

Drawn By & Mail to: Seay, Harvey, Titchener & Horne, Box 18807, Raleigh, N. C. 27619

DECLARATION  
OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
THE RIDGES AT THE VILLAGE OF NAGS HEAD  
PROPERTY OWNERS ASSOCIATION, INC.

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THIS DECLARATION, Made on the date hereinafter set forth by AMMONS DARE CORPORATION, a North Carolina corporation (hereinafter referred to as the "Declarant"):

W I T N E S S E T H:

WHEREAS, Declarant is the owner of approximately 14.09 acres of the real property located in Nags Head Township, Dare County, North Carolina, as shown on a map of THE RIDGES AT THE VILLAGE AT, NAGS HEAD, Parcel E2 and E3, a portion of which is subdivided as Lots 1 - 9, inclusive, Section One, and recorded in PLAT CABINET C at Slide 52-C in the Dare County Registry;

WHEREAS, Declarant desires to ensure the attractiveness of the subdivision and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the subdivision, and to provide for the maintenance and upkeep of Common Area, as hereinafter defined, and to that end desires to subject the real property shown upon the aforesaid map, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable, for the efficient preservation, protection and enhancement of the values and amenities in said subdivision and to ensure the residents' enjoyment of the specific rights, privileges and easements in the Common Area, as hereinafter defined, and to provide for the maintenance and upkeep of the Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area, administering and enforcing these covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under North Carolina law, THE RIDGES AT THE VILLAGE OF NAGS HEAD PROPERTY OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property shown on the aforesaid map of The Ridges at the Village at Nags Head, Parcel E2 and E3 and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to THE RIDGES AT THE VILLAGE OF NAGS HEAD PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to the "Existing Property" described in Article II of this Declaration.

Section 3. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Common Area and the Private Street.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 5. "Common Area" shall mean and refer to all the real property owned by the Association for the common use and enjoyment of the Owners of Lots within The Ridges at The Village at Nags Head and designated as "Common Area" on the plat entitled "The Ridges at The Village at Nags Head, Parcels E2 and E3," and a portion of which is designated Section One and recorded in PLAT CABINET C at Slide 52-C in the Dare County Registry, and a map of Section Two and Three will be recorded at a later date.

Section 6. "Declarant" shall mean and refer to Ammons Dare Corporation, a North Carolina corporation.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE RIDGES AT THE VILLAGE OF NAGS HEAD PROPERTY OWNERS ASSOCIATION, INC.

Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association, is approximately 12.25 acres of land located in Nags Head Township, Dare County, North Carolina, more particularly described as being all of the property shown on map of THE RIDGES AT THE VILLAGE AT NAGS HEAD, Parcel E2 and E3, of which Section One is recorded in PLAT CABINET C at Slide 52-C in the Dare County Registry, and the maps of Section Two and Three to be recorded.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owners of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or a

security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine, but fractional voting shall not be allowed.

(b) Class B Lots. Class B Lots shall be all Lots owner by Declarant which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B Lot.

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

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

(2) On December 31, 1990,

whichever event shall first occur.

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

#### ARTICLE IV

#### PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least three-fourths (3/4) of the votes appurtenant to the Class A and Class B Lots agree to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewerage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Nags Head or to another non-profit corporation with purposes similar to those of this Association;

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

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers.

(c) Guests. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors governing said use.

Section 3. Rules and Regulations Regarding Parking. The Board of Directors of the Association may make such reasonable rules and regulations as it may elect with respect to the parking of vehicles; however, no vehicles shall at any time be parked on areas designated Private Street now in the Common Area.

Section 4. Conveyance of Title to the Association. Declarant covenants, for itself and its successors and assigns, that it will convey fee simple title to the Common Area to the Association prior to the conveyance of the first Lot to an Owner within any phase, section, or annexation. Declarant reserves an easement to, from, over and across the Common Area for the purpose of constructing additional residences upon the Lots. Such conveyance shall be free and clear of all encumbrances and liens, except utility and drainage easements of record or shown on the recorded plats of The Ridges at The Village of Nags Head, Parcel E2 and E3.

ARTICLE VCOVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest, costs and attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s), corporation(s), or entities owning such Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them; however, such unpaid assessments or charges shall continue to be a lien on the property against which the assessment was made.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the maintenance, repair, and payment of taxes and public assessments levied against the Common Area, including the private roads, the procurement of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise. In addition, expenditures by the Association for the landscaping, planting and maintenance of areas within Lots, but lying outside of residence buildings and enclosed

patio areas, shall be deemed expenditures for the beautification and health, safety and welfare of the residents of the Properties and are hereby authorized.

