

STATE OF NORTH CAROLINA

COUNTY OF BEAUFORT

PROTECTIVE COVENANTS
CYPRESS LANDING

THIS DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND EASEMENTS, dated for purposes of reference only this 18th day of March, 1994, by WETERHAEUSER REAL ESTATE COMPANY, a corporation qualified to do business in the State of North Carolina (hereinafter "Declarant").

RECITALS:

Declarant is the owner of real property generally known as Cypress Landing, which property consists of approximately 900 acres. The property is more fully described on Exhibit A attached hereto, which property will be referred to herein as "Cypress Landing." It is the plan and intent of Declarant to develop a residential subdivision in several phases consisting of no more than 900 residential living units, plus amenities and service facilities therefore, within Cypress Landing.

Cypress Landing is located in part on Chocowinity Bay (the "Bay"). An additional portion fronts Rice Creek, and Silas Creek meanders through a portion of Cypress Landing. As used herein, all residential building sites with frontage on the Bay or on either of the above named creeks shall be referred to as "Waterfront Lots" and that portion of each Waterfront Lot contiguous to any of such bodies of water shall herein be referred to as the "Frontage".

Cypress Landing is divided by North Carolina State Road 1123. As used herein, references to "Phase I" shall refer to that portion of Cypress Landing located on the north side of said road. References to "Phase II" shall refer to those portions of Cypress Landing on the south side of North-Carolina State Road 1123.

Development of Cypress Landing is governed in part by the provisions of the North Carolina Coastal Management Act (the "Act"). In accordance with the Act, a major development permit has been issued authorizing the development. As used herein, this permit, being Major CAMA Development Permit #181-89 (as amended from time to time) shall be referred to as the Permit. Nothing contained herein shall prohibit or restrict in any way Declarant's right or ability, subject to approval by the State of North Carolina, to amend, modify or extend the Permit. No such amendment, modification or extension shall, however, authorize any development or activity specifically prohibited by the provisions of these Protective Covenants.

It is the plan and intent of Declarant to construct certain recreational amenities for the primary benefit of owners within Cypress Landing. As more fully described within these

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Protective Covenants, these amenities are referenced herein as follows:

- A. BAY CLUB: The community building with attached porches and decks, located near the Marina.
- B. CLUBHOUSE: The building located at the Cypress Landing Golf Club, which building contains the golf pro shop and snack bar.
- C. CYPRESS LANDING GOLF CLUB: All real property, fixtures and improvements constituting the eighteen (18) hole golf course amenity at Cypress Landing, including all buildings and other structures constructed to assist in the maintenance of the golf course and the storage of golf course equipment, and further including all practice areas.
- D. CYPRESS LANDING GOLF CLUB EQUIPMENT: All equipment owned by Declarant normally and routinely utilized in the operation, upkeep and maintenance of the Cypress Landing Golf Club. This shall further include all furniture and fixtures located within the Clubhouse, but shall not include inventory (food or otherwise) and supplies.
- E. THE LANDING: The common area near the Marina, including the Bay Club, swimming pool, parking areas and other recreational areas and facilities associated therewith.
- F. MARINA: All piling and decking waterward of the high water mark or waterward edge of any bulkhead, where bulkhead is located, to the extent constructed to create or provide access to boatlips, and further including the boatlips themselves, and all other public trust area within the perimeter of the outermost decking.
- G. NATURE TRAILS: Unpaved but designated pathways for general pedestrian utilization.
- H. BIKE PATHS: Paved accessways designated for utilization by pedestrians and bicyclists.
- I. PEDESTRIAN ACCESS SYSTEM: The combination of Bike Paths and Nature Trails.
- J. TENNIS COURTS: Tennis courts constructed for utilization by owners within Cypress Landing, and conveyed to the Association as common areas.
- K. TRAILER PARKING FACILITY: A common area designated for use by owners in parking boat and other trailers not allowed to be parked on a Lot or at a Living Unit.

These recreational facilities, and any others that may be constructed either by Declarant or by the Cypress Landing Master Homeowners Association, Inc., shall be referred to herein as the "Amenities." NOTHING CONTAINED HEREIN SHALL PROHIBIT OR RESTRICT THE UTILIZATION OF SOME OR ALL OF THE AMENITIES BY USERS NOT OWNING PROPERTY WITHIN CYPRESS LANDING. Such right of utilization of Amenities by non-property owners within Cypress Landing shall be governed by the provisions of these Protective Covenants, and by rules and regulations adopted by Declarant and/or the owner of such Amenities from time to time.

Declarant has entered into a contract with the Town of Chocowinity ("Town") whereby the Town will provide water and sewage disposal services to Cypress Landing. This agreement between the Town and Declarant, as it may be amended from time to time, is referred to herein as the "Contract".

In order to enforce the provisions of these Protective Covenants, including but not limited to the architectural control standards established herein, in order to maintain Cypress Landing in a clean and attractive condition, in order to own, manage and maintain certain of the Amenities as more fully described hereinafter, and to further provide an organization for the benefit of the owner of each Living Unit and Lot within Cypress Landing, Declarant has chartered a North Carolina non-profit corporation named Cypress Landing Master Homeowners Association, Inc. (the "Association"). The owner of each Lot or Living Unit within Cypress Landing is and shall be a member of the Association, and the owner of each such lot or Living Unit is and will be obligated to pay dues and assessments to the Association for the benefit of the Association and every owner within Cypress Landing. The organization and operation of the Association is described in these Protective Covenants and in the By-Laws of the Association.

It is the desire and intention of Declarant, for its benefit and for the benefit of the purchaser of each Lot and Living Unit within Cypress Landing, and with the objective of preserving the value of each property, to restrict the utilization of and improvements within Cypress Landing in accordance with the guidelines established herein. Therefore, Declarant hereby subjects the property described hereinafter to the terms and provisions of these Protective Covenants for the use and benefit of all present and future owners of Lots and Living Units within Cypress Landing.

As used herein, the word "Lot(s)" shall mean and refer to any Lot designated for construction thereon of a residential Living Unit within Cypress Landing, as shown on a recorded subdivision map of record in the Office of the Register of Deeds of Beaufort County. The term "Living Unit(s)" shall mean a structure or part of a structure designed and constructed for utilization by a single family, whether detached or attached to another Living Unit.

whether located on a Lot or located on a tract of land undivided into separate Lots. Where rights are granted to or obligations imposed upon the owner of a "Lot and/or Living Unit" the intent is to include the owner of each Lot, whether or not a Living Unit is constructed thereon, as well as the owner of each Living Unit. The term "Community" shall mean a group of Lots and/or Living Units sharing one or more common characteristic, which Community shall be identified by reference in these Protective Covenants and amendments hereto. Unless otherwise specified by an amendment to these Protective Covenants, all single family Lots shall be deemed a part of a single family residential Community;

1. DESCRIPTION. These Protective Covenants shall run with the land and shall bind and inure to the benefit of the owner of each Lot and Living Unit within each Community, and the property currently made subject to these Protective Covenants is all of the property shown on those plats of Cypress Landing Subdivision, recorded in Map Cabinet E, Slides 14-9, 14-10 and 14-11, Beaufort County Registry (Phase I, Section I) and recorded in Map Cabinet E, Slides 17-7 and 17-8, Beaufort County Registry (Phase I, Section II), as both may be amended from time to time, as well as all of that property utilized for Amenity purposes and described on Exhibit A attached hereto.

2. ADDITIONAL PROPERTIES. Declarant reserves the right to subject additional properties to the terms and provisions of these Protective Covenants by recordation of an amendment hereto specifically describing such property. The property which may be made subject to the terms and provisions of these Protective Covenants is described on Exhibit A attached hereto, but may include additional adjacent properties thereto (adjacent being defined as inclusive of properties across a right of way or water body). All or any part of such property may be subjected hereto; such property may be subjected hereto in one or more sections. However, to the extent that any portion of such property has not been subjected to the terms and provisions of these Protective Covenants by recordation of an amendment to these Protective Covenants in the office of the Register of Deeds of Beaufort County, which amendment specifically exercises such right, on or before December 31, 2005, this right shall terminate. Lots and Living Units made subject to the terms and provisions of these Protective Covenants by amendment shall be liable for payment of dues as specified in such amendment; but in no event, except as specifically provided for herein, shall dues for Lots and Living Units within each Community be payable later than the conveyance by Declarant of any Lot or Living Unit within said Community to a third party. Notwithstanding this provision, to the extent that Declarant conveys unsubdivided property or multiple Lots to a third party builder/developer for the purpose of such third party constructing thereon homes or Living Units, said property need not be subjected to the terms of these Protective Covenants until such time as structures are constructed thereon, and dues need not be

paid until such time as specified in the amendment subjecting such properties to the terms of these Protective Covenants, which time may be at time of conveyance of such a home or Living Unit to a third party following completion of construction.

No portion of Cypress Landing located within Phase I may be sold or conveyed by Declarant without being made subject to these Protective Covenants, and the amendment subjecting additional properties to the terms and provisions of these Protective Covenants shall not change the following restrictions contained herein:

A. All such properties must be limited to residential utilization (except for Amenities located on properties not designated for construction thereof of Living Units).

B. The owner of each Lot and Living Unit must be a mandatory member of the Association.

C. The owner of each Lot and Living Unit must pay dues and assessments to the Association as specified within these Protective Covenants.

D. There shall be no more than six hundred (600) Living Units within Phase I.

E. All Living Units must comply with the architectural standards and approval processes established by these Protective Covenants.

F. The only permitted uses shall be Living Units, Amenities, utilities and appurtenant structures reasonably necessary to allow proper use and enjoyment of the Living Units and the Amenities. Amenities may include commercial uses reasonably appurtenant thereto, and shall include any recreational structures or administrative structures constructed by Declarant or the Association.

G. The required completion date of any Amenity.

H. No alteration of any buffer, set-back or restriction imposed herein by the Permit or by the State of North Carolina in accordance with its stormwater regulations.

Amendments subjecting additional properties to the provisions of these Protective Covenants may change and alter the terms, conditions and restrictions contained herein as to matters other than those delineated in subparagraphs A through H set out in the immediately preceding paragraph, but any such change or alteration shall be effective only as to those Lots or Living Units subjected by such amendment to the terms, conditions and restrictions of these Protective Covenants. No such amendment

shall change or alter in any way the applicability or the enforceability of these Protective Covenants as to the properties described in Paragraph 1 hereinbefore, or other properties made subject hereto prior to the recordation of the amendment specifying said changes (except as allowed by paragraph 14 hereinafter).

It is not the intent of Declarant to currently include Phase II as a part of the development known as Cypress Landing. However, Declarant may elect to include or subject all or a portion thereof to these Protective Covenants. No warranty or representation, however, is hereby made that all or any portion of Phase II shall be made subject to these Protective Covenants, or shall otherwise be restricted as to any legal utilization. Notwithstanding this provision, however, to the extent that any Amenity is constructed within Phase II, such Amenity will be governed by the provisions relating thereto included within these Protective Covenants. No amendment to these Protective Covenants subjecting additional property hereto, whether within Phase I or Phase II, shall alter the fact that there shall be one (1) Association vote per Lot (or per Living Unit) made subject to these Protective Covenants, which vote may be cast by the owner or owners of such Lot or Living Unit in accordance with the provisions of the By-Laws of the Association.

3. SINGLE FAMILY UTILIZATION. This Protective Covenant restricts all numbered Lots subjected to its terms to use only for residential purposes. All Living Units shall either be single family, or shall be buildings containing no more than four (4) Living Units. No Living Unit constructed within any Community shall be utilized for commercial purposes, except that Declarant or its assigns shall be entitled to use any structure located within Cypress Landing for purposes relating to the sale of property within Cypress Landing.

4. BUILDING AND SITE RESTRICTIONS. There shall be established as a committee of the Association an Architectural Control Committee ("Committee"). The Committee has adopted building guidelines for utilization and evaluation of proposed landscaping or construction plans. The Committee must give prior approval to the removal of any tree of a size of six inches or more in diameter, measured one foot above normal ground elevation at the location of said tree, from any Lot or the construction of any improvement or structure on any property subjected hereto in accordance with the procedures described in Paragraph 5 of these Protective Covenants, except that no approval shall be required of any Living Unit or other structure constructed by Declarant. In addition, the following restrictions shall apply:

A. No detached garage, storage shed, or carport shall be permitted unless architecturally compatible with the primary Living Unit to which it is appurtenant. No such structure

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shall be constructed prior to the construction of the primary Living Unit on the Lot.

B. No more than one (1) Living Unit shall be allowed per Lot, unless within a Community specifically reserved, as set out in said amendment, for construction of buildings containing multiple Living Units.

C. All Living Units must be constructed in accordance with standards for single family homes included in the North Carolina Uniform Residential Building Code, notwithstanding whether or not such homes are constructed in whole or in part on site. No home may be moved onto any Lot if such home has previously been occupied and used as a Living Unit elsewhere. No mobile home (home built in accordance with manufactured home standards imposed by the Federal Construction and Safety Standards Act) or other structure designed for transportation on attached axles and wheels shall be located on any Lot.

D. No sign shall be allowed on any Lot so as to be visible from any street right of way or any adjoining property or from any water course or Amenity, except the following signs, which shall be allowed:

(1) one (1) sign per Lot, no greater than six square feet in size, specifying the general contractor actually constructing a Living Unit on such Lot. Such sign must be removed upon issuance of a certificate of occupancy for the Living Unit;

(2) one (1) sign per Lot, or Living Unit identifying the property upon which such sign is placed only by the name of the owner and a street number. Such sign must be constructed at a size, and to specifications and styles, established by the Committee, and must be located in a place specified by the Architectural Control Committee;

(3) one (1) project sign for any patio home or similar development site, which sign shall not exceed in size fifty (50) square feet, and which shall specify only the name of the development and developer and the name and location of the selling agent;

(4) one (1) sign per Lot or Living Unit no greater than four (4) square feet in size which includes only the words "For Sale", the name of the selling agent and the telephone number of said agent. Said sign must be located a minimum of twenty (20) feet from each street right-of-way. No such sign may be installed or erected (unless stating "For Sale By Owner") until such time as the Lot or Living Unit has been listed by written agreement for sale with the agent named thereon. Such sign must be removed within two (2) business days following execution of a

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Purchase Contract for sale of the Lot or Living Unit listed by said agent;

(5) street or directional signs erected by Declarant or by the Association;

(6) any sign constructed by any governmental agency; and

(7) identification and informational signs constructed by Declarant, the purpose of which is to assist Declarant in identifying the project and the location of Lots, Living Units, sales offices, Amenities, sales models or other uses within Cypress Landing.

