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DECLARATION
OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS

FOR
LAGUNA BAY SUBDIVISION

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DECLARATION
OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
LAGUNA BAY SUBDIVISION

THIS DECLARATION, made on the date hereinafter set forth by Laguna Bay of Jacksonville North Carolina, LLC, a North Carolina limited liability company, with its principal office located at 312 Dolphin Drive, Jacksonville, Onslow County, North Carolina, hereinafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property in or near the City of Jacksonville, County of Onslow, State of North Carolina, which is more particularly described on Exhibit "A" attached hereto, hereinafter sometimes referred to as the "Property" and "Laguna Bay Subdivision"; and

WHEREAS, Declarant desires to subject said Property to certain restrictions, conditions, easements, covenants and agreements under a general plan or scheme of development and improvement for the benefit of all Property herein described and the future owners thereof; and,

WHEREAS, the Property and any additional property added hereto, shall be comprised of single family residential lots and streets.

NOW, THEREFORE, Declarant hereby declares that all of the Property described on Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the title of, the Property and be binding on all parties having any rights, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Laguna Bay Owners Association, Inc., its successors and assigns.

Section 2. "Board" or Board of Directors" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

Section 3. "Common Elements" shall mean all real property and any improvements constructed thereon, if any, owned by the Association for the common use and enjoyment of the Owners or members or designated classes of members of the Association, including Limited Common Elements, as hereinafter defined, or as may be designated on any subdivision map of the Property or by the Association. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot are Laguna Bay Drive (Private), Laguna Bay Lane (Private) and Lot 26 (provided, however any hereafter constructed boat dock or boat slips adjacent thereto shall be deemed Limited Common Elements, as hereinafter defined), all as shown on the recorded subdivision map of the Property.

Section 4. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the roads, streets, rights of way and amenities as provide in this Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Common Elements, including Limited Common Elements, as hereinafter defined;
- (d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;

(e) Hazard, liability, or such other insurance premiums as this Declaration or the Bylaws may require the Association to purchase; or as the Association may deem appropriate to purchase;

(f) Ad valorem taxes and public assessment charges lawfully levied against Common Elements;

(g) The expense of the maintenance of private drainage and utility easements and facilities located herein which are within the boundaries of the Property, cross Common Elements of the Property and serve both the Property and lands adjacent thereto;

(h) The expense of maintenance of any roads, streets, easements, amenities, taxes or any other expense item associated with any Common Element not located on the Property, but permitted to be used by the members of this Association by any adjoining landowner, association or other entity pursuant to any cross-easement, cross-access or other agreement by the Association with the adjoining land owner;

(i) Expenses for maintenance of security devices or personnel; and

(j) Any other expense determined by the Board or approved by members to be common expenses of the Association.

Section 5. "Declarant" shall mean and refer to Laguna Bay of Jacksonville North Carolina, LLC, a North Carolina limited liability company, its successors and assigns, to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 6. "Limited Common Elements" shall mean and refer to the real property, easements, profits a' prendre, licenses and rights, together with any improvements constructed thereon or extending therefrom, if any, owned, for the benefit of, or exercisable by the Association for the exclusive use and enjoyment of all or some of the Owners of Lots 18, 19, 20, 21, 22, 23, 24 and 25, their families and guests, as may hereafter be designated by amendment of this Declaration. The Limited Common Elements, if any, to be owned, for the benefit of or exercisable by the Association shall be the pier, boat docks and boat slips which may be constructed, extending from Lot 26 into the New River. At the time of recordation of this Declaration there are no Limited Common Elements.

Section 7. "Limited Common Expenses" shall mean and refer to the actual and estimated expenses of maintaining the Limited Common Elements, if any.

Section 8. "Lot" shall mean and refer to: (i) those certain plots or tracts of land shown upon the subdivision map of the Property recorded in Map Book 53, Page 73, Slide L-1888, in the office of the Register of Deeds of Onslow County, North Carolina, designated as Lot numbers 1 through 25, inclusive, as such map may be from time to time be amended or modified, for detached single-family residential use;

Section 9. "Member" shall mean and refer to every person or entity that holds membership in the Association.

Section 10. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

Section 12. "Property" shall mean and refer to that certain real property hereinbefore described on Exhibit "A" hereto attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Elements, together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the drives, walkways and parking areas of the Common Elements, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend the voting rights and the right to use the recreational or other Common Elements or Limited Common Elements facilities, if any, by any Owner for a period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate, sell, lease or transfer all or any part of the Common Elements or Limited Common Elements, or any interest therein, to any public agency, authority, or utility, or to any other person for such purpose and subject to such conditions as may be agreed upon by the Members. No such dedication, sale or transfer shall be effective unless it has been approved by two-thirds (2/3) of each class of Members and an instrument of dedication, sale, lease, or transfer property executed by the Association has been recorded. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of each class of the Members have approved the dedication, sale, lease or transfer and that certificate may be relied upon by any third party with out inquiry and shall be conclusive as to any grantee, its successors or assigns; provided, however, conveyances for general utility purposes, as specified herein, may be made by the Association without consent of the Members;

(c) the right of the Association to limit the number of guest of Members;

(d) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and Limited Common Elements and facilities and in aid thereof to mortgage the Common Elements and Limited Common Elements, and the rights of such mortgagee in the Common Elements and Limited Common Elements shall be subordinates to the rights of the Members hereunder;

(e) the right of the Association, in accordance with its Articles of Incorporation or Bylaws to impose rules and regulations for the use and enjoyment of the Common Elements and Limited Common Elements and improvements thereon, which rules and regulations may further restrict the use of the Common Elements and create and restrict the use of Limited Common Elements.

(f) the right of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of enjoyment and rights of ingress, egress and access, as specified above, to the initial Property and all lands included in subsequent phases.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Elements. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Elements and Limited Common Elements, if any, located within the Property to the Association, free and clear of all encumbrances and liens, except for encumbrances of utility, services, access, storm drainage and other similar service or utility easements. Similarly the Declarant will convey to the Association Common Elements and Limited Common Elements which are a portion of any additional property as the same is annexed in the future at the time of conveyance of the first Lot located on that additional property.

Section 4. Proposed Limited Common Elements - Boat Slips. The Declarant has petitioned the City of Jacksonville for authorization to construct a pier, together with a boat dock and eight (8) boat slips to extend from the Common Elements area designated as Lot 26 on the recorded subdivision map, into the New River. At the time of recordation of this Declaration a final decision has not been rendered by the Jacksonville City Council as to whether the proposed boat dock and boat slips constitute a "Permitted Use" under the zoning classification of the Property. In the event the decision of the Jacksonville City Council is that the proposed boat dock and boat slips are not a "Permitted Use", there will not be any Limited Common Elements. In the event the decision of the Jacksonville City Council is that the proposed boat dock and boat slips are a "Permitted Use", the Declarant shall construct the pier, boat dock and boat slips, as may be approved, which shall then be Limited Common Elements. Upon approval and construction of the boat dock and boat slips, the Members of the Association as may hereafter be designated by the Declarant by a written and recorded amendment to this Declaration, their families and guests, shall have the exclusive right and easement of use and enjoyment of the boat dock and boat slips as may hereafter be designated in such amendment. Specific boat slip assignments shall be made to the Owners of such Lots by the Declarant on the date of conveyance of each Lot, or at such later time as the approval of all required governmental agencies for construction of same has been granted. The exclusive easement for use and enjoyment of the separately designated and assigned boat slips shall be appurtenant to the Lot to which said boat slip assignment is transferred by the Declarant and may not be severed therefrom. Any conveyance of ownership of such Lots shall include the transfer of the easement of use and enjoyment of the appurtenant boat slip, whether expressly stated in the instrument of conveyance or not. It shall be the responsibility of each boat slip assignee to remove from the docking facility their respective boat not later than six (6) hours prior to the forecasted arrival of any hurricane.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. Classes of Members. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be Members; however, the vote for such Lot shall be exercised as they have among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, including lots later added pursuant to annexation of additional Property as set forth in this Declaration. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot on the happening of either the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or (b) January 1, 2012.

