as approved within nine (9) months from the date the lot was first cleared, unless an extension is granted in writing by the ASC. Once construction or improvement is started on any Multi-Family Attached Dwelling building, it must be completed within twelve (12) months from the date the lot was first cleared unless an extension is granted in writing by the ASC. Landscaping shall be completed within ninety (90) days of occupancy unless an extension is granted in writing by the ASC.

**Section 10. ANIMALS AND PETS:** No animal, livestock, bird, or poultry of any kind may be raised, bred, or kept on a Lot. However, a reasonable number of generally recognized house pets may be kept subject to rules and regulations adopted by the Association through its Board of Directors. Should the household pet be a dog or other large pet, it shall be kept in the Dwelling or kept on a leash accompanied by a person and shall not be allowed to run loose in the Development. Pet owners are required to pick up pet droppings when their pets are off of their property. Such house pet or pets must be kept solely as domestic pets. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. Upon the written request of any owner of a Lot the Board of Directors of the Association may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Paragraph 10, a particular pet is a generally recognized house pet, or if such pet is a nuisance. The Board shall have the right to require the owner of a particular pet to remove it from The Property if it is found to be a nuisance or in violation of this restriction. The Board shall have the further right to fine any owner of a Lot for the violation of these restrictions by himself or an occupant of his Lot. All Lot owners shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the pet of such owner or of an occupant of such owner's Lot. Any such fine or cost of repair shall be added to and become a part of that portion of any assessment next coming due against the Lot under the Master Declaration..

**Section 11. STORAGE RECEPTICALS and SERVICE AREAS:** Every fuel storage tank shall be buried below the surface of the ground or screened to the satisfaction of the ASC. Receptacle for ashes, trash, rubbish or garbage shall be screened to the satisfaction of the ASC. **SERVICE AREAS:** Each owner of a Lot shall provide visually-screened areas, with a maximum area of sixty (60) sq. ft., to serve as a service area in which air conditioning equipment and Lawn Equipment must be placed or stored in order to conceal them from view from the streets and adjacent properties and the Golf Course. The Architectural Standards Committee shall specify visual barriers and their location.

(Amended May 10, 2012)

**Section 12. MAINTENANCE OF UNOCCUPIED LOTS:** All unoccupied Lots or Parcels shall be well maintained, and no unattractive growth or accumulation of rubbish or debris shall be permitted. All unoccupied Lots or Parcels shall be mowed or bushhogged as needed to maintain an appearance commensurate with Lockwood standards. An easement is reserved to and in favor of the Association, its agents and employees for the purpose of entry into each lot or parcel in order to perform the required lot maintenance. The owner of each lot subject to this Declaration shall, in addition to fees required by Article 5 Section 4, pay to the Association an annual maintenance fee reflective of the cost associated with the required maintenance. The provisions regarding the right to assess an amount based on actual cost in carrying out these duties shall be the same as those contained in Article 5 section 4 of the Master Declaration.

*Upon written request from Residents who own unoccupied Lots or Parcels, the POA Board may, at its discretion, grant an exemption for Residents to perform their own maintenance and thereby avoid the annual fee, provided they maintain the unoccupied property within community standards. Residents requesting fee waivers must submit to the Association a reasonable and workable plan that identifies who will maintain the lot and with what frequency. Only Residents (or lot owners with immediate family who are Residents) with adjacent or non-adjacent lots whose plan is to perform their own maintenance will be approved, subject to the appearance standard. If the lot owner's maintenance is not kept within established standards, the Association may intercede, and after proper notification, bring the lot to standard at the owner's cost and revoke his/her fee waiver. Non-residents are required to participate in the Association sponsored maintenance program.*

**Section 13. PROHIBITED AND/OR ILLEGAL ACTIVITIES:** No Sales, such as but not limited to, garage sales, yard sales, tag sales estate sales etc. shall be carried on within the Development. Soliciting to private residences is prohibited. Profit oriented businesses, non resident not for profit businesses and /or property owners may not advertise their products and services door to door or by placing literature in the "Property Owner" newspaper boxes (The small container under the US Mail Postbox) or on the doors, steps, etc of private residences. Property owners are asked to advertise any products and services by placing a flier on the bulletin board in the passageway under the clubhouse. Resident charity endeavors and resident not for profit organizations may place items in the "Property Owner" newspaper boxes to advertise their events and provide information. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any Lot, nor shall any nuisance or odors be permitted to exist or operate upon or arise from any Lot, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions

of The Property. Noxious, offensive or illegal activities shall not be carried on within the Development. Each Lot owner, his family, tenants, guests, invitees, servants, and agents shall refrain from any act or use of a Lot or dwelling which could cause disorderly, unsightly, or unkept conditions, or which could cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other portions of the Development. Noxious or offensive activities shall not be carried on in any Lot or Dwelling which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation.