All permitted signs, except those constructed by governmental entity, shall be constructed of materials, in a style, of colors and in a location established and approved by the Committee.

E. The minimum square footage of heated, enclosed living space for each approved Living Unit shall be 1,650 square feet for single-level homes and 1,900 square feet for two-level homes; a minimum of 1,200 square feet of such space must be located in the first living floor of the Living Unit. Notwithstanding the above stated limitations, the minimum square footage of heated, enclosed living space for each approved Living Unit constructed on a Lot with any boundary contiguous with golf course or Waterfront properties shall be 1,800 square feet for single level homes and 2,000 square feet for two-level homes, a minimum of 1,300 square feet of such space being located in the first living floor of the Living Unit. Carports, garages, attics, porches, patios, decks and basements shall not be considered heated, enclosed living space.

F. There are no absolute building setback requirements other than those that may be imposed by a local government or those shown on the recorded plat of a Community. However, as suggested setbacks, no Living Unit will be allowed within 40 feet of any street right-of-way or from any waterway or 30 feet from the rear lot line, or within 15 feet of any side Lot line, unless variations are approved by the Architectural Control Committee. NOTWITHSTANDING ANY SUGGESTED SETBACK, THE COMMITTEE SHALL HAVE COMPLETE AUTHORITY TO DETERMINE THE APPROPRIATE BUILDING SITE ON EACH AND EVERY LOT. THERE IS NO GUARANTEE THAT SUCH APPROVED BUILDING LOCATION SHALL BE WITHIN THE SUGGESTED SETBACKS SET OUT HEREIN.

G. Patios, decks, overlooks and the utilization of other riparian rights by construction of improvements or structures (including bulkheads) shall only be allowed after approval by the Committee and all applicable governmental agencies, and no such structures will be allowed unless said structures are compatible with similar or proposed improvements on other Lots and after a

finding that the construction of such structures will not unduly interfere with the riparian rights or reasonable property expectations of the owners of other Lots or Living Units within any Community. The type of construction utilized for bulkheads may be controlled by the Committee based on appearance, function and environmental engineering criteria. NO SINGLE FAMILY PIERS ARE PERMITTED, IN ACCORDANCE WITH THE PERMIT. BOAT DOCKAGE IS ONLY ALLOWED IN THE MARINA.

H. The heights of structures shall be subject to approval of the Committee in accordance with the standards set out in Paragraph 5 hereunder, but no structures may exceed in height any height limitations imposed by Beaufort County.

I. Fences are subject to the complete jurisdiction of the Committee including location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the owner of a Lot or Living Unit, no fence shall be allowed along any property line. Furthermore, absent such an extraordinary showing, no fence shall be allowed on any Lot closer to an adjacent water course or golf course than the distance the Living Unit on the Lot is from said water course or golf course. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing; does not detract from the reasonable value of any Lot or property and does not unreasonably impede the view of any water course or other attractive feature from any other property.

J. No satellite receiving dish, radio antennae or other similar device shall be allowed on any Lot.

K. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any street right-of-way or on any Lot or on any common property controlled by the Association (or any other homeowners association within Cypress Landing) overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of these Protective Covenants, or is parked on an area owned by Declarant or the Association designated specifically for such purpose.

L. The Association has adopted rules and regulations restricting the location of temporary or permanent clotheslines, the number of vehicles that may be parked on any Lot, the number, type and location of trash receptacles and trash receptacle enclosures, and the type and location of mailboxes.

M. No activity, whether active or passive, that is reasonably considered a nuisance by the Association shall be

allowed within any Community. This prohibition includes any activities within any structure, on any Lot or on any street or common area. The Association is specifically authorized by Paragraph 15 of these Protective Covenants to adopt rules regarding conduct and use of such properties; however, the Association may find any conduct or use of a Lot to be a nuisance notwithstanding the fact that such conduct is not specifically prohibited by these Protective Covenants or by an adopted rule. If any conduct is deemed by the Association to be a nuisance, and to the extent that such conduct is not specifically prohibited by the provisions of these Protective Covenants or by an adopted rule, the Association shall give written notice to the offending owner specifying the nature of the nuisance, and requesting that such nuisance be terminated. If any nuisance is not terminated within a reasonable time thereafter, the Association may pursue any legal or equitable remedy, and may collect in any such action all attorney's fees incurred.

N. IN ACCORDANCE WITH THE PROVISIONS OF THE PERMIT, NO LAND DISTURBING ACTIVITY OF ANY KIND IS OR SHALL BE ALLOWED, EXCEPT AS SPECIFICALLY AUTHORIZED BY THE PERMIT, BELOW THE TEN (10) YEAR FLOOD PLAIN ELEVATION OF SEVEN FEET. THE PERMIT AUTHORIZES NO STRUCTURE TO BE CONSTRUCTED WITHIN SAID FLOOD PLAIN ON ANY LOT.

O. There is hereby created a conservation zone five feet in width along the Frontage, measured landward from the normal water level. No structure may be constructed by any person or entity within such zone except that a bulkhead may be constructed upon the issuance of all required regulatory permits and upon approval by the Association. Complete plans and specifications for construction of any such bulkhead shall be submitted to the Association by the person or entity desiring to construct such bulkhead a minimum of thirty (30) days prior to commencement of construction. Said conservation zone shall also constitute an easement to the Association for the purposes of ingress and egress to the Frontage to be utilized only in the event of any emergency condition threatening life or property, and shall in no way be construed as permission to the Association or its membership to utilize such easement for non-emergency access to the Frontage. With the exception of access in times of emergency and the restrictions imposed upon the utilization of such area contained herein, the owner of each Lot subjected to the conservation zone and easement contained herein, unless otherwise limited by a provision of these Protective Covenants, shall have complete ownership and control of such area.

P. In order to encourage water conservation, no automated irrigation system shall be allowed unless supplied from an irrigation well constructed at the expense of the Lot owner.

Q. In order to further encourage water conservation, the Committee shall require in the construction of each Living Unit

that water saving shower heads and toilets be exclusively utilized. Such water saving devices shall be utilized at all times thereafter.

R. At the time of construction of a Living Unit, its owner shall cause said Living Unit, as required by the Contract, to connect to the water and sewage disposal system of the Town. All connection, tap-on or other charges associated with such connection shall be paid by the owner of the Living Unit. Declarant shall, at its own expense, cause necessary utility service to be extended along the street right-of-way adjacent to each Lot, and shall provide a stub and connection point at each property line.

S. No Living Unit may be leased or rented to a non-owner thereof for a rental term less than one (1) month.

T. The owner of any Lot or Living Unit adjacent to any lake within Cypress Landing may, from the property owned by such owner, utilize such lake for bank fishing purposes. No fishing shall be allowed from the bank located on Cypress Landing Golf Club property unless in accordance with rules and procedures established by the owner of the Cypress Landing Golf Club. Lakes shall not be utilized for any other recreational purpose, including swimming, boating, rafting or canoeing, unless such activity is specifically approved by the Association. No shoreline stabilization shall be allowed unless approved by the Committee.

U. Each unimproved Lot shall be maintained in a slightly condition, comparable to the condition of unimproved Lots offered for sale by Declarant. In order to ensure compliance with this requirement, the Association shall, no less frequently than annually, cause each such unimproved Lot to be mowed, and trash and debris located thereon to be removed. To compensate the Association for this expense, the owner of each unimproved Lot shall pay to the Association, as a special category of dues, collectable in the nature of dues or an assessment as allowed in accordance with paragraph 6 of these Protective Covenants, the sum of ONE HUNDRED DOLLARS (\$100.00) per year (or any portion of any year in which such mowing has actually occurred). Annually, beginning with the January 1, 1993, year, the Association may increase this amount sufficient to compensate the Association for the actual increase in the per Lot cost of having this annual service performed on behalf of the owner.

V. No general landscaping of any Lot shall be approved or undertaken more than thirty (30) days prior to the commencement of construction on said Lot of the primary Living Unit to be located thereon. This provision shall not preclude the permitting of removal of underbrush or damaged or diseased trees.

5. ARCHITECTURAL CONTROL COMMITTEE PROCEDURES.

A. Submittal of Plans. At least thirty (30) days prior to the anticipated commencement of any landscaping or construction of any structure or improvement on any Lot, the owner of such Lot (or his duly appointed agent) shall submit to the Chairman of the Committee a survey of the Lot, which survey shall show each Lot corner. There shall further be shown on said survey the proposed location of all proposed and existing structures or improvements, including driveways, bulkheads, patios, decks and walkways, and further including a specific delineation of the proposed location of all improvements that will result in the creation of impervious surfaces as defined by the Division of Environmental Management of the State of North Carolina in accordance with the North Carolina Coastal Stormwater Regulations. There shall further be provided to the Committee sufficient building elevations and landscape plans, including a statement of exterior building materials and proposed exterior colors, to allow the Committee to appropriately and accurately evaluate what is proposed for construction on the Lot. The location of a proposed well (if any) shall also be delineated. Specifications for toilets and showerheads shall be included with the submission of any plans which contemplate installation of improvements utilizing such fixtures. The survey, building elevations and landscape plans shall be of professional quality. There shall be submitted two copies of all information required to be submitted.

B. Disclosure of Contractor. The owner of each Lot shall notify the Committee of the identity of the contractor proposed for construction of any major improvements on any Lot. Major improvements shall be all improvements of a reasonable construction cost of \$10,000.00 or more. The owner of each Lot shall include with the name of the contractor a statement as to the classification of contractor's license held by such contractor and the address and telephone number of the contractor. This information shall be submitted to the Committee at time of submission of plans, if such information is available at that time; if the information is not available at that time, the information shall be submitted to the Committee at least thirty (30) days prior to commencement of construction. NO PRIMARY STRUCTURE MAY BE CONSTRUCTED BY THE OWNER OF A LOT UNLESS SAID OWNER HOLDS A VALID CONTRACTOR'S LICENSE APPLICABLE TO SUCH STRUCTURE.

C. Standards for Approval. Within thirty (30) days after receipt of all required information, the Committee shall notify in writing the owner of the Lot whether or not the requested improvements are approved. Unless a response is given by the Committee within thirty (30) days, the plan shall be deemed approved. The response of the Committee may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and

the thirty (30) day time for response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the construction shall be deemed approval by the owner of the Lot of the conditions imposed.

The Committee shall approve the plans as submitted, if all required information is submitted, and the following affirmative findings are made by the Committee:

(1) that the improvements sought to be constructed will not have negative economic impact on any other property within Cypress Landing;

(2) that all required specific building standards and other conditions contained within the Protective Covenants and other applicable legal documents have been met;

(3) that the improvements are architecturally compatible with proposed or constructed improvements on other properties within its Community;

(4) that the natural features of the Lot have been retained to the maximum extent feasible;

(5) that the improvements have been situated on the Lot within the suggested setbacks contained in paragraph 4(f) of these Protective Covenants, or location elsewhere furthers consistency with subparagraph (1), (2), (3) or (4) of this paragraph 5C; and

(6) that the impervious surface limitation coverage proposed on each Lot is consistent with the requirements of the Division of Environmental Management Coastal Stormwater Regulations.

The owner of each proposed Living Unit shall comply with the requirements of this Paragraph 5, whether or not such proposed Living Unit is to be constructed on a Lot, or on a multi-family development site. The developer of any development site proposed for construction of Living Units not to be conveyed by Lot shall further abide by the provisions of this paragraph 5, and shall submit the required information for the entire development site.

D. Right of Appeal. Any owner disagreeing with the finding of the Committee may appeal the decision to the Board of Directors of the Association by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial (or notice of imposition of conditions unacceptable to said owner). The Board of Directors of the Association shall then review the plans, giving the Chairman of the Committee the opportunity to present to the Board of Directors of the Association specific reasons why the plans were denied, in the

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presence of the owner or his agent, and the owner or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by unanimous vote of the Board of Directors of the Association.

E. Notices. All notices required to be given herein shall be given in writing, hand-delivered or mailed postage prepaid, return receipt requested, and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. One set of plans, denoted as approved (or approved with specified conditions) shall be retained by the Architectural Control Committee and the other shall be returned to the applicant.

F. Declarant's Reservation of Rights.

Notwithstanding any provision to the contrary contained within these Protective Covenants, Declarant reserves unto itself all rights and obligations assigned by these Protective Covenants to the Committee until the earlier of the following:

(1) Assignment of such responsibilities to the Association by written instrument, which instrument shall be recorded in the Office of the Register of Deeds of Beaufort County; or

(2) The Association membership meeting at which the majority of the Board of Directors of the Association are selected by vote of members of the Association.

6. ASSOCIATION.

A. Membership. The owner or owners of every Lot or Living Unit shall be a voting member of the Association. However, only one vote shall be allowed per Lot with Living Unit; to the extent that there is more than one owner of any one Lot or Living Unit, said owners shall determine among themselves, and designate, one voting member, which voting member shall cast the vote allocated. If the owners cannot agree among themselves, the Board of Directors of the Association shall determine and designate a voting member from among the owners. The Association shall be governed by a Board of Directors, selected in accordance with the By-Laws of the Association, and the Association shall operate and do business in accordance with the terms of its By-Laws. The Board of Directors of the Association shall select in accordance with the By-Laws the Committee.

B. Streets. Declarant shall construct all streets within each Community to standards specified by the State of North Carolina for residential streets. The State of North Carolina, in accordance with policies in effect at the time of the recordation of these Protective Covenants, accepts for maintenance purposes streets so constructed upon achievement of a State specified

density of construction along said street. Declarant shall maintain such streets to standards imposed by the State of North Carolina until the earlier of the following:

(1) Completion of its development obligations in Phase I as to streets in Phase I, and in Phase II as to streets in Phase II, which shall mean complete construction of all proposed streets and roads within each Phase, and completion of all Amenities required by these Protective Covenants to be constructed within such Phase; or

(2) Acceptance by the State of North Carolina of maintenance responsibilities for such street.