Section 3. Suspension of Voting Rights. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations, the Articles and Bylaws of the Association and according to the provisions of Article II, Section 1(a) herein.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses, and (2) special assessments for extraordinary maintenance and capital improvements, (3) special assessments for purchase, construction or reconstruction of improvements; and (4) to the appropriate governmental taxing authority, a prorata share of assessments for private improvement to the Common Elements and private roads if the Association shall default in payment thereof. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collections, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the payment of such assessment shall be in default and the amount thereof become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments - Common Elements. The assessments levied by the Association shall be used exclusively for the paying of Common Expenses to promote the recreation, health, safety, and welfare of the Owners of Lots; and, in particular, but not limited to, for the acquisition, improvement and maintenance of the Property, services,

amenities and facilities, and for the use and enjoyment of the Common Elements, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Elements, the providing for security to the Property, the procurement and maintenance of insurance in accordance with the Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants, and other professional for the Association when necessary, and such other needs as may arise.

Section 3. Purpose of Assessments - Limited Common Elements. In addition to the assessments levied for maintenance and repair of the Common Elements, in the event Limited Common Elements are created, the Association shall levy assessments against the Owners of Lots benefitted by such Limited Common Elements exclusively for the costs and expenses in maintaining and repairing the Limited Common Elements and improvements thereon, the maintenance of services furnished by the Association for operation of the Limited Common Elements, the purchase of insurance by the Association for the Limited Common Elements, the repair, maintenance and replacement of improvements of the Limited Common Elements, utility charges and expenses for maintenance and operation of the Limited Common Elements, payment of all taxes, insurance premiums and costs and expenses incidental to the Limited Common Elements, and the establishment and maintenance of a reasonable reserve fund or funds.

Section 4. Amount of Assessment.

(a) Initial Annual Assessment for Common Elements. To and including December 31, 2007, the maximum annual assessment shall not exceed Seven Hundred Fifty Dollars (\$750.00) per Lot.

(b) Initial Annual Assessment for Limited Common Elements. The initial annual assessment for the Limited Common Elements, if any, shall be in the amount of \$150.00, with the Owner's first assessment (or pro rata portion thereof) to be paid upon the closing of the sale and purchase of the Owner's Lot, or such other time thereafter as may be set by the Declarant. The annual assessments for the Limited Common Elements shall be divided equally among the Owners of Lots 18, 19, 20, 21, 22, 23, 24, and 25. The requirements for notice and modification of the budget for the Limited Common Elements annual assessment shall be the same as that for the Common Elements set forth in hereinafter.

(c) Increase by Association. From and after January 1, 2008, the annual assessments for the Common Elements and Limited Common Elements, if any, effective for any year (including 2008) may be increased from the preceding year by the Board of Directors, without a vote of the membership, by the percentage which may not exceed fifteen (15%) percent.

(d) Increase by Members. From and after January 1, 2008, the annual assessments for the Common Elements and Limited Common Elements, if any, may be increased by a percentage greater than that permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increased assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(e) Criteria for Establishing Annual Assessment. In establishing the annual assessments for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of fifteen (15%) percent of the previous year's assessment, without the consent of the Members required by Subsection (d) of this Section 3.

(f) Board Authority. The Board of Directors may fix the annual assessments for the Common Elements and Limited Common Elements, if any, at an amount not in excess of the maximum.

(g) Declarant Expenses. Until such time as Declarant shall no longer control the Board, Declarant shall not be obligated to pay any assessment, but shall pay any Association expenses not otherwise covered by the annual assessments hereunder.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Elements and Limited Common Elements, any extraordinary maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessments shall have the assent of two-thirds (2/3) of the votes of each class of Members who are

voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Replacement Reserve. Out of the Common Expenses assessment and Limited Common Elements assessment, if any, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and Limited Common Elements, if any, which the Association may be obligated to maintain.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast forty percent (40%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called pursuant to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments for Common Elements and Limited Common Elements, if any, must be fixed at a uniform rate for all Lots subject to such assessments and may be collected on a monthly basis or other periodic basis established by the Board.

Section 8. Date of Commencement of Annual Assessments; Dues Date; Initial Working Capital. The annual assessments provided for herein shall commence as to all Lots subject thereto, except such Lots owned by the Declarant, on the first day of the month following the conveyance of the Common Elements to the Association or July 1, 2007, whichever shall earlier occur. All Lots in subsequently annexed properties, similarly, shall be subject to assessment commencing on the first day of the first month following conveyance of the Common Elements therein to the Association. The first annual assessments shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessments shall be sent to every Owner subject thereto. The Board of Directors shall establish the due dates. The Association shall, upon demand, and for reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

In addition to the regular assessments to be charged and paid hereunder, each Lot Owner shall, at the time of the initial sale of each Lot by Declarant to that Lot Owner, pay to the Association a sum equal to two (2) months of the Common Elements assessment on that Lot as additional working capital of the Association. These amounts need not be segregated, but may be commingled with regular assessment funds. This working capital amount shall be paid by the Lot Owner notwithstanding the fact that Declarant may have paid Association expenses to the Association on the Lot being sold pursuant to the provisions of the first sentence hereunder.

Section 9. Effects of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the highest rate then permitted by North Carolina law not to exceed eighteen (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, cost, late payments charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Property is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time following thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claim of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. An officer or agent of the Association shall sign such claim of lien. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment, which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability from any assessments thereafter becoming due or from the lien thereof.

Section 11. Left Intentionally Blank.

Section 12. Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of the private streets and driveways as shown on the recorded subdivision map shall rest with the Association. In no case shall any governmental authority have jurisdiction over the Property, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property and/or occupant when the failure is due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association or Owner.

ARTICLE V

ARCHITECTURAL CONTROL

No site preparations (including, but not limited to grading, elevation work, landscaping, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, buildings, fences, signs, walls, bulkheads, screens, landscaping, paintings, yard furniture, play areas, and play equipment or other equipment, furniture or structures shall be commenced, erected, placed, altered or maintained upon the Property or any Lot, nor shall any addition to, or change or alteration therein be made by any Owner, other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, exterior colors, siding, location and elevations of the proposed improvements or landscaping or yard equipment or furniture shall have been submitted to, and approved in writing by, as to harmony of external design and location in relation to surrounding structures and topography, the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more persons appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such submission within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with; provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding the foregoing.

Upon request, the Board shall provide any Owner with a letter stating that any such work plans and specifications have been approved and third parties may rely upon same.

Refusal of approval of such plans, location or specifications may be based upon any ground, including purely aesthetic or environmental, that in the sole discretion of the Board or Committee, it shall deem sufficient. The Association shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications.

The Association, through the Board, the Committee or their appointed agents, shall have the right, at its election, but shall not be required, to enter upon any of the Property during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

The Board or the Architectural Committee appointed by the Board, as the case may be, shall have power to, and may allow variances of, and adjustments of, the restrictions on use and building restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purposes hereof; and, provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to the Property or other Lots in the immediate neighborhood. Variance and adjustments may be of the height, size, and setback requirements, but shall not be limited thereto.

In the event of the grant of any variance in the building or use restrictions, the Association shall execute a document attesting to such grant and the specific nature

thereof in form suitable for recording, so that the Lot Owner may record same in the Registry of the County in which the Property is located. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Association and may be relied upon by third parties.