**Section 13A. TENANTS OF RENTAL PROPERTY NUISANCE DEFINITION:**

It is the obligation of tenants living in rental properties to conduct themselves harmoniously with their property owner neighbors. If a property owner files a complaint with the POA about behavior by a tenant causing offense, annoyance, discomfort, confrontation, or other objectionable circumstance, and if a workable relationship is not restored between the tenant and his neighbor(s) after the property owner and tenant are notified of the complaint by the POA, the POA may at its discretion declare the tenant a “nuisance” and take appropriate action, with the owner of the rental property, to remove the tenant from the community. (see Article X Section 30)

**Section 14. REPAIR OR REMOVAL OF BUILDINGS:** Any building which may be destroyed in whole or in part by fire, windstorm or from any other cause or act of God must be rebuilt or all debris removed and the Lot or Parcel restored to a slightly condition with reasonable promptness, provided, however, that in no event shall such debris remain longer than three (3) months.

**Section 15. OUTSIDE BURNING:** No outside burning of wood, leaves, trash, garbage or household refuse by individual property owners shall be permitted.

**Section 16. DIVISION OF SINGLE-FAMILY LOTS:** No Single-Family Detached Dwelling Lot shall be subdivided, or its boundary lines changed by its Owner, except with the written consent of the Property Owners Association Board of Directors. The restrictions and covenants herein apply to each Lot so created.

**Section 17. MOTOR VEHICLES, TRAILERS, BOATS, Etc:** No dirt bike, go-cart, or similar vehicle may be used within the Development at all under any circumstances. All motor vehicles operated in the Development shall have quiet mufflers, as required by NCDOT Regulations. Further, no person shall operate any motor vehicle in the Development unless he holds a valid driver license. There shall be no outside storage or parking upon any Lot or the

Common Areas within the Development (other than areas provided for such purposes by the POA). This includes, but is not limited to any unlicensed or inoperable motor vehicle, mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than private standard size vans and standard or compact size pick-up trucks with a maximum Gross Vehicle Weight less than 10,000 pounds), commercial vehicles of any type, motorized camper or trailer, boat or other watercraft, boat trailer, or any other related form of transportation device. No owner shall repair or restore any vehicle of any kind on or within any Lot or other portion of The Property, except (a) within enclosed garages; or (b) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

**Section 18: Property Owners Association Storage Area:** (commonly referred to as the boat storage area)

Use of the Storage Area shall be limited to **One Space** per Dwelling or Dwelling under construction in Lockwood Folly. Owners must have the item(s) to be stored in their possession at the time a request form is submitted to the POA Board of Directors. Once a space has been assigned it must be occupied on a continuous basis. Vacancies of longer than 30 consecutive days, without written approval from the POA or its representative, will result in the forfeiture of the space without refund of any fees.

The Storage Area is limited **exclusively** to boats and boat trailers, personal water craft, Recreational vehicles such as motor homes or campers; size restrictions of any item stored may apply. All stored items must be Legally Registered to the property owner, in good working order and appearance. The POA reserves the right to refuse any application without cause.

If an unapproved item(s) has been placed in the Storage Area the owner of the item(s) in that space will be notified and if the item(s) has not been removed within the allotted time frame the POA Board of Directors will have the right to have the item(s) removed to a junkyard, county landfill or a salvage yard at the owners expense plus any fines. Unpaid fines and expenses will be added to the owner's annual assessment.

Being a resident or property owner in Lockwood Folly does not guarantee or entitle anyone to a Storage Space even if the Rules of Eligibility are met, due to space limitations.

The POA Board of Directors may establish a use policy placing further restrictions and a fee schedule on the use of the storage area as it deems necessary. The Board of Directors reserves the right to change the Usage Rules at anytime by giving residents and property owners at least 60 days notice.