The Association shall have the responsibility of maintaining in good condition all streets within each Community, during the period, if any, between completion of Developer's street maintenance obligations and the assumption by the State of North Carolina of street maintenance obligations. The Association shall be obligated to accept conveyance of such streets upon tender of a deed therefore by Declarant, if said deed is tendered at a time allowed by these Protective Covenants, and if such tender is accompanied by a statement from an authorized representative of the Department of Transportation of the State of North Carolina which affirmatively indicates that the condition of the street and its right-of-way meet standards established by the State of North Carolina, assuming proper density of home construction; for the State to accept maintenance of such street and right-of-way.

C. Street Lighting. The Association shall further at all times maintain in good, working condition all street lights or area lights constructed within any Community and constructed for common benefit, to the extent such street lights or area lights are not owned and/or maintained by a public utility. The Association shall further have the responsibility of maintaining a sightly appearance along all street rights-of-way, utility easements adjacent thereto and pedestrian accessways.

D. Amenity Ownership and Maintenance. The Association shall have the responsibility of maintaining in good condition all Amenities when and if conveyed to the Association in accordance with the provisions of these Protective Covenants, and thereafter shall be responsible for adopting rules and regulations governing utilization of such Amenities (subject to the limitations contained herein). To the extent deeded to the Association, the Association shall be obligated to accept ownership of all Amenity areas designated on any recorded subdivision plat of any portion of Cypress Landing made subject to the terms and provisions of these Protective Covenants. As more fully described hereinafter, Declarant will convey to the Association the Landing, the Marina, the Tennis Courts, the Trailer Parking Facility and the Pedestrian Access System (by fee or easement). Declarant is not obligated to

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convey to the Association the Cypress Landing Golf Club or Cypress Landing Golf Club Equipment. The approximate location and size of all Amenity areas are designated on the Cypress Landing Master Development Plan dated July 15, 1993, prepared by Paton Zucchini & Associates, P.A., a copy of which is and will remain on file with Declarant in its Cypress Landing Sales Facility until development is complete, and which Master Development Plan may be examined at any reasonable time by the owner or any prospective owner of any Lot. Said plan may be updated and amended from time to time, with such updated version similarly being retained for examination.

E. Services and Assistance of the Association. To the extent necessary, the Association may employ personnel necessary to perform its obligations, or needed to benefit the owners of Lots and Living Units within Cypress Landing. The Association shall have the obligation to provide for itself and for the benefit of each owner all necessary professional services to promote the proper maintenance of all Amenities and to provide the smooth, proper and legal administration of the Association. These services may include services of an engineer, lawyer, accountant or other professional. The Association is specifically authorized to provide such other incidental services for the benefit of Cypress Landing and in the management of the Association as deemed reasonably necessary by the Board of Directors of the Association. The Association shall maintain common properties as warranted by Declarant in any amendment to these Protective Covenants or in any deed warranty.

The Association shall have the optional authority to provide any service it believes desirable, including, but not limited to cable television, waste collection or utility service. Such services may be provided by the Association directly, by a subsidiary owned by the Association or by contract with a third party. Assessments may be collected to pay for the provision of such services. Such services must be for the benefit of owners of Lots or Living Units.

F. Reserves. The Association need not maintain a capital reserve fund for street replacement because of the likelihood that the State of North Carolina will assume maintenance responsibilities for all streets at or soon after the time of relinquishment of such maintenance by Declarant. Reserve funds for Amenities need not be maintained until such time as an Amenity is constructed and conveyed to the Association. Following such construction and conveyance, the Association shall maintain reasonable reserves for replacement of depreciable tangible assets, including, but not limited to buildings, structures and parking areas. Reserves shall be maintained based on an estimation of the life of an asset, and may, at the discretion of the Board of Directors, be based on estimated replacement cost utilizing current values as of the date of the then budget year. The Board of Directors of the Association shall not be liable to any owner or to

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any third party for failure to maintain adequate reserves to the extent that said Board of Directors in good faith attempts to comply with the reserve obligations contained within these Protective Covenants, notwithstanding the fact that a significant expenditure is required in a greater amount or at an earlier date than had been reasonably anticipated. Declarant, at time of conveyance of Amenities to the Association, shall convey the Amenities in good and usable condition; such Amenities need not be "like new", however.

G. Dues and Assessments. In order to fund the Association's obligations, the owner of every Lot and Living Unit is obligated and bound, whether or not expressly stated in any instrument of conveyance, to pay to the Association the following:

- (1) annual charges or dues; and
- (2) special assessments.

All such assessments, charges, and dues, together with any interest thereon, shall be a charge on the land and Living Unit and shall be a continuing lien upon the property against which such assessments are made. Liens shall be perfected in the manner of a mechanic's or materialmen's lien under North Carolina General Statutes, and any lien for dues unpaid shall be filed within nine (9) months after the due date of the payment of such assessment. The due date shall be the first day of the fiscal year of the Association, as to annual dues; and the date established for payment of a special assessment, as more fully set out hereinafter. Any such lien may be enforced in the manner of a deed of trust with power of sale, as allowed by North Carolina General Statutes, through a foreclosure proceeding. This instrument shall be deemed to give to the President of the Association said power of sale.

Annual assessments shall be in an amount determined by a majority vote of the Directors of the Association. The initial annual assessment for an unimproved Lot shall be \$120.00 per Lot. This initial annual assessment is due and payable prior to the construction of most Amenities, and it is to be anticipated that the annual assessment will increase upon construction of improvements on the Amenities for the benefit of owners of Lots. The fiscal year of the Association shall be the calendar year; dues for the first year of the Association, prorated by date of closing, shall be payable to the Association by a Purchaser at closing. Declarant shall pay dues for all unsold Lots within each Community beginning on the first day of the month following the first conveyance of a Lot in said Community to a third party by Declarant. Beginning with January 1 of the year following issuance of a building permit for construction of a Living Unit on a Lot, the dues for each such Lot for which a building permit for construction of a Living Unit has been issued shall be twice the then determined assessment for each unimproved Lot. No amendment

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to these Protective Covenants, unless approved by Declarant and all owners of Lots within the Community, shall alter the ratio of dues paid by the owner of an unimproved Lot compared to the dues paid by an owner of an Improved Lot. The amendment to these Protective Covenants subjecting a development site to the provisions of these Protective Covenants shall specify the beginning date for dues payments per Living Unit if Lots for sale are not proposed therein. As more fully set out hereinbefore, Declarant may convey multiple Lots or unsubdivided sites to a builder or developer for the purpose of constructing Living Units thereon prior to sale to the ultimate users; to the extent such election is made by Declarant, the collection of dues for such Lots or properties, as more fully specified in the amendments subjecting such Lots or properties to the terms of these Protective Covenants, may delay the effective date for the payment of dues thereon until such time as Living Units constructed thereon are conveyed by the builder thereof to the proposed occupant thereof.

A special assessment may be levied from time to time by vote of a minimum of 70% of the total votes cast in any regular or special meeting, called in accordance with the By-Laws. A special assessment may be made for any purpose for which expenditures are allowed in accordance with this Declaration. The resolution approving a special assessment shall specify the date payable.

Notwithstanding any provisions of these Protective Covenants, including this Paragraph 6, the Board of Directors shall have authority to levy any special assessment if, in the sole discretion of said Directors, the assessment is reasonably required to protect properties impacted in case of an emergency, such as a storm. In such event, the Directors shall give written notice to the members so affected as promptly as possible after the determination of said assessment and the action shall be binding as though ratified by the requisite vote of the owners. By amendment to these Protective Covenants or by deed covenant, Declarant may require the owner of any Lot or Living Unit to pay to the Association as a special assessment sums to be utilized by the Association for the particular benefit of such owner, such as to maintain new lines over common property for the benefit of such owner.

7. ENFORCEMENT. These Protective Covenants, including any amendment hereto, may be enforced by any individual Lot or Living Unit owner; by the Association, upon approval by its Board of Directors; or by Declarant, as long as Declarant owns any property within Cypress Landing. Appropriate remedies shall include, but are not limited to, specific performance. In any action to enforce these Protective Covenants, including any action to collect assessments, either regular or special, or to foreclose upon any real property for non-payment of such assessment, all costs associated with said collection, including court costs and reasonable attorney's fees, shall be collected as an additional

assessment. In addition, interest at the rate of eighteen percent (18%) per annum shall be collected from the due date of any assessment, until the assessment is paid in full.

The State of North Carolina is given specific authority to enforce these covenants to the extent necessary to cause compliance with the impervious surface limitations imposed by the North Carolina Coastal Stormwater Regulations, or to enforce specific provisions of the Permit. The State of North Carolina is specifically granted authority to enforce these Protective Covenants for such purposes, the remedies available to the State of North Carolina to include, without limitation, the remedy of specific performance.

8. SETBACKS AND PEDESTRIAN EASEMENTS. All setback and building restriction areas, and allowable building areas, as shown on any recorded subdivision plat of any Community, shall be incorporated herein by reference. There shall be designated on one (1) or more recorded plats one (1) or more easements for the purpose of inclusion of such area within the Pedestrian Access System. Such easements are for the benefit of the Association and its members. To the extent that any such easement crosses the boundaries of any Lot, the owner of the Lot shall take ownership of said Lot subject to said easement, and the owner of such Lot shall construct no structure nor conduct any activity that reasonably impedes the free use of the Pedestrian Access System by those entitled to its use. The Association shall adopt rules and regulations governing use of such Pedestrian Access System and shall maintain such Pedestrian Access System in usable, clean and sanitary condition.

9. AMENDMENTS. These Protective Covenants shall continue in full force and effect until 12:00 noon on January 1, 2005, at which time they shall automatically extend for additional successive periods of ten (10) years, unless a document terminating or modifying these Protective Covenants is recorded prior to any renewal date in the office of the Register of Deeds of Beaufort County, which amendment shall require approval of sixty-seven percent (67%) of the Lots and Living Units subjected to these Protective Covenants (including any amendments hereto). No amendment shall be made which alters the rights granted by these Protective Covenants to non-Association members entitled to utilize the Marina or the Cypress Landing Golf Club. No amendment shall alter the rights or obligations of Declarant without Declarant's written consent. No amendment shall become effective until recorded in the Office of the Register of Deeds of Beaufort County.

10. BINDING EFFECT. All covenants, restrictions, reservations, easements and privileges contained herein shall run with the land and the grantee, by accepting any deed to any portion of such land subjected hereto, accepts the same subject to these Protective Covenants and its terms and conditions and agrees for

himself, his heirs, successors and assigns, to be fully bound by each and all of the terms and conditions of these Protective Covenants, jointly, separately, and severally.

11. RESERVATION OF RIGHTS. Declarant hereby reserves the right to utilize all streets and roads within each Community for purposes of ingress and egress to properties within Cypress Landing owned by it, or for purposes of providing access to other contiguous properties owned by it. This right shall be assignable by Declarant to successors in interest to it of properties described on Exhibit A. Any utility easements reserved as shown on any recorded plat (and all roadways shall be deemed for this purpose a utility easement) shall be available for utilization by Declarant, authorized utility companies (including the Town of Chocowinity), or by the owner of any Lot or Living Unit within Cypress Landing, for purposes of providing utility services or necessary drainage, but as to Lot or Living Unit owners, only upon approval of the Association given by its Board of Directors.

12. RESUBDIVISION. No resubdivision of any single Lot shall be allowed, if any resulting Lot will be smaller in size than any of the Lots resubdivided, prior to resubdivision, except that nothing contained herein shall prohibit the owner of a Lot from conveying by deed or easement a portion of a Lot to an adjoining Lot owner for the purpose of curing an encroachment or setback violation. Nothing contained herein shall prohibit conveyance of more than one Lot, or portions of contiguous Lots, as long as the resulting Lot or Lots are greater in size than those originally subdivided. The deed of conveyance of any such resubdivided or recombined Lots shall restrict the construction thereon to one Living Unit per resubdivided Lot, so that the maximum number of homes which can be constructed within each Community shall not increase. Upon the recombination of any Lots to reduce the total number of allowable building Lots within a Community, for purposes of membership in the Association and for purposes of the payment of dues and assessments, any recombined Lots shall be considered a single Lot upon recordation of a plat so showing in the office of the Register of Deeds of Beaufort County. Furthermore, should any Lot be determined by Declarant to be unbuildable, and should such Lot then be deeded to the Association as common area, or dedicated by Declarant as recreation or open space area for the benefit of the Association, all by document duly recorded in the office of the Register of Deeds of Beaufort County, there shall be no further dues owed from the date of such recordation; however, any dues prepaid shall not be reimbursed.

13. UTILITY EASEMENTS. There is hereby reserved for the benefit of the Association, the Town and the owner of each Lot and Living Unit a utility, drainage and maintenance easement running parallel to each street a width of 10 feet, and parallel to each side and rear Lot line a width of five feet, and adjacent to the Cypress Landing Golf Club property a width of ten feet. The Town

is further reserved an easement, as required by the Contract, over each and every Lot to allow access to, maintenance of or replacement of each component of the water and sewage disposal system servicing each Lot. Utilization of any easement by anyone other than the Lot owner across which such easement runs, the Town or a public utility shall be made only upon approval of the Board of Directors of the Association. There is further reserved for the benefit of Declarant and any assignee an easement ten feet in width adjacent to any golf course property. This easement may be utilized by the Declarant or by the owner of the Cypress Landing Golf Club for purposes of construction and maintenance on and of the golf course, and no improvements or plantings shall be made by the owner of any Lot within such easement area except normal grass or lawn.

14. MINOR AMENDMENT. Declarant, or its successors or assigns, shall be allowed to amend these Protective Covenants, notwithstanding any other provision contained herein, and without joinder of any other party, for the purpose of correcting any discovered error contained herein, clarifying any ambiguity contained herein, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of Cypress Landing, and the owners therein. This right may be exercised, and shall be effective, only upon the recordation of a "Corrected Declaration" in the office of the Register of Deeds of Beaufort County, which Corrected Declaration shall specifically reference this document, and the provision impacted.