Section 3. Maximum Monthly Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$ 60.00 per Class A Lot (\$ 60.00 per month) and \$ 15.00 per Class B Lot (\$ 15.00 per month).

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

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

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

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

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

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction of a capital improvement upon the Common Area, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and shall be in the ratios provided in Section 3(c) of this Article.

Section 5. Assessment Rate. The annual and special assessments must be fixed at a uniform rate for all Lots within each class and may be collected on a monthly basis.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 30 days nor more than 60 days prior to the meeting. At the first such meeting called, the presence of Members or of proxies entitled to at least sixty percent of the votes appurtenant to the Class A and Class B Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and, if called for a date not less than 60 days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum

at the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of all or any part of the Common Area to the Association. The first annual assessment shall be the "maximum annual assessment" set forth in Section 3 or this Article and shall be pro-rated according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least fifteen (15) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 8. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur a late charge in the amount of \$10.00 and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of ten percent (10%) per annum or the maximum rate allowed by law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; interest, late payment charge, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien, but the sale or transfer of any Lot pursuant to the foreclosure of such mortgage or deed of trust shall extinguish the lien of such assessments as to any installment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Exempt Property. All property dedicated to and accepted by a local public authority, and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

#### ARTICLE VI

##### ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including, but not limited to, the erection of antennas, satellite dishes or disks, aeriels or awnings, until plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural control committee composed of three (3) or more representatives

appointed by the Board. If the Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted, approval will not be required, and this Article will be deemed to have been fully complied with. The Association shall have the right to charge a reasonable fee, not to exceed \$25.00, for receiving and processing each application. Neither the Board of Directors nor the architectural control committee shall approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety, or appearance of any Lot or the Common Area. Nothing herein shall be construed to permit interference with the development of the Properties by the Declarant in accordance with its general plan of development.

#### ARTICLE VII

##### LOT MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide maintenance on each Lot subject to assessment hereunder. Such maintenance includes, but is not limited to: care of walks, grass, trees, shrubs, and other exterior landscaping provided by Declarant or by the Association, provided, however, that each Owner shall be responsible for watering the grass and shrubbery located on his or her Lot. The maintenance responsibilities of the Association shall not include glass surfaces or any patio, deck or fence located on any Lot. There is hereby reserved to the Association a right and easement of unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance results from the willful or negligent act of the owner, his family, guests, tenants, invitees, independent contractors, or contract purchasers, the cost of such maintenance incurred by the Association shall be added to and become a part of the assessment for that Lot.

#### ARTICLE VIII

##### USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only and only one family may occupy a Lot as a principal residence at any one time. Declarant may maintain a sales office, models and construction office in one or more units in accordance with the Nags Head Town Code.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.

Section 4. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Board of Directors or its designated agent or representative.

Section 5. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Board of Directors.

Section 6. Access to Lot. The Association and its agents or employees shall have access to any Lot from time to time during reasonable working hours and with prior oral or written notice to

the Owner of such Lot for the maintenance of the Common Area or of facilities located thereon or of facilities located upon such Lot which serve the Common Area or another Lot. The Association and its agents shall also have access to any Lot at any time without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or another Lot.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other unenclosed area (including patios) within the Properties other than between the hours of 8 A.M. and 5 P.M. on Monday through Friday and 8 A.M. through 1 P.M. on Saturdays and clothes hanging devices such as lines, reels, poles, and frames, shall be stored out of sight other than during the times aforementioned.

Section 8. Signs. Except as required by the Nags Head Town Code, no signs or other advertising devices shall be displayed upon any Lot so as to be visible from outside the dwelling without prior written permission of the Board of Directors. Anything herein to the contrary notwithstanding, Declarant may post temporary "For Sale" signs on the Properties until all units owned by Declarant have been sold.

Section 9. Garbage Disposal. All garbage shall be stored within the residence of each Owner or in the storage facilities, if any, provided for said residence at the time same is constructed. No Owner may change or supplement the garbage disposal facilities provided for such Owner's residence as of the date of completion of construction thereof unless the Board of Directors shall first approve in writing the change or addition to the method of storage. Nothing contained herein shall prevent an Owner from complying with the specific requirements of public health authorities or other public agencies regarding garbage disposal.