**Section 19. LAWN and LANDSCAPE MAINTENANCE:** In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and

ascetically pleasing design for the Development and to protect and promote the property values of the Development all Lots, Dwellings, Recreational Amenities, Multi Family Areas and all improvements located therein or thereon including landscaping shall be maintained to the standard currently apparent in the community. Firewood (one stack) for use by a property owner shall be neatly stacked in the rear or side yard and left uncovered. The Lot owner shall be responsible for ordinary lawn and landscape maintenance for each lot. In the event the Architectural Standards Committee concludes the Owner has failed, after reasonable notice, to provide such maintenance. An easement is reserved to and in favor of the Association; its agents and employees, for the purpose of entry onto each Lot in the Development in order to perform the reasonable lawn and landscape maintenance. Should the Association incur expenses for the performance of the required lawn and landscape maintenance, the Owner of the Lot on which the services were rendered shall immediately pay the cost incurred to the Association.

**Section 20. EXTERIOR APPEARANCE and MAINTENANCE OF PROPERTIES:**

Unenclosed garages or carports may not be utilized. No foil or other reflective materials shall be used on any windows for sunscreens, blinds / shades, or other purpose, nor shall any window-mounted heating or air-conditioning units be permitted. Except within screened areas, outside clotheslines or other outside facilities for drying or airing clothes is specifically prohibited. No clothing, rugs, or other items shall be hung on any railing, fence, hedge, or wall.

The exterior portion of all buildings, structures and mailboxes located on any Lot or Parcel together with the yards, shrubbery and common area associated therewith, if any, shall be maintained in a sightly condition. Should the Association deem affirmative enforcement of this provision necessary, it shall appoint a Community Standards Committee, (CSC). Upon recommendation of the CSC and concurrence by the Board of Directors of the Association, the Association shall notify the offending property Owner, the Multi-Family Owners Association or Recreational Amenity having specific maintenance responsibility for the offending property, as the case may be, of the aesthetic deficiency, and the action necessary to correct the deficiency, whereupon the Owner, Multi-Family Owners Association or Recreational Amenity, as the case may be, shall correct the deficiency within 15 days. If they fail to do so, the Association may impose fines and/or may correct the condition and the owners shall reimburse the Association for the cost of such repair immediately upon receipt of the bill.

**Section 21. RECREATIONAL PLAY EQUIPMENT, LOCATION, SIZE and APPEARANCE**

Equipment other than basketball backboards must be placed in rear yards. Consideration must be given to lot size, equipment size and design, amount of visual screening, etc. and adhere to ASC Guidelines.

Amendment 09-02 10 / 8 / 2009

**Section 22. Signs:** Except as may be required by legal proceedings, a maximum of two (2) signs no larger than (18" X 24") may be maintained and permitted within a window (*inside or outside*) a window on any house for sale. *All signs must be maintained at the homeowner's expense.* Real estate open houses will be permitted to post one (1) open house sign on the front lawn of the residence for sale and one (1) directional sign at each intersection between the front gate and the residence. Signs can only be in place for the duration of the advertised event and never overnight. The sign shall be no larger than those permitted for display in a window. A licensed real estate agent or the home owner in the case of a home for sale by owner must be on site for the duration of the open house. No other signs or advertising posters of any kind shall be maintained or permitted within any window, on the exterior of any improvements or on a Lot or Parcel located within the Development. In addition the Board of Directors shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas. Notwithstanding the forgoing, however, the ASC may allow (a) temporary signs during construction displaying the name of the General Contractor, the Architect and the Landscaper. All signs must be removed within 30 days after construction is completed and (b) a permanent identification sign displaying the name of the homeowner and (c) two (2) signs 48" X 96" max, attached to the real estate sales office.

Amendment 07-04 July 12, 2007

**Section 23. Antennas/Satellite Dish Antennas:** (Amendment 07-04 July 12, 2007)  
No television (UHF/VHF) or radio (FM/XM/Short-wave/Amateur/HAM) antennas or other similar device shall be attached or installed on any Dwelling (except as noted below) or located within any portion of the Development, unless contained entirely within the interior of a Dwelling or other building. Digital Satellite System (DSS) antenna may be installed so long as they are *located in the least obtrusive location possible within the dwelling roof line or if on the lot be either covered, hidden, surrounded, camouflaged, or screened with appropriate shrubs and vegetation so as to be the least visible from the street or neighbors view. The objective is to be the least "obtrusive" as possible in any location.* Each Dwelling will be limited to one (1) 18" round or oval satellite dish type antenna. The Recreational Amenity may install, with prior ASC approval, antennas and associated equipment for the purpose of operating a lightning safety warning system, a golf cart positioning system or other similar types of systems associated with operating and managing a golf course.