15. RULES. The Board of Directors may from time to time establish rules for use of any property within Cypress Landing in order to protect the value of Lots, the aesthetic qualities of each Community and the tranquility of the owners. Said rules may include, but are not limited to, reasonable restrictions on pets, rental use of homes, and parking of cars, trailers, boats, campers and other vehicles on Lots and streets. All such rules shall be effective after written notice of adoption is mailed to the record owners of all Lots and Living Units as of the date of the adoption of such rule. All such rules shall be enforceable as though set out within these Protective Covenants.

16. GOLF COURSE. Each owner acknowledges that owning property adjacent or in close proximity to a golf course involves certain risks which may have an effect on the utilization or enjoyment of such Lot. Owner acknowledges that such risks may include (as examples and not as a limitation on the generality of such risks) golf balls being hit into a Lot, with the potential of causing bodily injury or physical damage to property, and further including golfers coming onto a Lot to look for errant golf balls. Owner hereby expressly assumes such risk and agrees that neither Declarant nor any other entity owning or managing the golf course shall be liable to any owner of any Lot or anyone claiming any loss or damage, including, without limitation, indirect, special or

consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise relating to the proximity of any Lot to the golf course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant or any other entity owning or managing the golf course. Each owner hereby agrees to indemnify and hold harmless Declarant or any other entity owning or managing the golf course against any and all claims by said owner and his guests, invitees or licensees with respect to the above. Nothing in this paragraph shall restrict or limit any power of Declarant or any other entity owning or managing the Cypress Landing Golf Club to change the design of the golf course, and such changes, if any, shall not nullify, restrict or impair the covenants and duties of the owner of any Lot contained herein.

Every Lot and development site is burdened with an easement permitting golf balls unintentionally to come upon the Lot or site and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of the Lot or site to retrieve errant golf balls; provided, however, if any Lot is fenced or walled as approved in accordance with this Declaration by the Association, the golfer shall seek the owner's or occupant's permission before entry. Declarant shall use its best efforts to have the entity managing or operating the Cypress Landing Golf Club conspicuously to denote all property on any Lot or building site as out of bounds. Every owner of every Lot or Living Unit, by acceptance of delivery of a deed, assumes all risks associated with errant golf balls, and each such owner agrees and covenants not to make any claim or institute any action whatsoever against Declarant, the golf course designer or operator or any other party relating to the design and utilization of the Cypress Landing Golf Club relating to any errant golf ball, any damages caused thereby, or for negligent design of the golf course or siting of the Lot or Living Unit.

Declarant agrees to record in the Office of the Register of Deeds of Beaufort County a restrictive covenant for the benefit of the Association and all of its members, which restrictive covenant shall, for a period of not less than ninety-nine (99) years from such recordation, limit the use of the Cypress Landing Golf Club property to use as a golf course and related or other recreational uses (such as swimming or tennis).

17. AMENITY UTILIZATION. By virtue of ownership of a Lot or Living Unit, its owner (and his guests, subject to rules and regulations of the Association) shall have the right, without payment of user fees, and as long as such owner is current on the payment of dues and assessments properly due and payable to the Association, to utilization, upon completion of construction, of the Pedestrian Access System, the Tennis Courts, the Trailer Parking Facility, The Landing (exclusive of those portions of the

Bay Club leased to the operator of the Marina) and each and every other park or common area conveyed by Declarant to the Association and shown on the recorded plat of any Community. THE OWNER OF EACH LOT OR LIVING UNIT, HOWEVER, SHALL HAVE NO DIRECT OWNERSHIP IN ANY OF SUCH AMENITIES; ACTUAL OWNERSHIP OF ALL OF THOSE DESIGNATED AMENITIES SHALL BE CONVEYED BY DECLARANT TO THE ASSOCIATION FOLLOWING COMPLETION OF CONSTRUCTION OF SUCH AMENITIES, AS SPECIFIED HEREINAFTER.

THE OWNER OF EACH LOT OR LIVING UNIT ACKNOWLEDGES THAT MEMBERSHIPS ENTITLING USE OF THE CYPRESS LANDING GOLF CLUB WILL BE OFFERED BY DECLARANT OR ITS SUCCESSOR IN OWNERSHIP, IN ACCORDANCE WITH SUCH TERMS AND CONDITIONS AS ESTABLISHED FROM TIME TO TIME IN THE SOLE DISCRETION OF THE OWNER OF SUCH FACILITIES. WHEN MEMBERSHIPS ARE MADE AVAILABLE, THE OWNER OF EACH LOT AND LIVING UNIT MAY APPLY FOR MEMBERSHIP ON THE TERMS MADE AVAILABLE BY THE OWNER OF SUCH FACILITIES. THE OWNER OF EACH LOT AND LIVING UNIT ACKNOWLEDGES THAT, BY PURCHASING OR PAYING FOR ANY PROPERTY, OR BY ACQUIRING MEMBERSHIP IN THE ASSOCIATION, SAID OWNER DOES NOT ACQUIRE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE ANY PORTION OF THE CYPRESS LANDING GOLF CLUB, NOR DOES SUCH OWNER ACQUIRE ANY OWNERSHIP OR MEMBERSHIP INTEREST IN THE CYPRESS LANDING GOLF CLUB. FURTHERMORE, THE ASSOCIATION HAS NO VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, OR ANY OWNERSHIP INTEREST IN THE CYPRESS LANDING GOLF CLUB.

FURTHERMORE, THE OWNER OF EACH LOT AND LIVING UNIT ACKNOWLEDGES THAT THE UTILIZATION OF THE MARINA WILL BE OFFERED BY DECLARANT OR ITS SUCCESSOR IN OWNERSHIP, IN ACCORDANCE WITH SUCH TERMS AND CONDITIONS AS ESTABLISHED FROM TIME TO TIME IN THE SOLE DISCRETION OF THE OWNER OF SUCH FACILITIES. WHEN BOATSLIPS WITHIN THE MARINA ARE MADE AVAILABLE FOR LEASE, EVERY OWNER MAY APPLY FOR UTILIZATION ON THE TERMS MADE AVAILABLE BY THE OWNER OF SUCH MARINA. THE OWNER OF EACH LOT AND LIVING UNIT ACKNOWLEDGES THAT, BY PURCHASING OR PAYING FOR A LOT OR LIVING UNIT, OR BY ACQUIRING MEMBERSHIP IN THE ASSOCIATION, SAID OWNER DOES NOT ACQUIRE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE FACILITIES, NOR DOES SUCH OWNER ACQUIRE ANY OWNERSHIP OR MEMBERSHIP INTEREST IN SUCH MARINA. FURTHERMORE, THE ASSOCIATION HAS NO VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, OR ANY OWNERSHIP INTEREST IN THE MARINA UNTIL SUCH TIME AS THEY ARE CONVEYED TO THE ASSOCIATION.

Notwithstanding these provisions, to the extent that the Cypress Landing Golf Club or the Marina are ultimately conveyed to or purchased by the Association, the Association shall be entitled to all rights reserved to Declarant or its successors and assigns herein, and the Association shall specifically have the right to require the payment of dues, fees or rentals for use of the Cypress Landing Golf Club and/or the Marina.

ownership or use of the Cypress Landing Golf Club and the Cypress Landing Golf Club Equipment, without any accounting thereof required to be given to any person or entity, including the owner of any Lot or Living Unit or the Association. Declarant shall also bear all expense associated with the construction, operation and maintenance of the Cypress Landing Golf Club. As long as Declarant owns the Cypress Landing Golf Club, no part of any dues or assessments paid to or collected by the Association shall be utilized for the construction, operation or maintenance of the Cypress Landing Golf Club.

Subject to the restrictions contained herein, Declarant shall have the right to sell or convey, upon terms and upon conditions satisfactory to itself, the ownership of the Cypress Landing Golf Club and the Cypress Landing Golf Club Equipment. All proceeds received from any such sale or conveyance shall be the sole property of Declarant, without claim thereto by the owner of any Lot, Living Unit or by the Association.

C. Association's Purchase Option. Subject to the limitations and in accordance with the terms contained herein, the Association is hereby granted the option to purchase the Cypress Landing Golf Club. Purchase of the Cypress Landing Golf Club shall only be made by the Association, however, upon satisfaction of all of the terms and preconditions contained herein. To the extent that the Association does not strictly comply with the terms and preconditions contained herein or does not elect to acquire title to the Cypress Landing Golf Club, neither the Association, nor any of its Members, shall have any claim relating in any way to the ownership, use or operation of the Cypress Landing Golf Club.

Declarant shall offer to sell the Cypress Landing Golf Club and the Cypress Landing Golf Club Equipment (to the extent owned by Declarant) for a purchase price of ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000.00), a minimum of twelve (12) months and a maximum of fifteen (15) months prior to the date established by Declarant for closing of such sale if the Association elects to purchase. Such notice shall be given no sooner than four (4) years following the opening of the Cypress Landing Golf Club for general play, and no later than nine (9) years following the opening of the Cypress Landing Golf Club for general play. Said notification shall specify the date proposed for closing (the "Closing Date"), and which notice shall further specify the assets to be conveyed. Said notification shall be given in writing, and shall be sent by US registered or certified mail, return receipt requested, addressed to all members of the Board of Directors of the Association not selected by Declarant. The Association shall, following compliance with the procedures and conditions contained herein, inform Declarant in writing whether it does or does not elect to purchase. Failure to comply with the procedures and conditions specified in these Protective Covenants shall be deemed

a waiver of the Association's right to purchase. All times specified within this paragraph 19 shall be of the essence.

D. Approval Procedure. As used hereinafter, the following definitions shall apply:

(1) "Association Member". A Member of the Cypress Landing Golf Club who is also a member of the Association; and

(2) "Electing Member". Every Member electing to remain a Member by committing to contribute to the purchase price of the Cypress Landing Golf Club, as well as, where appropriate, every person becoming a member of the Cypress Landing Golf Club following acquisition of the Cypress Landing Golf Club by the Association;

(3) "Member". Any person having membership privileges in the Cypress Landing Golf Club as granted by Declarant at the time Declarant gives notice of proposed sale to the Association;

(4) "Outside Member". A Member of the Cypress Landing Golf Club who is not a member of the Association;

(5) "Voting Member". A Member entitled to vote at the meeting of the Association wherein the initial determination as to whether or not to purchase the Cypress Landing Golf Club is determined;

(6) "Voting Retained Member". A Voting Member entitled to vote to reaffirm the decision to purchase the Cypress Landing Golf Club, if such a vote is required.

The Association, within thirty (30) days of receipt of Declarant's sale notice, shall provide a copy of the notice to every member of the Association, and to every Member of the Cypress Landing Golf Club. Declarant shall provide to the Association, with the notice of sale, a complete list of the names and addresses for all Members. The mailing to each Member made by the Association shall specify the procedures that must be followed as a prerequisite to the acquisition of ownership of the Cypress Landing Golf Club by the Association, and shall further specify the date for acquisition of such assets and the acquisition price. This notice shall specify that there will be a special meeting of the Association, which shall also include all Outside Members, on a date specified in such notice, which date shall not be less than three (3) months nor more than four (4) months following the mailing of such notice. This special meeting shall be called for the sole purpose of voting on whether or not the Association should purchase the Cypress Landing Golf Club on the terms specified hereinbefore. Only Members (including Outside Members) shall be

entitled to vote, but all members of the Association shall be entitled to attend and to participate in debate.

After discussion and debate, there shall be taken a written, secret ballot, upon procedures determined by the Board of Directors of the Association, as to whether or not the Association should purchase the Cypress Landing Golf Club. Subject to the limitations contained hereinafter, if a minimum of sixty percent (60%) of all Members (not just Members voting) vote affirmatively, the Association shall purchase the Cypress Landing Golf Club and the Cypress Landing Golf Club Equipment. If less than sixty percent (60%) of the Members vote to purchase the Cypress Landing Golf Club, the Association shall not purchase the properties and assets.

If the vote is affirmative, the Association shall mail, within ten (10) days following the special meeting, a notice to all Members stating that the Association has elected to purchase the Cypress Landing Golf Club and the Cypress Landing Golf Equipment. Said notice shall further state that any Member not wishing to participate in such purchase must, within fifteen (15) days following the date of the posting of such notice, give specific written notice (on a form enclosed with the notice) of said Voting Member's election to resign from the Cypress Landing Golf Club, effective as of the Closing Date. Failure of any Voting Member to give such notice within the time specified shall be conclusively deemed an election by the Voting Member to become an Electing Member.

Within ten (10) days following the expiration of the time allowed to each Voting Member to resign his membership, the Association shall tabulate the total number of resignations. If the total number of resignation is less than ten percent (10%) of the total number of Voting Members, the Association shall proceed to purchase the Cypress Landing Golf Club and the Cypress Landing Golf Equipment, on the terms specified herein, and the Association shall, within ten (10) days after such tabulation, give such notice of election to purchase to Declarant. If, however, ten percent (10%) or more of the Voting Members elect to resign, the Association shall give a further written notice to all Voting Retained Members, which notice shall specify the total number of Voting Retained Members, and which notice shall, by written ballot included with such notice, request that each Voting Retained Member vote whether or not to elect to have the Association proceed to purchase the Cypress Landing Golf Club. All Voting Retained Members shall be bound by the decision of the Voting Retained Members, so that, even if a Voting Retained Member votes not to proceed with the purchase, such Voting Retained Member shall be bound to become an Electing Member if the vote of all Voting Retained Members results in a decision to purchase the Cypress Landing Golf Club. An affirmative vote of eighty percent (80%) of the Voting Retained Members (not just those Voting Retained Members

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casting a vote) shall be acquired to reaffirm the obligation of the Association to purchase the Cypress Landing Golf Club. If such an affirmative vote is made, notice of election to purchase shall be given by the Association to Declarant within ten (10) days following the expiration of the period of time in which the votes from the Voting Retained Members are to be returned to the Association.