Any reference to "Association" in this Article or that on Use Restrictions or Building Restrictions shall mean the Board or the Architectural Committee, whichever shall be vested with approval authority by the Board.

ARTICLE VI

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Elements and Limited Common Elements, if any. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use Of Property. No portion of the Property (except for a temporary office of the Declarant and building models used by Declarant) shall be used except for single-family residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, birds, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, except that dogs, cats, pet birds or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and the rules and regulations of the Association, and are not a nuisance to other owners.

Section 5. Insurance. Nothing shall be kept, and no activity shall be conducted, on the Property, which will increase the rate of insurance applicable to residential use of the Property or any Lots. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, on his Lot or on the Common Elements, or Limited Common Elements, if any, which will result in cancellation of insurance on any portion of the Property, or Lots therein, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Elements or Limited Common Elements, if any.

Section 6. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof. All laws, orders, rules, regulations, ordinances, or requirements of any governmental agency having jurisdiction thereof, relating to any Lot or any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain such portion of the Property.

Section 7. Structural Integrity. Nothing shall be done in, to, or upon any of the Common Elements or Limited Common Elements, if any, which will impair the structural integrity of any building, or other improvement or portion of the Common Elements or Limited Common Elements, if any, or which would impair or alter the exterior of any building, improvement or portion thereof, except in the manner provided in this Declaration.

Section 8. Business. No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any Lot, except that the Declarant or its agents may use any unsold Lots for sales or display purposes. Declarant may maintain a sales or rental office on the Property and Declarant may maintain clubs, marinas or other amenities on the Property.

Section 9. Signs. No Lot Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Lot, or any portion of the Common Elements, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided, however, that the Declarant or its respective agents, may place "For Sale" or "For Rent" signs on any Lots for sale and in suitable places on the Common Elements approved by the Association; provided, however, that during the development of any Property and the initial marketing of Lots, the Declarant may maintain a sales office and may erect and

display such signs as the Declarant deems appropriate for such development and marketing, provided that such signs do not violate any applicable laws. Such permitted signs shall be placed in the approximate center of a Lot and six feet from the road curb. No sign shall be nailed to trees.

Section 10. Alterations. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements, or Limited Common Elements, if any, except at the direction or with the express written consent of the Association.

Section 11. Common Elements Use. The Common Elements and Limited Common Elements, if any, shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use of the Property, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

Section 12. Parking. No campers, motor homes, recreational vehicles or tractors shall be parked on any Lot, on the Common Elements, or on any right of way of any roads or streets within the Property or adjoining the Property by any Lot Owner, its family members, tenants or contract purchasers, except inside an enclosed garage located on a Lot or in a specified storage area established by the Association or except as otherwise may be permitted by Rules and Regulations of the Association. Delivery and maintenance vehicles are permitted.

Section 13. Trailers, etc. No trailer, tent, mobile home, modular home or other structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters or garages or accessory buildings, it being clearly understood that these latter temporary shelters may not, at any time, be used as a residence or permitted to remain on the Lot after completion of construction.

Section 14. Fuel Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within an accessory building or within a screened area, or buried underground; provided, however, that nothing contained herein shall prevent the Declarant or Association from erecting, placing or permitting the placing of tanks, or other apparatus, on the Property for uses related to the provision of utility or other service.

Section 15. Guest Facility. A guest apartment or guest facility may be included as part of a main detached single-family dwelling or accessory building.

Section 16. Subdividing. No Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the period of Declarant control of the Association and thereafter by the Board. However, the Declarant hereby expressly reserves unto itself, its successors and assigns, the right to replat any two (2) or more Lots shown on the plat of any subdivision of the Property in order to create one or more modified Lots; to further subdivide tracts shown on any such subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger Lot; to eliminate from this Declaration Lots that are not otherwise buildable or are needed for access to any area of the Property or are needed for use as private roads or access areas, and to take such steps as are reasonably necessary to make such replatted Lots or tracts suitable and fit as a building site or access area or roadway, said steps to include, but not to be limited to the relocation of easements, walkways, and rights-of-way to conform to the new boundaries of the said replatted Lots.

Section 17. Water Fill. No Lot shall be increased in size by filling in the waters on which it abuts without prior written approval of the Association, and the appropriate state and federal agencies having jurisdiction over the waters.

Section 18. Bulkheads and Docks. Bulkheads for Lots 1 through 17, inclusive, adjacent to the New River, as shown on the recorded subdivision map of the Property are allowed, subject to the prior acquisition of a Bulkhead Permit from the Coastal Area Management Authority. Provided, however, the design and construction of any bulkhead must also be approved by the Architectural Committee to insure the ability of adjoining Lot Owners to attach to any constructed bulkhead and present a uniform appearance on the waterfront. By acceptance of any deed of conveyance for a Lot, each Owner hereby grants the adjoining Lot Owner or Owners an easement over and upon such Owner's Lot for access, construction and maintenance of that portion of the adjoining Lot Owner's bulkhead. The top of all bulkheads shall be even with the grade of the Lot adjacent to the navigable body of water and shall permit the flow of storm water over the top of the bulkhead.

Docks and other improvements may be constructed in the locations depicted on the illustrative site plan of the Declarant; copies of which may be provided to prospective Lot purchasers upon request. The design, location and construction plans for all docks, piers, moorings, watercraft slips, boathouses or similar structures must receive the prior written approval of the Architectural Committee. All docks and piers shall be setback at

least fifteen (15) feet from both adjoining Lot riparian lines, unless waived by the adjoining Lot Owner and approved by the Architectural Committee and the Coastal Area Management Authority.

All Lot Owners who construct or cause to be constructed private docks, piers, moorings, boat houses, slips or similar structures must maintain said structures in good repair and keep the same clean and orderly in appearance at all times; said Lot Owners further agree to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings, and to maintain such paint or preservatives in an attractive manner. The Association through the Board or its appointed committee shall be the judge as to whether such structures are clean, orderly in appearance, and properly painted or preserved in accordance with reasonable standards. Where a Lot Owner is notified in writing that such structures fail to meet acceptable standards, said Lot Owner shall thereupon remedy such conditions within thirty (30) days. Failing to so remedy such conditions, the Lot Owner hereby covenants and agrees that the Association, as the case may be, may make the necessary repairs (but is not obligated to make such repairs), or take such action as will bring such structures up to acceptable standards, all such repairs and actions to be at the expense, solely, of the Lot Owner.

Section 19. Mineral Extraction. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind, nor oil, gas or mineral exploratory activity, shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, or in, or under, any Lot. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot; nor shall sand, clay, or other materials be mined or removed from any Lot for use elsewhere.

Section 20. Delivery Receptacle. No mail box, paper box or other receptacle of any kind for use in the delivery of mail, newspapers, magazines or similar material shall be erected or located on any Lot, unless and until the size, location, design and type of material for the receptacle shall have been approved by the Board or the Architectural Committee.

Section 21. Antennae. Exterior radio and television antennae, aerials, disks and dishes for reception of commercial broadcasts shall not be permitted on any Lot and no other aerial, disks or dishes (for example, without limitation, amateur short wave or ship to shore) shall be permitted on any Lot without permission of the Board as to design, appearance and location or pursuant to Regulations issued for that purpose.

Section 22. Construction Limitations. During construction, all vehicles involved, including those delivering supplies, must enter the Lot on a driveway only as approved by the Board so as not to damage unnecessarily trees, street paving and curbs. During construction, builders must keep the homes, garages, and building sites clean and free of debris. All building debris, stumps, trees, etc., must be removed from each Lot by builder as often as necessary to keep the house and Lot attractive. Such debris will not be dumped in any area of the Property.