**Section 24. WATER / WELLS**

All private or commercial dwellings must be connected to a central water system provided by the county or private utility. No private water wells may be drilled or maintained on any lot to supply water to any dwelling. In the event a property owner would like to have an alternative method to water their lawn and shrubs, a well may be installed for this purpose and this purpose only. The well must be installed by a licensed well driller and comply with all regulations set forth by Brunswick County and/or the State of North Carolina. Upon completion of the installation of the pump and pressure tank they must be covered by a suitable pump cover that blends in with the surroundings is appropriately screened with shrubs and vegetation and properly anchored for protection from hurricanes. This covering, including the color and method of anchoring, must be approved by the ASC. The covering of the well, pump and pressure tank must be completed within 30 days after the pump and pressure tank is installed.

**Section 25. Mail Box and Newspaper Receptacle Design:** the Architectural Standards Committee shall approve all mail and newspaper receptacles,

**Section 26. Lighting:** No outdoor lights shall be allowed on the Lot which projects high intensity off-site illumination. One driveway light shall be maintained at all times. The Architectural Standards Committee shall approve the light pole location. This light shall constitute a part of the street lighting system and shall therefore be on an automatic light switch control so as to provide street lighting and driveway identification from sunset in the evening to sunrise in the morning.

**Section 27. Garages:** The garage, which must be large enough to support two (2) cars with minimum dimensions of 22'W x 22'L, which is part of the dwelling unit, shall at all times be used as a garage and not enclosed as living space. All motor vehicles not used on a daily basis must be parked or stored inside the garage. Daily use vehicles shall be parked inside the garage or on the hard surface area designated by the Architectural Standards Committee.

**Section 28. GOLF COURSE AREAS:** Owners of Lots and Dwellings adjacent to the golf course fairways and greens, as well as their families, tenants, guest, invitees and pets shall be obligated to refrain from any action which would distract from the playing qualities of the golf course. The Owners shall be responsible for their pets and shall not allow the pets to make loud noises such as barking or run loose or walk on the fairways, pick up the ball or otherwise interfere with play.

**Section 29. SALES AND CONSTRUCTION ACTIVITIES:** Only Channel Side Corporation (Lockwood Folly Realty), or its successors, may maintain a single Facility for the sale of Lots or Dwellings within the Development.

**Section 30. USE OF LOTS AND DWELLINGS:** Each Lot shall be used exclusively for single-family detached residential purposes. No trade or business that requires customers and/or clients on the premises are permitted in any dwelling, except for the Lockwood Folly Realty Sales Office or its successors. The lease or rental of any dwelling within The Property for a period of less than three (3) consecutive months is prohibited. All lessees or tenants of dwellings within The Property shall in all respects be subject to the terms and conditions of this Declaration

1. **Association Documents.** The property subject to the Lease (the "Premises") is located within the Lockwood Folly planned community. The Premises are subject to the terms of the Master Declaration of Covenants, Conditions, and Restrictions for Lockwood Folly, the Articles of Incorporation for Lockwood Folly Property Owners Association, Inc., the Bylaws for Lockwood Folly Property Owners Association, Inc. and any Rules and Regulations promulgated by Lockwood Folly Property Owners Association, Inc. (collectively, the "Association Documents").

2. **Representation and Warranty of Compliance of Lease.** The Association Documents include specific restrictions regarding leasing. Both Landlord and Tenant represent and warrant to one another that they have reviewed the applicable Association Documents for the Premises and verified that the Lease does not violate any applicable restriction.

3. **Representation and Warranty by Tenant to abide by, and comply with, the Association Documents.** Tenant represents and warrants to Landlord that Tenant shall, at all times during the term of the Lease, comply with, and cause all invitees of Tenant to the Premises ("Invitees") to comply with, all provisions of the Association Documents. Tenant's failure to comply, and cause compliance by Invitees, with the Association Documents shall constitute a default under the Lease. If Tenant or any Invitee is found by Lockwood Folly Property Owners Association, Inc. ("Association") or to be in violation of, or to have violated, the Association Documents, then, notwithstanding any other provisions of the Lease to the contrary, and in addition to any remedies available under the Lease, at law, or in equity, Landlord shall be entitled to immediately either terminate the Lease or terminate Tenant's right to possession of the Premises pursuant to the Lease. If Landlord elects either such remedy, Landlord shall be immediately entitled to possession of the Premises, and, if Tenant should fail or refuse to surrender possession of the Premises, Landlord may retake the Premises by summary ejectment proceeding pursuant to Article 2 of Chapter 42 of the North Carolina General Statutes. If the Landlord does not pursue the remedies described above, the Association may, but shall not be obligated to, enforce any and all remedies available under the Lease, at law, or in equity against the Tenant and the Landlord shall reimburse the Association for all costs associated with the Association's enforcement of the Lease.