Should less than ten percent (10%) of the Voting Members resign within the time specified hereinbefore, all Voting Members not having elected to resign within the time specified shall automatically become Electing Members, and shall be obligated to contribute to the purchase of the Cypress Landing Golf Club and the Cypress Landing Golf Equipment as more fully specified herein.

An Electing Member may not resign his status as an Electing Member thereafter except in accordance with one of the following:

- (a) Assignment of his membership to a successor in interest to his Lot or Living Unit; or
- (b) If an Outside Member, transfer of his membership to a third party; or
- (c) The expiration of a period of five (5) years from date of transfer of the assets of the Cypress Landing Golf Club to the Association; or
- (d) Death (which shall act as a resignation unless a surviving spouse affirmatively elects to continue membership); or
- (e) At any time following a decision by the Association not to purchase the Cypress Landing Golf Club.

Following an affirmative vote of the Association to purchase the Cypress Landing Golf Club and Cypress Landing Golf Club Equipment, Declarant may continue to sell memberships in the Cypress Landing Golf Club through the Closing Date, and Declarant shall be entitled to retain all initiation fees paid to Declarant by any new member. However, Declarant shall require any such new member, in writing, to agree to contribute to the Association monies necessary (on the same basis as all other Members) for the purpose of acquiring title to the Cypress Landing Golf Club, and upon execution of such agreement, such new member shall for all purposes be considered an Electing Member. Declarant shall promptly give notice to the Association of the identity and address of such new member.

E. Membership Rights. The Association after purchase is specifically authorized to charge such dues and assessments to

Members as are necessary, after taking into consideration revenues received from ownership and operation of the Cypress Landing Golf Club, to pay for the operation and maintenance of the Cypress Landing Golf Club, and for the acquisition thereof. These charges may include periodic dues, which may be adjusted from time to time, membership dues, and may further include special assessments. All such dues and assessments shall be mandatory, and shall be collected as though an annual charge or a special assessment as set out in paragraph 6 of these Protective Covenants, as to Electing Association Members. Members having resigned, subject to availability of memberships, shall be given the opportunity by the Association to rejoin the Cypress Landing Golf Club for a limited time after the Closing Date as determined by the Cypress Landing Golf Club Committee, but dues payable by such members may be greater than dues payable by Electing Members, and privileges may be different, including the loss of voting rights.

Notwithstanding the acquisition of the Cypress Landing Golf Club by the Association, and subject to the provisions contained within this paragraph, every Outside Member shall be entitled to remain a Member of the Cypress Landing Golf Club. In order to remain a Member of the Cypress Landing Golf Club, each Outside Member shall be given the opportunity to execute a binding contractual agreement with the Association prior to acquisition of title to the Cypress Landing Golf Club by the Association. Such agreement, which must be executed ten (10) or more days prior to closing of acquisition of the Cypress Landing Golf Club, shall require the Outside Member so electing to pay said Member's pro-rated designated share of the purchase price of the Cypress Landing Golf Club, which amount (estimated if necessary) shall remain in escrow until date of Closing, at which time said sum shall be applied to the purchase price or, if the Association does not procure title to the assets, shall be refunded to such Member. Said Outside Member must also agree by contract to pay an amount equal to the dues and assessments charged specifically to the Electing Association Members for a minimum period of five (5) years following acquisition of the Cypress Landing Golf Club by the Association. To the extent that such Outside Member commits in writing to these requisites, the membership status of said Outside Member shall be protected so that the Association shall not in any way differentiate in access to the Cypress Landing Golf Club or by charges or assessments between Association Members and Outside Members. However, to the extent that such an Outside Member fails within the time specified by the Association to make the commitments required herein, the Association shall be entitled to terminate such membership, and no refund or repayment of monies previously paid shall be made by either Declarant or the Association to such Member.

F. Closing. To the extent that the Association is committed by such election to purchase the Cypress Landing Golf Club, closing shall occur on the date initially specified in the

notice given by Declarant to the Association, or upon such other mutually acceptable date.

The purchase price may be paid in three (3) equal, annual installments. Each Electing Member shall by written instrument given to the Association at least sixty (60) days prior to Closing elect to pay his share of the purchase price in cash (to be deposited in escrow with the Association at least ten (10) days prior to closing) or in three (3) equal annual installments. If installment payments are selected by an Electing Member, the first payment shall be due and payable at closing; the succeeding two (2) payments shall be due on the next two (2) anniversary dates thereafter. Interest at the rate of prevailing prime (as specified by the Wall Street Journal or other comparable national financial publication, if the Wall Street Journal is no longer publishing a prevailing rate) shall be paid to Declarant and charged to the installment paying Members. The prime lending rate shall be established as of a date thirty (30) days prior to closing, and shall not vary thereafter with changes in the rate of prime. Declarant shall retain a purchase money security interest and deed of trust in all of the assets conveyed until such time as the indebtedness is satisfied in full. The parties shall each pay their respective costs associated with conveyance of title as is commercially customary in a real estate transaction, except that Declarant shall pay for the cost of preparation of the purchase money promissory note, deed of trust and other security instruments required to perfect its security interest in the assets conveyed.

The purchase price, should the Association elect to purchase, shall be divided evenly among all Electing Members. The Association shall assess each of such Electing Members electing installment payments one-third (1/3) of said allocated cost, to be payable a minimum of ten (10) days prior to the date of closing, and shall further assess all of such Electing Members an additional one-third (1/3) of such purchase amount, such assessment to be due and payable a minimum of ten (10) days prior to the due date of each successive purchase payment. Such assessments shall include the required interest. All payments required to be made to Declarant shall be made by the Association; the Declarant shall have no obligation to collect any monies or sums from any individual Member. The collection of the purchase price shall be the sole obligation of the Association, and the Association shall be obligated to make such payment notwithstanding default by any Electing Member in any payment obligation to the Association.

G. Operations. Upon acquisition by the Association, all expenses associated with the operation, maintenance and upkeep of the Cypress Landing Golf Club shall be borne in equal shares by all Electing Members and all revenues associated with the operation of the Cypress Landing Golf Club shall inure to the benefit of said Electing Members and to offset the costs incurred in the ownership, maintenance and upkeep of the Cypress Landing Golf Club and Cypress

Landing Golf Club Equipment. However, and notwithstanding the above, to the extent that sufficient revenues are generated from Electing Member dues, Electing Member assessments and other revenues generated in the operation of the Cypress Landing Golf Club that exceed in amount expenditures necessary for the operation, upkeep and maintenance of the Cypress Landing Golf Club, and to the extent said revenues further exceed the need for reasonable reserves, all such excess receipts shall be refunded to Electing Members in equal shares until all previous assessments against Electing Members only have been repaid. It is the intent of this provision that all of the benefits and liabilities directly associated with the ownership and operation of the Cypress Landing Golf Club enure to its Electing Members, and not to the Association as a whole, notwithstanding the fact that the Association and its members will accrue benefits by virtue of preservation of property values due to the maintenance and upkeep in good fashion of the Cypress Landing Golf Club, until such time as all payments (including acquisition price but excluding dues) made by Electing Members have been repaid, and the dues for Members in the Cypress Landing Golf Club are zero.

All membership dues and other charges and assessments, as well as all budgetary and management decisions relating to the Cypress Landing Golf Club, shall be determined by a Cypress Landing Golf Club Committee on behalf of the Association, which Committee shall consist of five (5) members. So long as there are a minimum of ten (10) Outside Members, said Outside Members shall select one (1) member of the committee. The Association Members shall, by vote of the Association Members, select three (3) Members of the Committee (or four (4) members if there are not ten (10) Outside Members), and the Association Board of Directors shall appoint one (1) member of said Committee, which member may be an Association Member or any other member of the Association. Such Committee shall provide in a timely fashion to the Association the amount of all dues and assessments to be charged to Electing Members, and the Association shall use due diligence and all of its legal powers to collect such dues and assessments so imposed. All funds related to the Cypress Landing Golf Club shall be maintained in a designated and separate banking account or accounts of the Association. It is the intent of this provision that all decisions relating to the operation, maintenance and upkeep of the Cypress Landing Golf Club, including the imposition of dues, fees and charges, and the expenditure of funds, be determined by the Cypress Landing Golf Club Committee, not by the Board of Directors of the Association, except that no decision to limit play to Electing Members (including Outside Members) and their guests shall be made without a majority affirmative vote of all Electing Members of the Cypress Landing Golf Club.

Subject to the limitations specified within this paragraph, the Association, if it elects to purchase the Cypress Landing Golf Club, may elect to allow non-Member greens fee access

play, or may elect not to do so. Notwithstanding this decision, however, all Outside Members contributing funds to the procurement of ownership shall be retained as Outside Members, as more fully set out hereinbefore, as long as such Outside Members continue to pay dues and assessments as required. The Association, upon recommendation of the Committee, may elect to admit other new Outside Members as it in its sole discretion so determines, upon terms and conditions it determines in its sole discretion, except that Outside Members at time of acquisition of the Cypress Landing Golf Club shall be entitled to transfer their membership on terms satisfactory to said Outside Member. However, at no time, whether before conveyance to the Association or during a period of ownership by the Association of the Cypress Landing Golf Club, shall the total number of Members exceed five hundred (500), and of that amount, no more than one hundred (100) members shall be Outside Members. Any conveyance by Declarant, whether to the Association or to a third party, shall be made subject to any then existing "linkage" program whereby Electing Members may have reciprocal rights to other golf courses developed by Declarant.

H. Third Party Sale. To the extent that the Association does not elect to purchase the Cypress Landing Golf Club, Declarant shall be entitled to convey the Cypress Landing Golf Club to any third party for a price equal to or greater than the price offered to the Association, at any time thereafter. The only obligation of Declarant shall be to require in any contract of sale to a third party that all Electing Members at time of such sale be allowed to continue membership following such sale without payment of additional initiation or membership fees. Furthermore, said contract of sale shall require that dues and cart fees charged to Electing Members at time of such sale shall not increase more than ten percent (10%) in any one (1) year for the first five (5) years following such conveyance.

20. OPERATION AND OWNERSHIP OF THE LANDING AND THE MARINA.

A. Construction and Lease. Declarant shall construct, at its own expense, a Marina to include no more than three hundred two (302) boat slips and necessary piling and decking to allow access to each slip and access from each slip to The Landing. Declarant shall also construct at The Landing, at its own expense, the Bay Club with appurtenant structures and with a swimming pool. Declarant shall execute a lease with the Association, on terms mutually satisfactory, whereby Declarant shall lease from the Association a certain portion of the Bay Club, and certain of the designated parking (either exclusively or non-exclusively) for use by those entitled to utilize the Marina. Declarant shall, during its period of ownership of the Marina, pay rental to the Association for the use of the Bay Club and parking, which rental shall be in the amount of THREE HUNDRED DOLLARS (\$300.00) per month. Declarant shall pay the utility expenses for

the portion of the Bay Club leased by it; the Association shall pay all other expenses associated with the Leased Premises except any cost associated with the interior upfitting and interior maintenance of such leased space. Declarant shall retain ownership of the Marina until conveyed to the Association in accordance with the provisions contained within this paragraph 20.

B. Operation by Declarant. During the time it retains ownership of the Marina, Declarant shall be entitled, without claim by the owner of any Lot or Living Unit or the Association, to retain all rental fees, charges, user fees, assessments, proceeds from food sales, proceeds from merchandise sales and any and all other revenues relating to the utilization of that portion of the Bay Club leased by Declarant and the utilization of boat slips, without any accounting thereof required to be given to any person or entity, including the owner of any Lot or Living Unit or the Association. Declarant shall also bear all expense associated with the construction, operation and maintenance of the Marina and all of the interior of the Bay Club leased by Declarant from the Association. As long as Declarant controls the Marina, no part of any dues or assessments paid to or collected by the Association shall be utilized for the construction, operation or maintenance of the Marina.

It is the intent of Declarant to rent the utilization of Marina on a short term basis to members of the Association, their guests and invitees, and third parties unrelated to the Association or members thereof. It is also the intent of Declarant to enter into long term (up to ninety-nine (99) years) leases for utilization of boat slips within the Marina with any or all of such parties. All proceeds received from any such rentals or leases shall be the sole property of Declarant, without claim thereto by the owner of any Lot or Living Unit or by the Association.

C. Conveyance to Association. Notwithstanding the above, Declarant shall convey the Marina and its leasehold interest in a portion of the Bay Club to the Association, without payment therefore, on a date designated by Declarant, which date shall not be prior to January 1, 1998, nor later than December 31, 2005 (except that all upland portions of The Landing may be conveyed any time after construction). The Association shall be obligated to accept the conveyance when tendered. Such conveyance shall be subject to all rental and lease agreements executed prior to the date of such conveyance by Declarant, and the Association shall abide by and honor all such instruments. Furthermore, the Association shall be entitled to no payment for any portion of any rental or lease term unexpired, all such payments being retained by Declarant as compensation for the conveyance required herein. Declarant shall furthermore convey to the Association all rights, if any, retained by Declarant to construct additional improvements within the Marina as allowed by the Permit. To the extent such right is conveyed, the Association may or may not elect to

construct additional improvements; any such construction shall be at the sole cost and expense of the Association. All boat slips rented or leased (or otherwise utilized to produce revenues) by the Association after its acquisition of the Marina shall generate funds which are the sole property of the Association, all of such receipts being maintained in a separate, designated marina account, which account shall be utilized, except as specified hereinafter, for the sole purpose of the maintenance and upkeep of, first, the Marina, then, to the extent of excess receipts, for the maintenance and upkeep (including reserves) of any and all other Amenities owned by the Association. Notwithstanding this provision, no such proceeds shall be utilized for the upkeep, operation or maintenance of the Cypress Landing Golf Club.

D. Memberships. There shall be designated a special category of membership of Association members, all Association members who have elected at time of Marina conveyance to the Association, for a period extending one (1) year or more from said date, to lease utilization of a boat slip at the Marina. At time of conveyance of the Marina to the Association, Declarant shall give to the Association the name and address of each such member, as well as the name and address of all other parties holding a rental or leasehold interest in one (1) or more boat slips (accompanied by a copy of the written instrument setting out the respective rights and obligations of such parties). All members of the Association qualifying for membership in such category shall hereinafter be deemed "Marina Association Members".