Section 23. Grass. All grassed areas of any yard must be sodded and must have underground sprinkling for watering purposes.

Section 24. Firearms; Hunting Prohibited. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type, or method of propulsion; and no hunting of any type shall be carried on or conducted on the Property.

Section 25. Drying Areas. Clothesline or drying yards shall not be located upon any Lot without the prior written consent of the Board, which consent may be conditioned or withheld in the sole discretion of the Board, or as set forth in Regulations established for that purpose.

Section 26. Irrigation Systems. No individual water supply system shall be permitted on any Lot, except a non-potable lawn irrigation system not connected to any building. A shallow well may be permitted for such water supply, but drilling or construction for such shallow well must have prior written approval by the Board. The pump, pressure tank, and pump house, if any shall be considered structures requiring prior architectural approval.

Section 27. Unsightly Growth. No weeds, underbrush or other unsightly growth shall be permitted to grow or remain on any Lot, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain thereon, including vacant Lot.

Section 28. Independent Covenants. Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and in the event any one or more of said covenants or restrictions shall, for any reason, be held to be invalid, or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

Section 29. Private Streets. The private streets designated as Laguna Bay Drive and Laguna Lane on the recorded subdivision map of the Property are for the exclusive use of the Owners, their family members, guests and invitees, and unless otherwise approved by two-thirds (2/3) of the Members of the Association shall not be used for access to any property other than the Lots and Common Elements of the Subdivision.

Section 30. Additional Restrictions. Declarant may include in any contract or deed hereafter made any additional covenants and restrictions that are not inconsistent with and which do not diminish the covenants and restrictions set forth herein.

ARTICLE VII

BUILDING RESTRICTIONS

Section 1. Type Structures Permitted - Square Footage Requirements, Height Limitations and Exterior Materials. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than a detached single family dwelling not to exceed two (2) stories in height, unless the Board approves in writing a variance permitting a structure of more than two stories, and a garage and small accessory building (which may include a pool house, servants' quarters, or guest facilities), provided, the use of such dwelling or accessory building does not in the opinion of the Board or Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the main dwelling, unless the Committee approves in writing a variance permitting a detached garage.

Any dwelling erected on a Lot shall contain a minimum enclosed dwelling area of 2000 square feet for a single level dwelling and 2300 square feet for all dwellings of two or more levels. In addition thereto, and unless a variance is granted therefore as provided herein, all dwellings shall have an enclosed two car garage attached to the main dwelling. The term "enclosed dwelling area" as used in this Section 1 shall mean the total enclosed area within a dwelling subject to heating and cooling; provided, that the term specifically does not include garages, terraces, open porches, decks, stoops and like areas regardless of heating or cooling.

It is the Declarant's intent that the exterior finishes of all dwellings and other structures constructed or placed on any Lot have the appearance of what is commonly referred to as "Mediterranean style". Therefore, each dwelling constructed on any Lot shall be required to have a barrel tile roof and stucco exterior walls, unless the Board approves in writing a variance permitting other exterior materials.

In addition to other grounds for the granting of variances as provided herein, the Declarant, or the Association, may grant variances from the standards set forth in this Section 1 to insure compliance with the Stormwater Permit (as defined in Article IX, infra).

Section 2. Setback Lines. No dwelling, or other structure (including any garage), erected or placed on any Lot shall be constructed nearer to the front, side or rear lot lines than allowed under the City of Jacksonville zoning ordinance minimum building setback line provisions governing the Property.

Section 3. Multi-Family Use Prohibited. No multiplex, multi-family residence or apartment house shall be erected or placed on, or allowed to occupy, any Lot, and no dwelling once approved and constructed shall be altered or converted into a multiplex, multi-family residence or apartment house.

Section 4. Remedies. If the finished dwelling, garage, accessory building or other structure does not comply with the submitted and approved plans and specifications, the Board retains the right to make the necessary changes at Owner's expense to comply with the approved plans and specifications, the right to treat such charge or cost as an assessment, the right to file under the North Carolina lien laws a notice of liens for any cost incurred, and the further right to resort to all remedies provided under the laws of North Carolina for the recovery of such costs and the expenses of collection, including without limitations, reasonable attorneys' fees. Any changes in plans or specifications must first be re-approved by the Board or the Committee in accordance with the procedure herein specified for architectural control.

Section 5. Trash Receptacles. Each Lot Owner shall provide receptacles for garbage in a screened area not generally visible from the road, or provide underground receptacles or similar facilities in accordance with standards established by the Association.

Section 6. Parking Spaces. Each Lot Owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said Lot in accordance with standards established by the Association.

Section 7. Trees and Shrubs. The Declarant encourages the planting of flowering shrubs and trees; however, no trees, bushes, shrubs, grasses or other vegetation whatever, may be removed, planted or installed from or on any Lot without prior written approval of the Board, based upon a site plan, landscaping plan or planting plan submitted to the Board or Architectural Committee.

ARTICLE VIII

EASEMENTS

Section 1. Utility Easements. All of the Property, including Lots and Common Elements, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Elements conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property without approval of the membership as provided in the Articles of Incorporation and this Declaration.

Section 2. Easement for the Benefit Of Governmental Authorities. An easement is hereby established for the benefit of any governmental authority having jurisdiction over the Property, or other governmental agency, over all Common Elements for the setting, removing and reading of water meters (which shall be separate for each Lot) maintaining and replacing water, sewage and drainage facilities, for police protection, fire fighting and garbage collection and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the governmental authority or other responsible agency, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the governmental authorities responsibilities.

Section 3. Reserved Utility Easements. There is hereby reserved an easement seven and one-half feet (7.5') in width along the side property lines and rear property line of each Lot, and the Common Elements area designated Lot 26, for the purpose of installation, repair, maintenance, erection, construction and inspection of water lines, sewer lines, gas lines, electric lines, telephone lines, cablevision lines or other such utility or service lines and for drainage cuts and storm sewer lines.

There are further reserved easements as shown on the recorded map or maps of the subdivision. In the event of a conflict in the width of any easement reserved herein or on the recorded map, the wider easement shall prevail.

Furthermore, in addition to the foregoing reserved specific easements, the Declarant so long as it controls the Association, and thereafter the Association, may cut and create drains and drain ways both above ground and underground for the purpose of facilitating the removal of surface water whenever such action may appear to be necessary in order to maintain reasonable standards of health, safety and appearance along, over or across and Lot.

These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

Section 4. Priority Of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, and the Common Elements, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 5. Declarant Easement. If any encroachment shall occur subsequent to subjecting the Property to this Declaration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding utilities, grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 6. Emergencies. Every Lot shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot that endangers any building or any portion of the Common Elements.

ARTICLE IX

STORMWATER MANAGEMENT

Section 1. Stormwater Management Compliance. The following covenants set forth in this Article are intended to insure ongoing compliance with State Stormwater Management Permit Number SW8 060344, as modified, (the "Stormwater Permit"), as issued by the Division of Water Quality under NCAC 2H.1000.

Section 2. State as Beneficiary. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.

Section 3. Binding Effect. These covenants are to run with the land and be binding upon all persons and parties claiming under them.

Section 4. Limitation on Altering or Rescinding Covenants. The covenants pertaining to stormwater set forth in this Article may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

Section 5. Alteration of Drainage. Alteration of drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

Section 6. Maximum Built Upon Area. The maximum built upon area ("BUA") per Lot is as follows:

Lots 1, 2, 3, 5, 6, 7, 8, 9, 10, 15 and 24 - 3,262 square feet each; Lot 4 - 3,253 square feet; Lot 11 - 3,239 square feet; Lot 12 - 3,084 square feet; Lot 13 - 2,978 square feet; Lot 14 - 2,808 square feet; Lot 16 - 2,773 square feet; Lot 17 - 3,104 square feet; Lots 18, 19 and 25 - 2,762 square feet each; Lot 20 - 2,899 square feet; Lot 21 - 3,009 square feet; Lot 22 - 3,129 square feet and Lot 23 - 3,251 square feet.