4. **Tenant to Reimburse Landlord for Fines and Penalties.** In addition to any other rights and remedies of Landlord, Tenant shall reimburse Landlord on demand for any and all fines, fees, penalties, and the like levied against Landlord as a result of Tenant's violations of the Association Documents.

5. **Tenant Liable to Association for Violations.** Tenant shall be jointly and severally liable to the Association for fines, fees, penalties, and the like imposed against Landlord as a result of Tenant's violation of the Association Documents.

6. **Notice to Association.** Landlord shall provide a copy of the fully executed Lease to the Association no more than three (3) business days following the full execution of the Lease by both Landlord and Tenant.

**Requirement for renting dwellings** (amended May 25, 2012)

Nothing contained in this Master Declaration shall prohibit the leasing or subleasing of a Dwelling Unit; provided, however, that:

- (a) All leases for any Dwelling Unit shall be in writing signed by the Owner and the tenant.
- (b) All leases shall be in such form, and contain such provisions, as approved by the Board, including provisions (a) requiring the tenant to comply with the Master Declaration, Bylaws and Articles (collectively, "Association Documents"), (b) providing that the failure of any tenant under a lease to comply with the Association Documents shall constitute an event of default under the lease, and (c) providing that the Board may exercise any and all remedies for a default under the Association Documents against the Owner and the tenant under the lease including, without limitation, the right to remove a tenant from possession of a Dwelling Unit by judicial process or otherwise.
- (c) No structure on any Lot other than the Dwelling Unit may be leased or otherwise occupied, and no fraction or portion of any Dwelling Unit may be leased separately from any other portion of the Dwelling Unit.
- (d) A true executed copy of any lease for a Dwelling Unit shall be provided to the Association prior to the occupancy by the tenant of such Dwelling Unit.

**Section 31. ADDITIONAL RULES:** The Declarant, until Turnover and thereafter the Board of Directors of the Association, may establish such additional rules and regulations as may be deemed for the best interest of the Owners in the subdivision.

## ARTICLE ELEVEN

### Enforcement

**Section 1. RULES AND REGULATIONS:** The Board of Directors is specifically granted the power to pass rules and regulations including setting fees, fines or penalties for non-compliance for purposes of enforcing this Declaration.

**Section 2. INVALIDATION:** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

**Section 3. PRIORITY OF LAND USE DOCUMENTS:** This Master Declaration shall take precedence over conflicting provisions in the Articles of Incorporation or the Bylaws of the Association and the Articles shall take precedence over the Bylaws.

**Section 4. DURATION:** This Master Declaration shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them until December 31, 2015 and shall continue in full force and effect thereafter until 60% of the Owners have, by written vote agreed to terminate them.

**Section 5. AMENDMENT;** The Board of Directors, after Turnover, as herein provided may modify or amend this Master Declaration provided any such amendment or modification may not materially alter the basic plan of development. Once the Master Declaration has been amended or modified such amendment or modification shall extend to and be applicable to the Lots and Dwellings that were sold prior to or subsequent to such amendment or modification. Notwithstanding anything contained in this Section, to the contrary, any amendment or termination of this Declaration which shall materially and adversely affect the validity, or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on property located within the Development shall be required to have the prior approval of such Institutional Lenders. "Institutional Lender" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences and eligible insurers and governmental guarantors.

**Section 6. USE:** No lot or Dwelling subject to this Master Declaration shall be used except for residential purposes unless otherwise allowed herein. Commercial uses shall be confined to those areas established for such purposes.

**Section 7. ENFORCEMENT - GENERAL:** The Company, the Association or any owner of a Lot within The Property shall have the right (but not the affirmative obligation) to enforce, by proceedings at law or in equity, all the Restrictions, Conditions, Covenants,

Easements and Reservations now or hereinafter imposed by the provisions of this Declaration; however, the failure to do so shall not be deemed a waiver of the right to do so in the future. Furthermore, the Company reserves for itself, and the Association and their agents and employees the right to enter upon any Lot for inspection.