The Association, through the Marina Committee (as hereinafter described) shall establish a dues schedule whereby each Marina Association Member shall pay dues to the Association on a periodic basis, based upon the size of boat allowed to utilize a particular leased boat slip within the Marina. Furthermore, special assessments shall be allowed to be charged by the Association, upon request of the Marina Committee, from time to time, to allow the proper maintenance and upkeep of the Marina. All such dues and assessments shall be mandatory, and shall be collected as though an annual charge or a special assessment as set in paragraph 6 of these Protective Covenants.

The Association, upon request of the Marina Committee, shall further establish fees and costs which shall be charged to all others utilizing the Marina, and shall further establish dues and charges for those wishing to lease on a long or short term basis use of the Marina. Such fees and charges shall specifically allow a property owner within Cypress Landing, subject to availability, to procure on a long term lease basis the right to utilize a boat slip within the Marina. To the extent that such an owner makes such payments or charges necessary to procure such right, as used herein such user shall be considered a Marina Association Member.

Notwithstanding these provisions, the Association may not differentiate in charges to or utilization privileges between Marina Association Members and those holding long term leasehold interest in a boat slip, which interest was created prior to the conveyance of the Marina to the Association by Declarant. Furthermore, all such contracts or leases in existence at time of conveyance may be freely assigned by the holder thereof.

E. Operation By Association. Upon acquisition of the Marina, all expenses associated with the operation, maintenance and upkeep of the Marina shall be borne by all members of the Marina (both Marina Association Members and members not property owners), in proportion to boat slip size utilized, and all revenues associated with the operation of the Marina shall ensure to the benefit of Marina Association Members and be utilized to offset the costs incurred in the ownership, maintenance and upkeep of the Marina, subject to the provisions hereinbefore set out.

All membership dues and other charges and assessments, as well as all budgetary and management decisions relating to the Marina reserved primarily to Marina users, shall be determined by a Marina Committee on behalf of the Association, which committee shall consist of five (5) members. As long as there are a minimum of ten (10) non-resident Marina users entitled to utilization of a boat slip in accordance with a long term lease [lease extending at least an additional one (1) year from date of transfer to the Association], said members shall select one (1) member of the committee. The Marina Association Members shall, by vote of the Marina Association Members, select three (3) members of the committee [or four (4) members if there are not ten (10) non-property owner leaseholders as above-stated], and the Association Board of Directors shall appoint one (1) member of said committee, which member may be a Marina Association Member or any other member of the Association. Such committee shall provide in a timely fashion to the Association the amount of all dues and assessments to be charged to members utilizing Marina, and the Association shall use due diligence and all of its legal powers to collect such dues and assessments so imposed. All funds related to the Marina shall be maintained in a designated and separate banking account or accounts of the Association, until disbursed in accordance with the provisions contained herein and other operating procedures as may be adopted from time to time. It is the intent of this provision that all decisions relating to the operation and maintenance of the Marina and any facilities of the Bay Club leased by the Marina owner, including adoption of budgets and establishment of fees and dues, be determined by the Marina Committee, and enforced by the Association.

21. **REVOCATION.** The Declaration of Covenants, Conditions and Restrictions for Cypress Landing Development recorded in Deed Book 983, Page 471, Beaufort County Registry, are incorporated within these Protective Covenants, and thus are hereby

EXHIBIT A

The following is a description of the tracts of land recorded in Deed Book 906, Page 460, Deed Book 907, Page 205, , Deed Book 889, Page 297, Deed Book 889, Page 302, Deed Book 889, Page 306, Deed Book 889, Page 310, Deed Book 895, Page 328, Deed Book 884, Page 688, Deed Book 932, Page 54, Deed Book 943, Page 571, Beaufort County Registry, and depicted on a survey prepared by Rivers and Associates, entitled "Property of Weyerhaeuser Real Estate Company" dated November 16, 1987, and a survey by McKim and Creed Engineers, entitled "A Boundary Survey of the Eva Deed Walton 25 Acre Tr.", dated November 25, 1997.

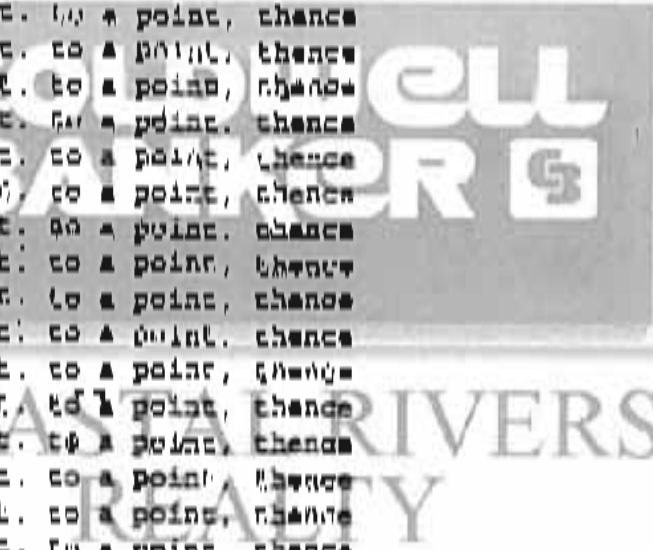
This tract of land is the same tract of land that is currently being developed by Weyerhaeuser Real Estate Company as Cypress Landing Subdivision.

The point of beginning is an iron spike located in the approximate center of N.C.S.R. 1123. This point having a grid coordinate of North 641,807.17, East 2,576,904.79, as defined by the North Carolina Grid System and rotated and adjusted to the North American Datum for 1983.

From the point of beginning the boundary line leaves N.C.S.R. 1123 and goes

N15 51'48"E	139.66 ft.	to a point, thence
N13 00'21"W	738.40 ft.	to a point, thence
N3 13'37"W	382.63 ft.	to a point, thence
N79 37'44"E	853.70 ft.	to a point, thence
N10 49'51"W	436.15 ft.	to a point, thence
S79 37'44"W	813.12 ft.	to a point, thence
N6 50'34"W	706.53 ft.	to a point, thence
N80 36'33"E	402.55 ft.	to a point, thence
N9 11'15"W	466.62 ft.	to a point, thence
N19 03'37"E	132.00 ft.	to a point, thence
N9 05'48"W	806.00 ft.	to a point on Chocowinity Bay, thence
along Chocowinity Bay		
S64 01'13"E	66.04 ft.	to a point, thence
S73 19'06"E	212.33 ft.	to a point, thence
N48 29'45"E	172.43 ft.	to a point, thence
N22 42'24"E	73.90 ft.	to a point, thence
N57 02'03"E	88.79 ft.	to a point, thence
N43 12'14"E	148.09 ft.	to a point, thence
N77 23'40"E	190.04 ft.	to a point, thence

581	18'00"E	137.15	ft. to a point, thence
587	35'00"E	309.88	ft. to a point, thence
N69	42'46"E	203.77	ft. to a point, thence
N83	11'04"E	268.88	ft. to a point, thence
S40	12'23"W	46.24	ft. to a point, thence
S13	04'11"E	173.97	ft. to a point, thence
S21	21'44"E	448.48	ft. to a point, thence
S36	46'18"W	213.74	ft. to a point, thence
S52	04'06"E	89.08	ft. to a point, thence
S44	71'50"E	184.81	ft. to a point, thence
S59	18'01"E	281.02	ft. to a point, thence
S26	59'20"E	72.67	ft. to a point, thence
S78	34'13"W	81.19	ft. to a point, thence
S44	47'11"W	80.26	ft. to a point, thence
S46	17'01"E	65.73	ft. to a point, thence
S83	10'54"E	140.38	ft. to a point, thence
S18	07'17"E	213.81	ft. to a point, thence
S0	44'51"W	85.76	ft. to a point, thence
S78	57'17"W	119.33	ft. to a point, thence
S18	40'33"E	173.18	ft. to a point, thence
S15	20'26"E	187.37	ft. to a point, thence
S18	38'54"E	183.62	ft. to a point, thence
S60	02'21"E	238.64	ft. to a point, thence
S56	28'18"E	101.12	ft. to a point, thence
S78	48'17"E	238.72	ft. to a point, thence
S58	51'44"E	354.64	ft. to a point, thence
N87	32'39"E	131.10	ft. to a point, thence
N84	47'38"E	277.11	ft. to a point, thence
S71	52'28"E	343.86	ft. to a point, thence
N60	52'59"E	190.36	ft. to a point, thence
S3	55'26"W	42.14	ft. to a point, thence
S17	50'08"E	104.60	ft. to a point, thence
S22	52'03"E	310.11	ft. to a point, thence
S80	27'21"E	191.41	ft. to a point, thence
S72	04'09"E	108.84	ft. to a point, thence
S49	27'18"E	140.08	ft. to a point, thence
S2	26'48"W	79.79	ft. to a point, thence
S29	17'27"E	818.47	ft. to a point, thence
S37	29'09"E	188.97	ft. to a point, thence
S8	48'46"E	282.81	ft. to a point, thence
S18	32'24"W	144.81	ft. to a point, thence
S50	10'27"W	134.46	ft. to a point, thence



N53 43'58"W	120.38 ft.	to a point, thence
S78 06'57"W	94.66 ft.	to a point, thence
S75 47'54"W	51.74 ft.	to a point, thence
S86 09'38"W	83.13 ft.	to a point, thence
N50 26'02"W	74.07 ft.	to a point, thence
S33 53'06"W	93.31 ft.	to a point, thence
S65 16'12"E	108.89 ft.	to a point, thence
N82 43'56"E	160.98 ft.	to a point, thence
S45 18'11"E	64.04 ft.	to a point, thence
S29 05'10"E	99.75 ft.	to a point, thence
S70 27'08"E	88.06 ft.	to a point, thence
N58 43'27"E	199.64 ft.	to a point, thence
N86 51'08"E	439.77 ft.	to a point, thence
N83 22'00"E	207.23 ft.	to a point, thence
N42 09'38"E	154.80 ft.	to a point, thence
S64 57'32"E	101.25 ft.	to a point, thence
S0 25'32"E	140.90 ft.	to a point, thence
S50 42'29"E	432.69 ft.	to a point, thence
S10 59'20"W	319.30 ft.	to a point, thence
S45 02'06"E	203.33 ft.	to a point, thence
S47 05'19"E	398.82 ft.	to a point, thence
S29 43'25"E	153.54 ft.	to a point, thence
S2 15'47"E	400.15 ft.	to a point at the mouth of Rice Patch Creek, thence up Rice Patch Creek
S25 45'13"W	116.74 ft.	to a point, thence
S52 51'55"W	132.96 ft.	to a point, thence
S60 21'44"W	355.98 ft.	to a point, thence
S56 05'19"W	426.48 ft.	to a point, thence
S14 53'02"W	81.02 ft.	to a point, thence
S4 24'09"E	106.02 ft.	to a point, thence
S32 30'24"W	68.16 ft.	to a point, thence
S47 29'06"W	70.43 ft.	to a point, thence
S51 06'45"W	110.92 ft.	to a point, thence
S28 21'11"W	116.68 ft.	to a point, thence
S69 45'49"E	12.00 ft.	to a point, thence
S15 17'30"W	74.34 ft.	to a point, thence
S42 57'25"W	25.06 ft.	to a point, thence
S72 08'07"W	61.01 ft.	to a point, thence
S80 26'22"W	104.91 ft.	to a point, thence
S51 14'09"W	50.26 ft.	to a point, thence
N71 37'42"W	86.30 ft.	to a point, thence
S78 09'51"W	45.55 ft.	to a point, thence

S49 02'05"W 61.41 ft. to a point, thence
 N52 58'36"W 56.45 ft. to a point, thence
 N78 46'50"W 59.59 ft. to a point, thence
 N43 28'28"W 71.75 ft. to a point, thence
 N38 55'25"W 6.75 ft. to a point, thence
 S83 12'04"W 59.13 ft. to a point, thence
 S44 49'31"W 15.26 ft. to a point, thence
 S29 06'20"W 105.50 ft. to a point, thence
 S78 36'04"W 61.03 ft. to a point, thence
 N75 31'38"W 47.39 ft. to a point, thence
 S86 37'04"W 61.73 ft. to a point, thence
 N40 42'26"W 65.60 ft. to a point, thence
 N40 48'43"W 77.34 ft. to a point, thence
 N74 52'25"W 71.56 ft. to a point, thence
 S64 20'10"W 101.67 ft. to a point, thence
 S84 02'19"W 30.00 ft. to a point, thence
 N40 14'16"W 70.29 ft. to a point, thence
 N81 48'13"W 43.70 ft. to a point, thence
 N77 01'13"W 148.52 ft. to a point, thence
 N86 05'57"W 93.09 ft. to a point, thence
 S16 09'04"W 68.44 ft. to a point, thence
 S82 26'09"W 65.64 ft. to a point, thence
 N81 28'59"W 166.51 ft. to a point at the mouth of School
 House Branch, thence up School House Branch
 S59 20'52"W 109.95 ft. to a point, thence
 S27 06'32"W 122.00 ft. to a point, thence
 S62 31'33"W 128.69 ft. to a point, thence
 S69 56'36"W 125.41 ft. to a point, thence
 S43 49'14"W 166.24 ft. to a point, thence
 S86 40'50"W 83.64 ft. to a point, thence
 S55 12'26"W 186.87 ft. to a point, thence
 S26 40'16"E 71.87 ft. to a point, thence
 S18 23'04"W 61.88 ft. to a point, thence
 S43 15'08"W 22.27 ft. to a point, thence
 S43 15'08"W 30.03 ft. to a point in the approximate center
 of N.C.S.R. 1123, thence along the center of N.C.S.R. 1123
 N44 13'37"W 1332.50 ft. to a point in the approximate center
 of N.C.S.R. 1123, thence leaving N.C.S.R. 1123
 S54 27'25"W 35.53 ft. to a point, thence
 S24 37'07"W 652.28 ft. to a point, thence
 S24 36'52"W 1207.58 ft. to a point on the northern right of
 way of Norfolk and Southern Railroad right of way, thence

BNDY.TXT

Along the northern right of way of the Norfolk and Southern
right of way 500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence leaving the
Norfolk and Southern right of way
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to a point, thence
500 40' 00" 1000. 10' 00" to the point of beginning
containing 500.00 acres.