These allotted amounts include any built upon area constructed within the Lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

Section 7. CAMA Regulations. In the case of a Lot within the Coastal Area Management Authority's (CAMA) regulated Area of Environmental Concern, if the built upon area for that Lot, as calculated by CAMA, is less than the amount shown in this Declaration, the most restrictive built upon area will be the maximum permitted for that Lot.

Section 8. Vegetative Conveyances. Filling in or piping of any vegetative conveyances (i.e. ditches, swales, etc.) associated with the development of the Property, except for average driveway crossings, is strictly prohibited by any Person.

Section 9. Vegetated Buffer. Each Lot will maintain a thirty (30) foot wide vegetated buffer between all impervious areas and surface waters.

Section 10. Roof Drains. All roof drains shall terminate at least thirty (30) feet from the mean high water mark of surface waters.

Section 11. Built Upon Area Modification. No Lot shall exceed the allowable built upon area, unless the Stormwater Management Permit is modified to a high density permit for the entire subdivision.

ARTICLE X

WETLANDS

All of the Property subject to this Declaration shall also be subject to the following Special Provisions Relating to Wetlands. In developing the Property, the Declarant has agreed with the Department of the Army Corps of Engineers (pursuant to a permit issued by the Corps of Engineers) to restrict and prohibit any future filling or other detrimental activities in the wetland areas, which presently exist within the identified areas of the Property. Accordingly, all wetlands shown and delineated on the recorded plat of this subdivision set forth in Article I hereof, which have been verified by the Corps of Engineers, shall be maintained in perpetuity in their natural or mitigated

condition. No person or entity shall perform any of the following activities on such conservation area: (a) fill, grade, excavate or perform any other land disturbing activities; (b) cut, mow, burn, remove or harm any vegetation; (c) construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers or any other permanent or temporary structures, (d) drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area; (e) dump or store soil, trash, or other waste; (f) allow animal grazing or watering or use for any other agricultural or horticultural purpose on such conservation areas. This covenant is intended to insure continued compliance with the mitigation condition of authorization issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, and therefore may be enforced by the United States of America. This covenant is to run with the land and shall be binding on the Declarant, the Owner of any Lot in the subdivision and all persons or entities claiming under them.

This Article X cannot be amended or modified without the express written consent of the U.S. Army Corps of Engineers, Wilmington District, or its authorized successor.

ARTICLE XI

INSURANCE

Section 1. Insurance to be maintained by the Association. The Association shall maintain the following insurance coverage in full force and effect:

(a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association.

(b) All liability insurance shall contain cross-liability endorsement to cover liability of the Owners as a group to an individual Owner.

(c) Such other insurance coverage as it may determine to be desirable and necessary, including fire and hazard insurance covering all improvements located on the Common Elements.

Section 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably by the Owners as an assessment according to the applicable provisions of this Declaration.

Section 3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

Section 4. Insurance to be maintained by the Owners. Every Owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full insurable value of his Living Unit except that the amount shall not be required to exceed the replacement cost of the Living Unit. An Owner shall exhibit to the Board, upon request evidence that such insurance is in effect. If an Owner shall fail to maintain such insurance, the Board is authorized to obtain such insurance in the name of the Owner from an insurer selected by the Board, and the cost of such insurance shall be included in the annual assessment of the Owner and shall constitute a lien against his Lot until paid as a result of enforcement by the Association or otherwise.

ARTICLE XII

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in force and effect.

Section 3. No Rights in Other Lands. Nothing herein, nor any deed of conveyance of a Lot in Laguna Bay subdivision, shall give any Lot Owner any rights in or to any property within any said subdivision as planned, projected or schematically presented, including, but not limited to roads, streets, access ways, Common Elements and reserved lands, except those Lots and roads abutting any Lots made subject to this Declaration, as may be amended and any Common Elements conveyed to the Association.

Section 4. General Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. Provided, however, this Declaration may be amended at any time by an instrument signed by not less than sixty percent (60%) of the Lot Owners. In the event the Declarant owns sixty percent (60%), or more, of the Lots, the Declarant may amend this Declaration without the joinder of any other Lot Owner.

Section 5. Amendments Permitted Without Membership Approval. The following amendments may be effected by the Declarant, or the Board, as the case may be, without consent of the members:

(A) Prior to the sale of the first Lot, this Declaration may be amended by the Declarant.

(B) Declarant may amend this Declaration upon annexation of additional lands.

(C) The Board may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction.

(D) The Declarant, so long as it shall retain control of the Association, requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvements loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitations, ecological controls, construction standard, aesthetics, and matter affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitations, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

(E) The Declarant, for so long as it shall retain control of the Association and thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its options, and without the consent of any Owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status.

(F) The Declarant for so long as it has control of the Board may amend this Declaration to include any platting changes of the Property as permitted herein.

Section 6. Governmental Authority Amendments. No amendments which would change or delete any provision herein required by any governmental authority shall become effective until submitted to and approved by that authority; provided, however, if that authority fails to approve or disapprove such amendments within thirty (30) days after the same has been submitted to it, such approval shall not be required and this covenant shall be deemed to have been fully complied with.

Section 7. FHA/VA Approval. As long as there is a Class B membership, and if Declarant determines to qualify this Property for Federal Housing Administration or Veterans Administration approval the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional property, dedication of Common Elements, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 8. Recordations. No amendment shall be effective until recorded in the County in which the Property is situated.

IN Witness Whereof, the undersigned, being the Declarant herein, has caused this instrument to be executed by its Manager, with authority duly given, this 26 day of April, 2007.

LAGUNA BAY OF JACKSONVILLE NORTH CAROLINA, LLC, a
North Carolina limited liability company

By: _____

RANDY M. SCHILSKY
Its Manager

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

The undersigned, a Notary Public in and for the county and state aforesaid, hereby certifies that RANDY M. SCHILSKY, known to me, or having provided satisfactory proof of his identity, personally appeared before me and acknowledged that he is the Manager of LAGUNA BAY OF JACKSONVILLE NORTH CAROLINA, LLC, a North Carolina limited liability company, and that with authority duly given he executed the foregoing instrument for and on behalf of said limited liability company as its act and deed in the capacity indicated.

Witness my hand and official stamp or seal, this 26th day of April, 2007.

Penny Wall
Notary Public

Printed Name: Penny Wall

My commission expires:

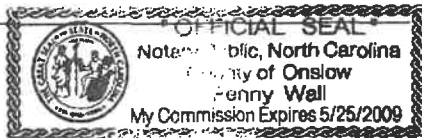


Exhibit "A"

Situated in Jacksonville Township, Onslow County, North Carolina and being more particularly described as follows:

Being all the property shown and described on a map entitled, "Revised Final Plat For: LAGUNA BAY SUBDIVISION", dated April 19th, 2007, prepared by Gairy Canady Land Surveying and recorded in Map Book 53, Page 73, Slide L-1888, in the office of the Register of Deeds of Onslow County, North Carolina. Together with a fifty (50) foot wide access easement described in Deed Book 2204, Page 355, Onslow County Registry and existing thirty (30) foot utility & access easement as shown on the above mentioned recorded map.