Failure of an Owner, his licensees, tenant, invitees, guests or members of his household to comply with a provision of this Master Declaration or a provision in the Bylaws, Articles of Incorporation or Rules and Regulations of the Association shall provide the Association with the right to bring legal action at law or in equity, including but not limited to an action for injunctive relief, damages, or a combination thereof against the Owner. All costs and expenses incurred by the Association in terminating or resolving a violation of this Declaration, inclusive of attorneys' fees (whether or not litigation is instituted) and Court costs shall be the responsibility of the Owner determined by the Association to be in violation. Collection of such attorneys' fees, costs and damages may be enforced by any method described in this Master Declaration providing for the collection of Annual Assessments, or by a civil action to collect the debt. The Association shall further have the right to enforce rules and regulations as may be promulgated by the individual Condominium and/or Multi-family Associations situated in the Development by compelling them to enforce their own Bylaws and restrictions.

**Section 8. INTERPRETATIONS:** In all cases, the provisions of this Master Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Board of Directors will best effect the intent of the general plan of development. The provisions of this Master Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes, which are less restrictive.

**Section 9. SERVEABILITY:** Whenever possible each provision of this Declaration shall be interpreted in such a manner as to be effective and valid; however if the application of any provision to any person or 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 servable.

**Section 10. NO TRESPASS** Whenever the Association, the Architectural Standards Committee 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 the Development, the entering thereon and the taking of such action shall not be deemed a trespass.

## **Section 11. APPEALS OF COMMITTEE DECISIONS**

### **BOARD OF APPEALS**

- A.** An applicant receiving a negative decision from a committee is advised to adhere to the rules and regulations in accordance with the MDC and ASC Guidelines
- B.** If the applicant is unable to comply with the requirements he may request a hearing before the POA Board of Directors. The request must be made in writing with-in thirty (30) days of recite of the certified notification and be directed to the President of the POA Board of Directors.
- C.** The POA Board of Directors shall convene a meeting to hear the appeal within fifteen (15) days of receipt of request.
- D.** The POA Board of Directors may request consultation of other professionals as it deems necessary.
- E.** The POA Board of Directors will conduct a review of the alleged non - compliance
- F.** The applicant will be given an opportunity to speak before the POA Board of Directors using whatever visual aids or consultants he feels appropriate.
- G.** Five (5) members of the POA Board of Directors must be present for a quorum.
- H.** A majority vote of the POA Board of Directors will carry a decision.
- I.** All decisions of the Board of Directors will be final.

**Section 12. NOTICES:** Notices required under this Declaration shall be in writing and shall be delivered by hand or sent by United States Mail, postage pre-paid. All notices to Owners shall be delivered or sent to such address as have been designated in writing to the Association or if no such address has been so designated by the Owner, at the address of the Owner's Lot, Dwelling or Recreational Amenity. All notices to the Association shall be delivered or sent to the Lockwood Folly Property Owners Association Board of Directors at their office in the Development.

IN WITNESS WHEREOF, this codification of the Master Declaration together with covenants, conditions and restrictions has been signed and executed by the Lockwood Folly Property Owners Association Board of Directors. Approval is recorded in the minutes of the July 13, 2004 Board of Directors meeting.

**LOCKWOOD FOLLY PROPERTYOWNERS ASSOCIATION, INC.**

CORPORATE

SEAL

By: \_\_\_\_\_ Simon Schaffler \_\_\_\_  
Simon Schaffler, President

ATTEST:

\_\_\_\_\_ Patrick Hogan \_\_\_\_\_  
Patrick Hogan, Secretary

STATE OF NORTH CAROLINA COUNTY OF BRUSWICK

I, Robin McKeithan, a Notary Public of the County and State aforesaid, certify that Patrick Hogan personally came before me this day and acknowledged that he is Secretary of LOCKWOOD FOLLY PROPERTY OWNERS ASSOCIATION, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing By-Laws were acknowledged as the official By-Laws of the Association and were signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and official stamp or seal, this 19 day of August, 2004.

\_\_\_\_\_ Robin McKeithan \_\_\_\_  
Notary Public

Notary Public My Commission Expires: February 6, 2005