COASTAL RIVERS
REALTY

terminated and withdrawn as to the property submitted to the provisions of these Protective Covenants.

22. BY-LAWS. The By-Laws of the Association, a copy of which are attached hereto, are hereby expressly made a part of the organizational documents of the Association.

23. INCIDENTAL STRUCTURES. Nothing contained herein shall prohibit in any way the construction of incidental structures relating to Golf Course facilities or recreational uses of the Amenities or of any other areas conveyed to the Association for the common benefit.

IN WITNESS WHEREOF, the undersigned have executed this instrument under authority duly given as of the day and year first above written.



WEERMAUSER REAL ESTATE COMPANY

BY:

Assistant Vice President

ATTEST:

Wanda M. Ray
Assistant Secretary

(Corporate Seal)

COASTAL RIVERS REALTY

STATE OF NORTH CAROLINA

COUNTY OF ~~BEAUFORT~~ Craven

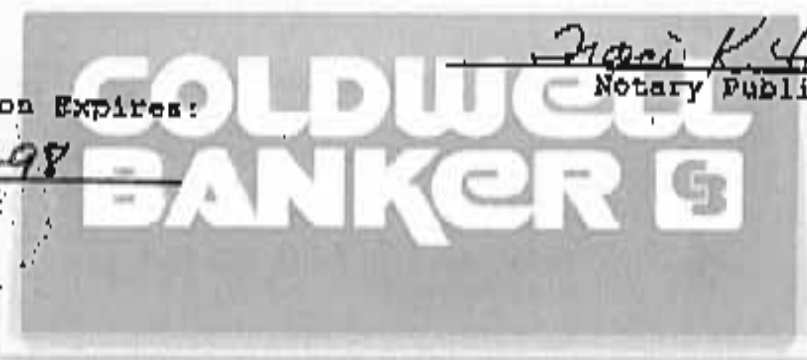
I, Traci K. Halton, a Notary Public, certify that Alan W. Backley personally came before me this day and acknowledged that he/she is Assistant Secretary of WEYERHAEUSER REAL ESTATE COMPANY, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by John M. Doughty, its Assistant Vice President, sealed with its corporate seal, and attested by himself/herself as its Assistant Secretary.

WITNESS my hand and official seal, this 17th day of March, 1994.

Traci K. Halton
Notary Public

My Commission Expires:

3-31-98



COASTAL RIVERS REALTY

Traci K. Halton

North Carolina
Beaufort County

The foregoing Certificate of

Notary Public/Notaries Public is/are certified to be correct this instrument was presented for registration and recording in this office at Book 997, Page 272.
This 17th day of March, 1994 at 4:45 o'clock P.M.

Kirk W. Mizelle
Register of Deeds

By Wesley H. Montgomery
Deputy Register of Deeds

BY-LAWS
OF
CYPRESS LANDING HOMEOWNERS ASSOCIATION, INC.

ARTICLE I: ASSOCIATION MEMBERS; MEETINGS

Section 1. Members and Voting Rights. Each owner of a numbered subdivision lot described in the Restrictive Covenants Cypress Landing Community, as recorded in Book 998, Page 1, Beaufort County Registry, as the same may be amended from time to time to include additional properties (the "Covenants"), shall be a member of the Association. The membership of the Association shall consist of all of the owners of such numbered lots. Each owner shall be entitled to one vote for each lot (hereinafter referred to as the "Lot") owned by him, but there shall be only one vote allowed per Lot. There shall be one person with respect to each Lot who shall be entitled to vote at any meeting of the Association. Such person shall be known as the "voting member." The voting member shall be selected by agreement of the owners of the affected Lot, or by the Association if no agreement is reached among the owners of the individual Lot. To the extent that Living Units under the North Carolina Condominium Act are subjected to the Covenants, the owner of each Living Unit shall be considered, for purposes of voting and payment of assessments, the owner of a Lot.

Section 2. Transfer of Membership. The Association shall not issue stock. Membership in the Association may be transferred only as an incident to the transfer of title to a Lot as and in the manner provided for by the Covenants and these By-Laws, and, upon compliance with all of the terms thereof, transfer of membership shall become effective if made in accordance with the foregoing, upon the recordation of a deed of conveyance to the said Lot, or upon the passing of legal ownership if transfer of ownership is accomplished other than by deed of conveyance.

Section 3. Annual Meeting. The first annual meeting of the Lot owners shall be held on the third Saturday in the month of September of 1994, or at such other date prior to December 31, 1994, as established by Declarant (as defined in the Covenants). An annual meeting shall be held each year thereafter, on a date established by the Board of Directors. Should no contrary date be established, and notification given, the annual meeting shall be on the third Saturday of the month of September of each year. The location of the meeting shall be at a designated location within the Cypress Landing development unless the Association shall specify a different location in writing to the Lot owners. Voting by proxy shall be allowed. A quorum for any Association member meeting, regular or special, shall be twenty-five percent (25%) of the Lots whether the same shall be present in person or by proxy.

Section 4. Special Meeting. A special meeting of the Lot owners may be called at any time by the President or by a

majority of the Board of Directors, and shall be held at such place as is designated by the President or a majority of the Board of Directors, and stated in a written notice. No special meeting shall be called unless the Secretary of the Association shall have mailed to or served upon all of the Lot owners written notice of the said meeting at least twenty (20) days prior to the date of the meeting. All notices shall be mailed to or served at the address of each Lot owner as it appears on the books of the Association.

ARTICLE II - DIRECTORS

Section 1. Directors. The initial number of directors of the Association shall be three (3). The number of directors of the Association shall increase to five (5) as of the first annual meeting following the conveyance of the one hundredth (100th) Lot within Cypress Landing; the number of directors shall increase to seven (7) as of the first annual meeting following the conveyance of three hundred (300) Lots within Cypress Landing. With the exception of any directors selected by Declarant as more fully set out in Section 2 of this Article II, no more than one (1) director shall be selected from any one (1) Community (as defined in the Covenants), unless there are at time of any election fewer Communities than there are directors selected by the members of the Association, in which case each Community shall have selected therefrom a minimum of one (1) director. Furthermore, at such time as the membership selects three (3) or more directors, at least one (1) director shall be a member of the golf club, and at least one (1) director shall be a lessee for a period of at least fifty (50) years of a boat slip in the Marina.

Section 2. Selection. The directors named in the charter of this Association shall serve until the first annual meeting of the Association.

Beginning with the first annual meeting of the Association, all directors, except directors designated by Declarant, shall be selected by vote of all Lot owners. Cumulative voting shall not be allowed. All directors designated by Declarant shall be designated for a one (1) year term; all other directors selected by election shall be elected for two (2) year terms. Prior to the first annual meeting, Declarant, acting as a nominating committee, shall nominate from among Lot owners other than Declarant an equal number of candidates as there are directors to be elected; each year thereafter, a nominating committee selected by the Board of Directors of the Association shall nominate an equal number of candidates as there are directors to be elected. A list of nominees of the nomination committee shall be circulated to the owners with the notice of annual meeting. Each such nominee must have consented to stand for election. Additional nominations from the floor will be accepted prior to the election; however, no nomination from the floor will be accepted, unless the nominee is

in attendance personally at the meeting, or has given in advance of the meeting written agreement to serve if elected.

At the first annual meeting of the Association, Declarant shall select all but one (1) director, and the Lot owners (exclusive of Declarant) shall select one (1) director. Declarant shall continue to select all but one (1) director, and the members, exclusive of Declarant, elect one (1) director, until the earlier to occur of the following:

1. The 1996 annual meeting; or
2. The first annual meeting at which the number of directors increases to five (5).

At such time, and until such time as the number of directors increases to seven (7), Declarant shall select three (3) directors, and the members, exclusive of Declarant, shall elect two (2) directors.

At such time as the total number of directors increases to seven (7), Declarant shall select four (4) directors, and the members (exclusive of Declarant) shall select three (3) directors. This selection process and election shall continue until such time as seven hundred (700) Lots have been conveyed by Declarant to third parties. At the first annual meeting thereafter, Declarant shall select three (3) directors, and the members shall elect four (4) directors. At each annual meeting following conveyance of additional fifty (50) Lot increments, the number of directors selected by Declarant shall decrease by one (1), and the number of directors elected by the members shall increase by one (1). Notwithstanding any other provision contained herein, the members shall select all but one (1) Director beginning with the annual meeting held in 2008; the members shall begin selecting all Directors at such time as Declarant is actively offering for sale within Cypress Landing no lots owned by Declarant. Should Declarant, by written statement delivered to the Association and recorded in the Office of the Register of Deeds of Beaufort County, elect to limit the total number of combined Lots and Living Units within Cypress Landing to a number less than nine hundred (900), which reduced number shall be so specified in such notice, then and in that event the time at which four (4) directors are elected by the membership, as specified above, shall be accelerated. In such event, and instead of such election being made at the first annual meeting following the conveyance of seven hundred (700) Lots, such election shall be made at the first annual meeting following conveyance of a number of Lots equal to seven hundred (700) less the difference between nine hundred (900) and the newly determined maximum number of Lots. As an example, if the maximum number of Lots is established as seven hundred (700) instead of nine hundred (900), the membership shall elect four (4) directors at the first annual meeting following the conveyance of five hundred (500) Lots.

Declarant may reduce the maximum number of Lots by recordation of more than one statement at different times. As used herein, any successor in development rights to Declarant, assigned such rights by Declarant, shall be considered Declarant for all purposes.

Declarant shall not cast votes for directors not selected by Declarant as long as Declarant is entitled to select a majority of the directors; however, Declarant shall be entitled to cast one (1) vote for each Lot owned by Declarant in any election after Declarant is not entitled to select a majority of the directors. Declarant shall not, however, cast any vote for a shareholder or employee of Declarant.

Notwithstanding any other provision contained herein, the membership shall elect all Directors at any time following the recordation in the office of the Register of Deeds of Beaufort County of a statement properly executed by Declarant transferring this right to the members and to the Association.

All directors elected by the Association membership shall be owners of Lots. Directors selected by Declarant need not be owners of Lots within Cypress Landing. Directors may be re-elected.

Section 3. Removal and Vacancies. Declarant may remove at any time any director selected by Declarant; directors elected at an annual meeting may be removed at any time upon affirmative vote of a majority of the Lots entitled to vote, with or without cause. In the event of any removal, resignation or vacancy in any of the directorships, the remaining members of the Board of Directors shall elect a person to serve as a successor to the removed, resigned or vacant office, who shall hold office for the balance of the unexpired term, and shall succeed to a membership in the Board of Directors for the same term, except that Declarant shall name the replacement of any director removed, which director was appointed by Declarant. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors, and such election shall be subject to the requirements of Section 2 above.

Section 4. Annual Meetings. The annual meeting of the Board of Directors shall be held at such place as may be agreed upon by the Board of Directors, and shall be held immediately following the adjournment of the annual meeting of the Lot owners.

The Board of Directors may establish a schedule of regular meetings to be held at such place as the Board of Directors may designate, in which event no notice shall be required to be sent to the said Board of Directors of said regular meetings once said schedule has been adopted.

Section 5. Special Meetings. Special Meetings of the Board of Directors may be called by the President, and in his

absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving three (3) days notice, in writing or by telephone call, to all of the members of the Board of Directors of the time and place of said meeting, said notice to be served on each member of the Board of Directors by the Secretary of the Association. By unanimous consent of the Board of Directors, a special meeting of the Board of Directors may be held without notice at any time or place. All notices of special meetings shall state the purpose of the meeting.

Section 6. Quorum. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of the Board.

A majority of those present at any annual, regular or special meeting shall have the power to adjourn the meeting to a future time, provided that written notice of the new time, date and place shall be mailed to or personally served on each member of the Board of Directors by the Secretary of the Association at least three (3) days prior to the time fixed for said meeting.

Section 7. Compensation. The officers and directors of the Association shall serve without compensation solely for holding such office.

ARTICLE III. OFFICERS: POWERS AND DUTIES

Section 1. The President. He shall be the Chief Executive Officer of the Association; he shall preside at all meetings of the Lot owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts of the Association and shall perform and have the powers necessary to perform all of the duties incident to this office and that may be delegated to him from time to time by the Board of Directors.

Section 2. The Vice-President. He shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

Section 3. The Secretary-Treasurer.

(a) He shall issue notices of all Board of Directors meetings and all meetings of the Lot owners; he shall attend and keep the minutes of the same; he shall have charge of all of the Association's books, records and papers.

(b) He shall have the custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and he shall deposit all monies and other valuable effects in the

name and to the credit of the Association in such depositories as may be designated from time to time by the Board of Directors.

(c) He shall disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meeting of the Board of Directors, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

(d) He shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(e) He shall also give status reports to potential transferees, on which reports the transferees may rely. The liability of the Lot owners shall continue until the transfers have been approved, and all such transferees shall be deemed liable for past due assessments (other than institutional mortgagees or purchasers at institutional mortgage foreclosure sales).

Section 4. The Secretary-Treasurer. The office of the Secretary-Treasurer may be divided between two individuals, one Secretary and one Treasurer.

Section 5. Manager. If the Association elects to hire a manager, any or all of the duties set out herein may be transferred to such manager, upon proper supervision and safeguards by the officers. These duties may only be transferred with the authorization and approval of the Board of Directors. However, the Association may not delegate to the manager the authority to borrow money or to sign conveyances.

Section 6. Bond. All officers or other employees who are authorized to sign checks may be bonded in an amount equal to the total anticipated assessment for a full year, and such bond shall be a common expense of the Association.

Section 7. Selection of Officers. The officers shall be selected by the Board of Directors at the annual meeting of the directors, and may or may not be from the ranks of the directors. Each officer shall serve at the pleasure of the Board of Directors.

Section 8. Qualification of Officers. An officer need not be a Lot owner. At least two of the officers shall be Lot owners or a named representative of Declarant. No Lot owner shall be eligible for election as an officer if he is more than 15 days delinquent in the payment of any assessment. A transfer of title of his Lot by an officer who is a Lot owner shall automatically operate as his resignation as an officer.