Doc ID: 003909320003 Type: CRP
 Recorded: 05/29/2007 at 09:50:43 AM
 Fee Amt: \$20.00 Page 1 of 3
 Onslow County, NC
 Maryland K. Washington Reg. of Deeds

BK 2880 PG 739-741

Dewey
 STATE OF NORTH CAROLINA
 COUNTY OF ONSLOW

**FIRST AMENDMENT TO DECLARATION OF COVENANTS,
 CONDITIONS, EASEMENTS AND RESTRICTIONS FOR:
 LAGUNA BAY SUBDIVISION**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS, AND RESTRICTIONS FOR LAGUNA BAY SUBDIVISION (the "First Amendment") is made this _____ day of May, 2007, by LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company, hereinafter called the "Declarant", said Declarant being the owner of more than sixty percent (60.0%) of the lots in the subdivision known as "LAGUNA BAY SUBDIVISION", situated in Jacksonville Township, Onslow County, North Carolina and more particularly described on a map entitled, "Revised Final Plat For: LAGUNA BAY SUBDIVISION", dated April 19th, 2007, prepared by Gairy Canady Land Surveying and recorded in Map Book 53, Page 73, Slide L-1888, in the office of the Register of Deeds of Onslow County, North Carolina. Said map being incorporated by reference as if fully set forth and referred to for the purpose of furnishing a more complete and accurate description of the property which is subject to this amendment.

W I T N E S S E T H:

WHEREAS, Declarant did execute a document entitled, "Declaration of Covenants, Conditions, Easements and Restrictions", dated April 26, 2007 and recorded in the office of the Register of Deeds of Onslow County, North Carolina on April 26, 2007, in Book 2861, Page 534-551 (the "Declaration"), subjecting the real property described therein, to certain easements, covenants, conditions and restrictions; and

WHEREAS, ARTICLE XII of the Declaration entitled, General Provisions, Section 4, entitled, General Amendments, provides that "In the event the Declarant owns sixty percent (60%), or more, of the Lots, the Declarant may amend this Declaration without the joinder of any other Lot Owner"; and

WHEREAS, the Declarant is the record owner of more than sixty percent (60%) of the Lots subject to the Declaration recorded in Book 2861, Page 534-551, in the office of the Register of Deeds of Onslow County, North Carolina; and

WHEREAS, in accordance with the provisions of the Declaration, the Declarant desires to amend said Declaration.

NOW, THEREFORE, the Declarant hereby declares that the Declaration of Covenants, Conditions, Easements and Restrictions recorded in Book 2861, Page 534-551, Onslow County Registry, be and are hereby amended as follows:

1. Article VII, entitled, "Building Restrictions", Section 1, entitled, "Type Structures Permitted - Square Footage Requirements, Height Limitations and Exterior Materials" is amended by deleting the terms, conditions and provisions in said Article VII, Section 1, in its entirety, and substituting therefore the following:

Section 1. Type Structures Permitted - Square Footage Requirements, Height Limitations and Exterior Materials. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than a detached single family dwelling not to exceed three (3) stories in height, unless the Board approves in writing a variance permitting a structure of more than three (3) stories, and a garage and small accessory building (which may include a pool house, servants' quarters, or guest facilities), provided, the use of such dwelling or accessory building does not in the opinion of the Board or Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the main dwelling, unless the Committee approves in writing a variance permitting a detached garage.

Any dwelling erected on a Lot shall contain a minimum enclosed dwelling area of 1600 square feet for a single level dwelling and 2000 square feet for all dwellings of two or more levels. In addition thereto, and unless a variance is granted therefore as provided herein, all dwellings shall have an enclosed two car garage attached to the main dwelling or constructed as a component thereof, as may be approved by the Board or Architectural Committee. The term "enclosed dwelling area" as used in this Section 1 shall mean the total enclosed area within a dwelling subject to heating and cooling; provided, that the term specifically does not include garages, terraces, open porches, decks, stoops and like areas regardless of heating or cooling.

It is the Declarant's intent that the exterior finishes of all dwellings and other structures constructed or placed on any Lot be either brick, stucco, wood, hardy siding, vinyl or cedar, or a combination thereof, as may be approved by the Board or Architectural Committee. Any exterior finish of vinyl material shall not exceed thirty percent (30%) of the total exterior finish of the dwelling or other structure, unless otherwise approved in writing by the Board or Architectural Committee. The roof systems for all dwellings and other structures constructed on any Lot shall be finished in either metal or tile, unless the Board approves in writing a variance permitting other exterior materials.

In addition to other grounds for the granting of variances as provided herein, the Declarant, or the Association, may grant variances from the standards set forth in this Section 1 to insure compliance with the Stormwater Permit (as defined in Article IX of the Declaration).

2. Except as hereby amended or modified, the terms, conditions and restrictions in the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant has caused this First Amendment to the Declaration to be executed by its Manager with authority duly given, as of the day and year first above written.

DECLARANT:

LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC,
a North Carolina limited liability company

By:

Randy M. Schilsky
RANDY M. SCHILSKY, its Manager

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Before me personally appeared RANDY M. SCHILSKY, known to me, or having provided satisfactory proof of his identity, who acknowledged to me that he is the Manager of LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company and that he executed the foregoing instrument on behalf of said limited liability company, with authority duly given, as the act of said limited liability company and for the purposes therein stated, in the capacity indicated. Witness my hand and official stamp or seal, this 24th day of May, 2007.

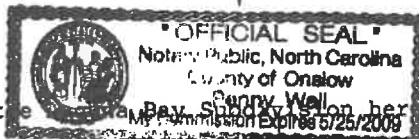
Penny Wall
Notary Public in and for the County and State
aforesaid

My commission expires:

Printed Name:

5/25/09

Penny Wall



The undersigned owner of Lot 15 of the LAGUNA BAY OF JACKSONVILLE hereby consents to the foregoing First Amendment and joins in the execution thereof with knowledge that the undersigned, its successors, grantees and assigns shall be bound by the terms thereof.

O'BRIEN & SONS CONSTRUCTION, LLC, a North
Carolina limited liability company,

By:

Robert O'Brien
ROBERT O'BRIEN, its Manager

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Before me personally appeared ROBERT O'BRIEN known to me, or having provided satisfactory proof of his identity, who acknowledged to me that he is the Manager of O'BRIEN & SONS CONSTRUCTION, LLC, a North Carolina limited liability company and that he executed the foregoing instrument on behalf of said limited liability company, with authority duly given, as the act of said limited liability company and for the purposes therein stated, in the capacity indicated.

Witness my hand and official stamp or seal, this 16th day of May, 2007.

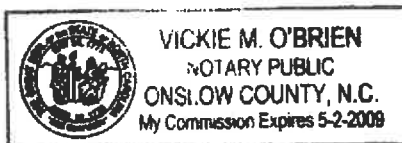
Vickie M. O'Brien
Notary Public in and for the County and State
aforesaid

My commission expires:

Printed Name:

5-2-09

Vickie M. O'Brien



Doc ID: 004025720004 Type: CRP
 Recorded: 08/24/2007 at 11:54:32 AM
 Fee Amt: \$23.00 Page 1 of 4
 Onslow County, NC
 Maryland K. Washington Reg. of Deeds
 BK 2935 PG 964-967

Dewey

STATE OF NORTH CAROLINA
 COUNTY OF ONSLOW

**SECOND AMENDMENT TO DECLARATION OF COVENANTS,
 CONDITIONS, EASEMENTS AND RESTRICTIONS FOR:
 LAGUNA BAY SUBDIVISION**

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS, AND RESTRICTIONS FOR LAGUNA BAY SUBDIVISION (the "Second Amendment") is made this _____ day of August, 2007, by LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company, hereinafter called the "Declarant", said Declarant being the owner of more than sixty percent (60.0%) of the lots in the subdivision known as "LAGUNA BAY SUBDIVISION", situated in Jacksonville Township, Onslow County, North Carolina and more particularly described on a map entitled, "Revised Final Plat For: LAGUNA BAY SUBDIVISION", dated April 19th, 2007, prepared by Gairy Canady Land Surveying and recorded in Map Book 53, Page 73, Slide L-1888, and Map Book 53, Page 223, Slide M-97, in the office of the Register of Deeds of Onslow County, North Carolina. Said maps being incorporated by reference as if fully set forth and referred to for the purpose of furnishing a more complete and accurate description of the property which is subject to this amendment.