Section 10. Regulations. Reasonable regulations governing the use of the Common Area may be made and amended from time to time by the Board of Directors of the Association. Such regulations and amendments thereto shall not become effective until approved by a majority vote of the Owners. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

## ARTICLE IX

### EASEMENTS

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveway, walkway, water line, gas line, telephone, cable television, electric power line, sanitary sewer and storm drainage facilities and for other public utility installations are reserved as shown on the recorded plat. The Association may reserve and grant easements for the installation and maintenance of sewerage, utility and drainage facilities over the Properties as provided in Article IV, Section 1(b) of this Declaration. Within any such easements herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage of water through drainage channels in the easements.

Section 2. Easements for Governmental Access. An easement is hereby established over and across the Common Area for the benefit of applicable governmental agencies for setting, removing, and reading water meters, maintaining and replacing water and drainage facilities, fire fighting, garbage collection, and delivery of mail.

Section 3. Owners' Right of Entry for Repair, Maintenance, and Reconstruction. If a dwelling is located closer than five (5)



feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to repair, maintain, or reconstruct his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of such work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 4. Easements for Encroachments. All Lots shall be subject to easements for the encroachment of initial improvements constructed thereon to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, bay windows, steps and walls. If any encroachment shall occur subsequent to the recording of this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment and for the maintenance of the same.

#### ARTICLE X

##### INSURANCE

Section 1. Owners' Responsibility to Insure. Declarant suggests that each Owner, at his expense, secure and maintain in full force and effect one or more insurance policies insuring his Lot and the improvements thereon for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief. Declarant also suggests that each owner, at his expense, secure and maintain in full force and effect comprehensive personal liability insurance for damage or injury to person or property of others occurring on his Lot.

Section 2. Insurance Responsibilities of the Association. The Association shall procure and maintain adequate liability insurance, insuring the Association and its members against injuries occurring upon the Common Area.

#### ARTICLE XI

##### FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the Owners and holders of first deeds of trust on Lots located within the properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the real property owned by the Association shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Nags Head or to another non-profit corporation for the purposes set forth herein.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot.

(c) By act or omission change, waive or abandon any plan of regulation, or enforcement thereof, pertaining to the upkeep of lawns and plantings in the subdivision.

(d) Fail to maintain insurance on the Common Area.

Section 2. Books and Records. Any Owner or holder of a first deed of trust on any Lot, or the agent or agents of either, shall have the right to examine the books and records of the Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners or holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

## ARTICLE XII

### GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein-contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. 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. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots. No amendment shall be effective unless it has been approved by the Nags Head Town Attorney and, if required by Section 4 of this Article, by the Federal Housing Administration or Veterans Administration, and is recorded in the office of the Register of Deeds for Dare County.

Section 4. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with VA or FHA-insured mortgage loans, then as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: mortgaging of real property owned by the Association, deeding of Common Area to persons other than the Association, and amendment of this Declaration.

Section 5. Private Streets; Non-Liability of City. The Town of Nags Head shall not be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Lot, or any Owner or occupant thereof, when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design, construction, or maintenance of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner or an occupant of any Lot. The Town of Nags Head will not be providing garbage pick-up or patrolling by police vehicles.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed on this the 3rd day of August, 1988.

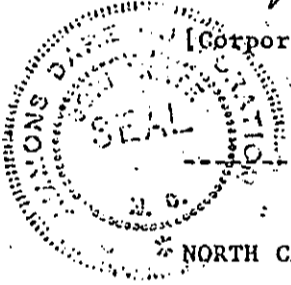
AMMONS DARE CORPORATION

By: James L. Seay  
Vice President

ATTEST:

Myrtice B. Wilder  
Ass't. Secretary

[Corporate Seal]



NORTH CAROLINA - WAKE COUNTY

Personally came before me James L. Seay,  
who, being by me duly sworn, says that he is the <sup>Vice</sup> President of  
AMMONS DARE CORPORATION, that the seal affixed to the foregoing  
instrument is the corporate seal of said corporation, and that  
said instrument was signed and sealed by him in behalf of said  
corporation by its authority duly given. And the said <sup>Vice</sup> President  
acknowledged said instrument to be the act and deed of said  
corporation.

Witness my hand and notarial seal, this 3rd day of  
August, 1988.

William R. Titchener  
Notary Public (William R. Titchener)



My Commission Expires: 9-25-90

BK 581 PG 0767

NORTH CAROLINA - Dare COUNTY

The foregoing certificate of William R. Titchener, a  
Notary Public of Wake County, North Carolina, is  
certified to be correct. This instrument and this certificate are  
duly registered at the date and time and in the book and page  
shown on the first page hereof.

Dorris A. Fry Register of Deeds

By: Norma Jean Wake  
~~Deputy~~ Register of Deeds  
awj