Section 9. Committees. The officers shall request approval of the directors to establish standing committees, and shall submit to the directors nominees for service on such committees. The Architectural Control Committee shall consist of a minimum of three members. All other standing committees shall consist of the number of members deemed appropriate by the Board of Directors upon recommendation of the officers. Members of any committee may or may not be Lot owners; and may or may not be either officers or directors. All committee members shall serve at the pleasure of the directors.

ARTICLE IV. POWERS OF THE ASSOCIATION

The Association, acting through the Board of Directors, shall have the following powers:

Section 1. Covenants. All of the powers specifically set forth in the Covenants and all of the powers incidental thereto.

Section 2. By-Laws. All of the powers specifically set forth in these By-Laws and all of the powers incidental thereto.

Section 3. Miscellaneous Powers.

(a) to use and expend the assessments collected to carry out the purposes and powers of the Association.

(b) to employ attorneys, accountants and other professionals as the need arises.

(c) to employ and terminate the employment of workmen, janitors, gardeners, managers and such other agents and employees to carry out the powers of the Association, and to purchase supplies and equipment therefor.

ARTICLE V. FINANCE AND ASSESSMENTS.

Section 1. Depository. The funds of the Association shall be deposited in a bank designated by the Board of Directors, in an account for the Association under resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by any designated officer(s) or agent(s) of the Association. All notes of the Association shall be signed by any two of the officers of the Association.

Section 2. Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the

Internal Revenue Code of the United States of America at such time as the Board of Directors deems it advisable.

Section 3. Determination of Assessments.

(a) As more fully set out in the Covenants and in the Articles of Incorporation for the Association, the Board of Directors of the Association shall fix and determine from time to time the sum or sums necessary and adequate for the common expenses of the Association. Common expenses shall include expenses for the operation, maintenance, repair, or replacement of the common areas and facilities, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, taxes until separately assessed, and any other expenses designated as common expense from time to time by the Board of Directors of the Association, and as allowed by the Articles of Incorporation of the Association and the Covenants.

The Board of Directors is specifically empowered, on behalf of the Association, to make and collect assessments, and to lease, maintain, repair, and replace the common elements of the Association. Said assessments shall be payable monthly or quarterly or annually, in advance, as ordered by the Board of Directors.

(b) When the Board of Directors has determined the amount of any special assessment, the Secretary-Treasurer of the Association shall mail or present a statement of the assessment to each of the Lot owners. All assessments shall be payable to the Association in care of the Secretary-Treasurer of the Association, or as otherwise directed from time to time by the Association.

(c) The Board of Directors, in preparing its annual budget, is expressly directed to establish a capital improvement and repair fund for utilization by the Association in the maintenance, improvement, and repair of the common properties or properties it maintains. Special assessments may be for any purposes, including capital improvements or repairs, to the extent adopted in accordance with the procedures set out in the Covenants.

(d) The Board of Directors shall provide a copy of the annual budget of the Association to each Lot owner no later than the end of the first month of each fiscal year of the Association. No owner approval of said budget shall be required.

Section 4. Delinquent Assessments. In the event an assessment is not paid within thirty (30) days of the date it is due and payable, the Association, through its Board of Directors, may proceed to enforce and collect the said assessment, plus interest at the rate of 12% per annum against the Lot owner owing the same in any manner allowed by North Carolina law, or as allowed by the Covenants or these By-Laws.

Section 5. Collection and Enforcement. In connection with any assessment, the Association shall have all of the powers, rights, privileges and legal remedies provided for by the Covenants and North Carolina law concerning collection and enforcement. Further, in this connection, each Lot owner shall be liable for his assessment in the same manner provided for by the Covenants, and shall likewise be responsible for reasonable attorney's fees, interest and costs incurred by the Association incident to the collection of such assessment or enforcement of any lien held by the Association for unpaid assessments.

Section 6. Foreclosure. Where the mortgagee of a first mortgage of record or other purchaser of a Lot obtains title to a Lot as a result of foreclosure of a first mortgage (or deed in lieu of foreclosure) such purchaser, including his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid share shall be deemed to be common expenses collectible from all of the Lot owners, including such purchaser, his successors and assigns.

Section 7. Basis of Assessments. Because common areas and capital improvements must be maintained in a good condition by the Association, dues chargeable to the owners of Lots in the early years of the development of Cypress Landing will be inadequate to fully and completely fund the budget of the Association. Therefore, until such time as the number of Lots and Living Units approved for sale by Declarant equal or exceed three hundred fifty (350), the budget of the Association shall be based upon dues payable by the owners of three hundred fifty (350) Lots and Living Units. Declarant shall pay dues for all Lots and Living Units owned by Declarant, as well as the difference between the number of Lots and Living Units made subject to the Covenants and three hundred fifty (350). Each year after the total number of Lots and Living Units exceeds three hundred fifty (350), the annual budget for the Association shall be based upon the estimated number of Lots and Living Units which are anticipated to be made subject to the Covenants prior to the end of the upcoming fiscal year of the Association.

At such time as Declarant elects to offer for sale Lots or Living Units south of State Road 1123, the number of Lots and Living Units assumed for purposes of budget computation shall not be less than four hundred fifty (450), notwithstanding the actual number of Lots and Living Units which have been made subject to the Covenants.

Notwithstanding this provision, should Declarant elect not to continue the development of Cypress Landing prior to the submission of a minimum of three hundred fifty (350) Lots or Living Units to the Covenants, Declarant may terminate its future development rights (but in no event shall all required amenities not be

constructed), and, upon such termination, (which shall be evidenced by a written Statement of Termination recorded in the Office of the Register of Deeds of Beaufort County), Declarant shall pay to the Association an amount of money equal to ONE THOUSAND DOLLARS (\$1,000.00) times the number of Lots and Living Units less than three hundred fifty (350) which have been made subject to these Covenants, such transfer to be in full satisfaction of any and all obligations of Declarant relating to the number of planned Lots within Cypress Landing.

Section 8. Loans. Notwithstanding any other provision contained herein, to the extent the Association, upon full payment of dues by Declarant, has a shortfall in operating revenues, Declarant shall be allowed to lend to the Association a sum of money not to exceed FIFTY THOUSAND DOLLARS (\$50,000.00), which sum shall be repaid with an interest rate of seven percent (7%) per annum, over a repayment schedule mutually agreeable to Declarant and the Association. No such loan shall be made without majority approval of the members of the Board of Directors of the Association not selected by Declarant, and any such loan shall be evidenced by written Promissory Note executed by the Association and Declarant. Notification of such loan shall be given to all members.

Section 9. Special Assessments. The Association shall have the right to levy special assessments as set out in the Covenants. No special assessment shall be approved, however, until the number of Lots and Living Units within Cypress Landing equals or exceeds three hundred fifty (350). Thereafter, special assessments shall be payable only on Lots and Living Units actually made subject to the provisions of the Covenants, and no such special assessment shall be paid by Declarant on the basis of additional Lots or Living Units utilized by the Association for the purpose of preparing its budget and establishing its annual dues.

ARTICLE VI. VIOLATIONS.

In the event of a violation (other than the nonpayment of an assessment) by a Lot owner of any of the provisions of the Covenants, these By-Laws or any other rules of the Association, the Association, by direction of its Board of Directors, may notify the Lot owner of such by written notice, sent registered or certified mail, return receipt requested, and if such violation shall continue for a period of ten (10) days from the date of such notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Covenants, the By-Laws, or the rules of the Association, as the case may be, and the Association may then, at its option, have the following elections: (i) an action at law to recover for damages on behalf of the Association or on behalf of the other Lot owners; (ii) an action in equity to enforce performance on the part of the Lot owner; or (iii) an action in

equity for such equitable relief as may be necessary under the circumstances, including injunctive relief. Failure on the part of the Association to maintain such an action at law or in equity within 45 days from date of a written request, signed by a Lot owner, sent to the Board of Directors, shall authorize any Lot owner to bring an action in equity or suit at law on account of the violation, in the manner provided for by North Carolina law. Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter.

ARTICLE VII. NOTICE.

Except as otherwise provided herein, whenever notices are required to be sent hereunder, the same shall be sent to the Lot owners by the U.S. Mail, at their place of residence as listed with the Association. All notices to the Association shall be sent to the mailing address designated by the Board of Directors as their address for notices. All notices shall be deemed and considered sent when mailed. Any party may reserve the right to change the place of notice to him or it by written notice, in accordance with the terms and provisions of this Article. Each Lot owner shall keep on record with the Association a current mailing address and shall notify the Association of any changes therein.

ARTICLE VIII. AMENDMENTS TO BY-LAWS.

These By-Laws may be amended in the same manner as the Covenants may be amended, and with the same restrictions on amendment thereon. No amendment shall be effective without consent of Declarant until such time as Declarant selects one (1) or fewer members of the Board of Directors of the Association. No Amendment shall be allowed at any time relating to Article V, Sections 7 and 8, without the consent of Declarant.

ARTICLE IX. ADMINISTRATION.

Notwithstanding anything contained in these By-Laws to the contrary, Declarant as defined in the Covenants or its assignee shall be responsible for the administration of the Association until such time as the first annual meeting of the members of the Association. Declarant shall designate the date, and give notice, of the first annual meeting of the Association, if such first annual meeting is to be held at a time other than as set out in Article I, Section 3, of these By-Laws.

ARTICLE X. RULES.

Section 1. Nothing contained within these By-Laws or the rules established hereunder shall prohibit rental by the owner of a residential dwelling constructed on any Lot. However, it is

understood that in order to maintain the value of the Lots conveyed, and to preserve the enjoyment of the property for owners and renters alike, certain guidelines can be established by the Association for the handling of renters, and for the protection of the Association and its members. These rental guidelines shall be included within the rules of the Association, and shall have the same force and effect as other rules. It is expressly authorized (but not required) for the Association to adopt rules as to the following:

- (a) promulgation and mandatory utilization of an Association approved rental listing agreement and rental contract;
- (b) limiting the number of occupants of any rental unit;
- (c) prohibiting pets in any rental unit; and
- (d) establishment of a procedure for screening renters within reasonable criteria to select renters of appropriate conduct and decorum.

Section 2. The owner of any Lot shall be responsible for the conduct for all guests and renters. Each owner, by purchasing his Lot, agrees to give to the Association the right to evict any tenant whose conduct is found detrimental to the Association and its members, in whole or in part. Such eviction shall only be taken after notification to the owner, and the owner shall, upon being given such notification, commence eviction proceedings himself within one week of receiving the notice requesting the same from the Association. The Association may then, acting in its own behalf or for the owner, after failure of the owner to act within this seven day period, commence eviction proceedings. The expenses of said proceeding (including attorney's fees) shall be chargeable as an assessment to the owner of the Lot, and such assessment may be collected as a delinquent assessment under Article V unless paid within thirty days of billing.

Section 3. The Association acting by its Board of Directors may adopt additional rules relating to utilization of any Lot or any common property (including any street), all as more specified in the Covenants. All rules adopted shall be enforceable as though said rules were specifically delineated within these By-Laws or the Covenants.

ARTICLE XI. INDEMNIFICATION.

Any person who at any time serves or has served as a director, officer, employee or agent of the association, or in such capacity at the request of the association for any other

association, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the association to the fullest extent permitted by law against (a) reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with any threatened or pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the association shall take all such action as may be necessary and appropriate to authorize the association to pay the indemnification required by these By-Laws, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval of, the members of the association.

Any person who at any time after the adoption of these By-Laws serves or has served in any of the aforesaid capacities for or on behalf of the association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of these By-Laws.

The association shall have authority to assess the members of the association, in the manner of a special assessment, to collect monies necessary to carry out its obligations in accordance with the indemnity provisions of this Article. Such assessment may be made, however, without vote of the members as is required for other special assessments, as the payment of such obligation is an obligatory, and not optional payment of the association.

ARTICLE XII. PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

No officer or employee of or member of a committee of or person connected with the association, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the association, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the association in effecting any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution or winding up of the affairs of the association, whether voluntary or involuntary. The assets of the

association, after all debts have been satisfied, then remaining in the hands of the Board of Directors, shall be distributed, transferred, conveyed, delivered and paid over, in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, exclusively to charitable, religious, scientific, literary, or educational organizations which would then qualify under the applicable provisions of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended relating to charitable organizations.

ARTICLE XIII. PROHIBITION AGAINST NONCHARITABLE ACTIONS

No Director, officer, or employee of this association shall take any action or shall fail to act in such a manner as to result in a violation of Chapter 55A of the General Statutes of North Carolina or the loss of status as a charitable organization under the current interpretation of the Internal Revenue Code.

**COLDWELL
BANKERS**

APPROVED AND DECLARED AS BY-LAWS OF
CYPRESS LANDING HOMEOWNERS
ASSOCIATION, INC.

Carol C. Hill (SEAL)
Secretary

COASTAL RIVERS
REALTY

STATE OF NORTH CAROLINA

COUNTY OF CRAWEN

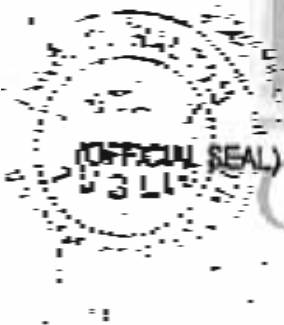
I, Trace K. Holtan, Notary Public, certify that Nan W. Packer personally came before me this day and acknowledged that she is Assistant Secretary of Meyerhaesser Real Estate Company, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by John M. Cooghty, its Assistant Vice President, sealed with its corporate seal, and attested by herself as its Assistant Secretary.

My commission expires 3-31-98

Witness my hand and official seal, this 23rd day of March, 1994

**GOLDEN
BANKER**

Trace K. Holtan
Notary Public



COASTAL RIVERS
REALTY

North Carolina
Crawen County

The foregoing Certificate of Trace K. Holtan

Notary Public/Notaries Public is/are certified to be correct
this instrument was presented for registration and recording
in this office at Book 298, Page 1

this 23rd day of March, 1994 at 1:30 o'clock P.M.
Elric S. Kiselle Elric S. Kiselle
Register of Deeds Elric S. Kiselle
Deputy Register of Deeds