W I T N E S S E T H:

WHEREAS, Declarant did execute a document entitled, "Declaration of Covenants, Conditions, Easements and Restrictions", dated April 26, 2007 and recorded in the office of the Register of Deeds of Onslow County, North Carolina on April 26, 2007, in Book 2861, Pages 534-551 (the "Declaration"), subjecting the real property described therein, to certain easements, covenants, conditions and restrictions; and

WHEREAS, the Declaration was amended by a document entitled, "First Amendment to Declaration of Covenants, Conditions, Easements and Restrictions", dated May 24, 2007 and recorded in the office of the Register of Deeds of Onslow County, North Carolina on May 29, 2007, in Book 2880, Pages 739-741 (the "First Amendment"); and

WHEREAS, ARTICLE XII of the Declaration entitled, General Provisions, Section 4, entitled, General Amendments, provides that "In the event the Declarant owns sixty percent (60%), or more, of the Lots, the Declarant may amend this Declaration without the joinder of any other Lot Owner"; and

WHEREAS, the Declarant is the record owner of more than sixty percent (60%) of the Lots subject to the Declaration recorded in Book 2861, Page 534-551, in the office of the Register of Deeds of Onslow County, North Carolina; and

WHEREAS, in accordance with the provisions of the Declaration, the Declarant desires to amend said Declaration, as amended by the First Amendment.

NOW, THEREFORE, the Declarant hereby declares that the Declaration of Covenants, Conditions, Easements and Restrictions recorded in Book 2861, Page 534-551, as amended by the First Amendment recorded in Book 2880, Page 739-741, Onslow County Registry, be and are hereby amended as follows:

1. Article I, entitled, "Definitions", Section 4, entitled, "Common Expenses" is amended by adding, as an additional Common Expense, the following sub-section (k) at the end of said Section:

(k) All costs and expenses for the maintenance, repair and replacement of the bulkheads constructed for Lots 1 through 17, inclusive, and Lot 26, adjacent to the New River.

2. Article I, entitled, "Definitions", Section 6, entitled, "Limited Common Elements" is amended by adding the following at the end of said Section:

Section 6. "Limited Common Elements". The pier extending from Lot 26, together with boat dock and boat slips, designated as Boat Slip 1, 2, 3, 4, 5, 6, 7 and 8, connected thereto, shown on Exhibit "A" attached hereto, to be constructed by the Declarant in substantial conformity with the design and location shown on Exhibit "A", shall be and are hereby declared to be Limited Common Elements.

3. Article VI, entitled, "Use Restrictions", Section 18, entitled, "Bulkheads and Docks", is amended by adding the following new sentence at the end of the second paragraph:

The riparian lines for each lot adjoining the New River are described on a map entitled, "Riparian Survey For LAGUNA BAY SUBDIVISION", dated July 24th, 2007, prepared by Gairy Canady Land Surveying and recorded in Map Book 53, Page 213, Slide M-87, in the office of the Register of Deeds of Onslow County, North Carolina.

4. Except as hereby amended or modified, the terms, conditions and restrictions in the Declaration and First Amendment shall remain in full force and effect.

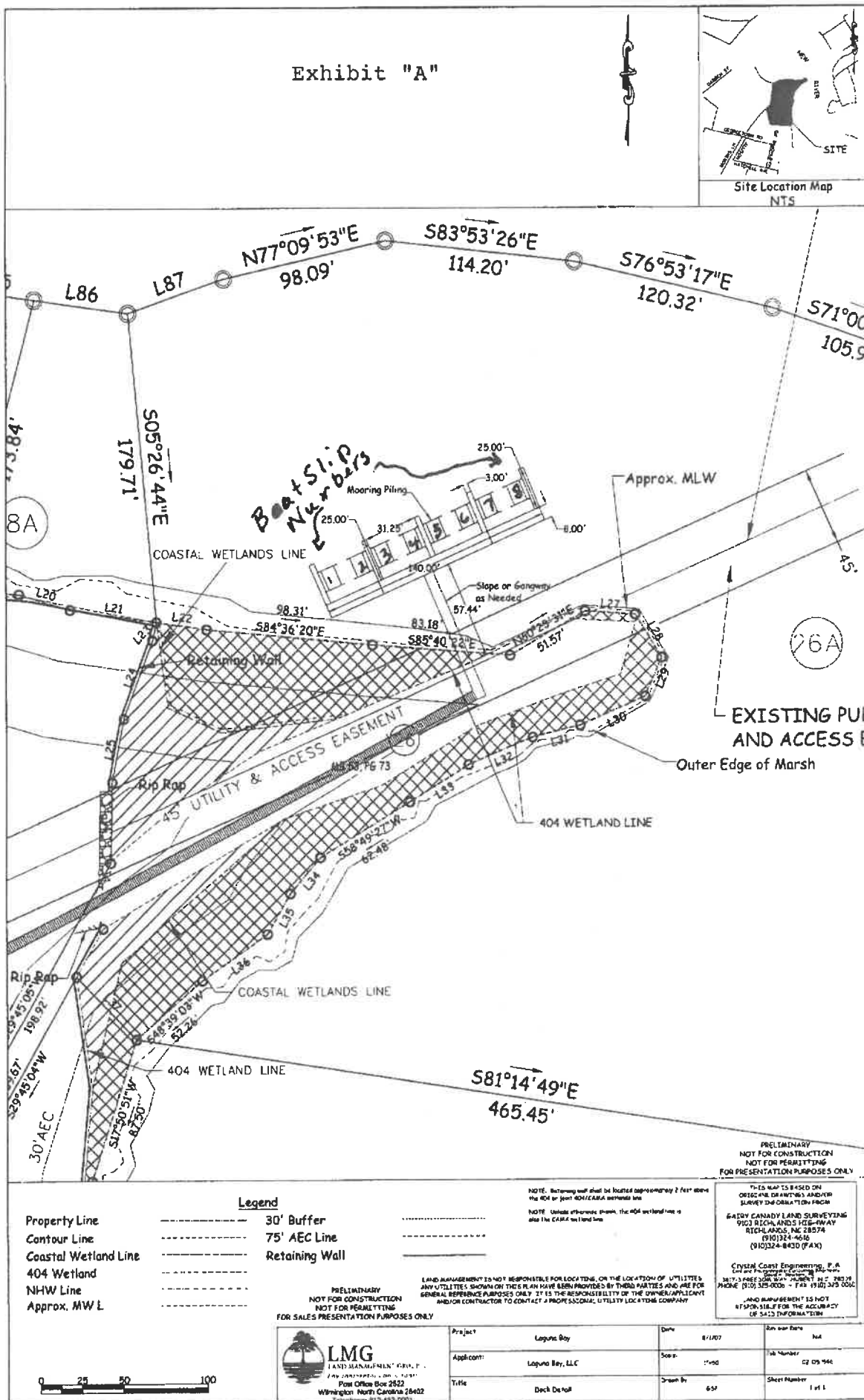
IN WITNESS WHEREOF, Declarant has caused this Second Amendment to the Declaration to be executed by its Manager with authority duly given, as of the day and year first above written.

DECLARANT:

LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC,
a North Carolina limited liability company

By:

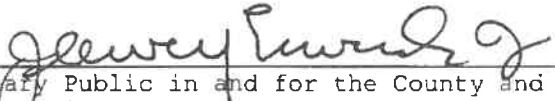

RANDY M. SCHILSKY, its Manager



STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Before me personally appeared RANDY M. SCHILSKY, known to me, or having provided satisfactory proof of his identity, who acknowledged to me that he is the Manager of LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company and that he executed the foregoing instrument on behalf of said limited liability company, with authority duly given, as the act of said limited liability company and for the purposes therein stated, in the capacity indicated.

Witness my hand and official stamp or seal, this 24 day of August, 2007.


Notary Public in and for the County and State
aforesaid

My commission expires:

Printed Name:

J. Dewey Edwards, Jr.

July 9, 2011



Doc ID: 004067330005 Type: CRP
 Recorded: 09/25/2007 at 03:14:56 PM
 Fee Amt: \$26.00 Page 1 of 5
 Onslow County, NC
 Maryland K. Washington Reg. of Deeds
 BK 2951 PG 476-480

Duway
 STATE OF NORTH CAROLINA
 COUNTY OF ONSLOW

**THIRD AMENDMENT TO DECLARATION OF COVENANTS,
 CONDITIONS, EASEMENTS AND RESTRICTIONS FOR:
 LAGUNA BAY SUBDIVISION**

THIS THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS, AND RESTRICTIONS FOR LAGUNA BAY SUBDIVISION (the "Third Amendment") is made this 25th day of September, 2007, by LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company, hereinafter called the "Declarant", RANDY M. SCHILSKY and COLIN KURTZ, hereinafter referred to as "Schilsky and Kurtz", being the Owners of Lot 1 on the maps hereinafter described, O'BRIEN AND SONS CONSTRUCTION, LLC, a North Carolina limited liability company, hereinafter referred to as "O'Brien", being the Owner of Lot 15 on the maps hereinafter described, said Declarant, Schilsky and Kurtz and O'Brien being the owners of sixty percent (60.0%) of the Lots in the subdivision known as "LAGUNA BAY SUBDIVISION", situated in Jacksonville Township, Onslow County, North Carolina and more particularly described on a map entitled, "Revised Final Plat For: LAGUNA BAY SUBDIVISION", dated April 19th, 2007, prepared by Gairy Canady Land Surveying and recorded in Map Book 53, Page 73, Slide L-1888, and Map Book 53, Page 223, Slide M-97, in the office of the Register of Deeds of Onslow County, North Carolina. Said maps being incorporated by reference as if fully set forth and referred to for the purpose of furnishing a more complete and accurate description of the property which is subject to this amendment.

W I T N E S S E T H:

WHEREAS, Declarant did execute a document entitled, "Declaration of Covenants, Conditions, Easements and Restrictions", dated April 26, 2007 and recorded in the office of the Register of Deeds of Onslow County, North Carolina on April 26, 2007, in Book 2861, Pages 534-551 (the "Declaration"), subjecting the real property described therein, to certain easements, covenants, conditions and restrictions; and

WHEREAS, the Declaration was amended by a document entitled, "First Amendment to Declaration of Covenants, Conditions, Easements and Restrictions", dated May 24, 2007 and recorded in the office of the Register of Deeds of Onslow County, North Carolina on May 29, 2007, in Book 2880, Pages 739-741 (the "First Amendment"); and

WHEREAS, the Declaration was further amended by a document entitled, "Second Amendment to Declaration of Covenants, Conditions, Easements and Restrictions", dated August 24, 2007 and recorded in the office of the Register of Deeds of Onslow County,

North Carolina on August 24, 2007, in Book 2935, Pages 964-967 (the "Second Amendment"; and

WHEREAS, ARTICLE XII of the Declaration entitled, General Provisions, Section 4, entitled, General Amendments, provides that " . . . this Declaration may be amended at any time by an instrument signed by not less than sixty percent (60%) of the Lot Owners"; and

WHEREAS, the Declarant, Schilsky and Kurtz and O'Brien are the record owners of sixty percent (60%) of the Lots subject to the Declaration recorded in Book 2861, Page 534-551, in the office of the Register of Deeds of Onslow County, North Carolina; and

WHEREAS, in accordance with the provisions of the Declaration, the Declarant, Schilsky and Kurtz and O'Brien desire to amend said Declaration, as amended by the First Amendment and Second Amendment.

NOW, THEREFORE, the Declarant, with the joinder of Schilsky and Kurtz and O'Brien, hereby declares that the Declaration of Covenants, Conditions, Easements and Restrictions recorded in Book 2861, Page 534-551, as amended by the First Amendment recorded in Book 2880, Page 739-741, and the Second Amendment recorded in Book 2935, Page 964-967, all in the Onslow County Registry, be and are hereby amended as follows:

1. Article IV, entitled, "Covenant for Maintenance Assessments", add a new Section 13, entitled, "Responsibility for Maintenance of Bulkhead" as follows: The responsibility for the maintenance, repair and replacement of the bulkhead constructed on Lots 1 through 17, inclusive, and Lot 26, adjacent to the New River shall rest with the Association."
2. Article VI, entitled, "Use Restrictions", Section 18, entitled, "Bulkheads and Docks" is amended by deleting the third sentence therein which states, "By acceptance of any deed of conveyance for a Lot, each Owner hereby grants the adjoining Lot Owner or Owners an easement over and upon such Owner's Lot for access, construction and maintenance of that portion of the adjoining Lot Owner's bulkhead", and substituting therefore the following, "By acceptance of any deed of conveyance for a Lot, each Owner hereby grants the Association an easement over and upon such Owner's Lot for access, construction, maintenance and repair of the bulkhead construction on or adjacent to such Owner's Lot or any adjoining Lot."
3. Except as hereby amended or modified, the terms, conditions and restrictions in the Declaration, First Amendment and Second Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant and O'Brien have caused this Third Amendment to the Declaration to be executed by their respective Manager and Managing Member, respectively, with authority duly given, and Schilsky and Kurtz have duly executed this Third Amendment, as of the day and year first above written.

DECLARANT:

LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC,
a North Carolina limited liability company

By:


RANDY M. SCHILSKY, its Manager

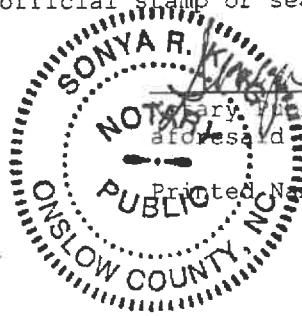
STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Before me personally appeared RANDY M. SCHILSKY, known to me, or having provided satisfactory proof of his identity, who acknowledged to me that he is the Manager of LAGUNA BAY OF JACKSONVILLE, NORTH CAROLINA, LLC, a North Carolina limited liability company and that he executed the foregoing instrument on behalf of said limited liability company, with authority duly given, as the act of said limited liability company and for the purposes therein stated, in the capacity indicated.

Witness my hand and official stamp or seal, this 24 day of September, 2007.

My commission expires:

2-25-09



Notary Public in and for the County and State
aforesaid

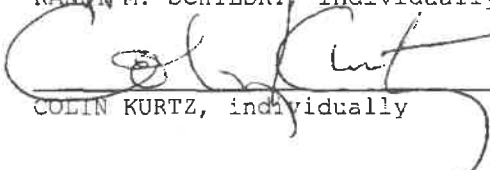
Printed Name:

Sonya King

Owners Lot 1:


RANDY M. SCHILSKY, individually

(SEAL)


COLIN KURTZ, individually

(SEAL)

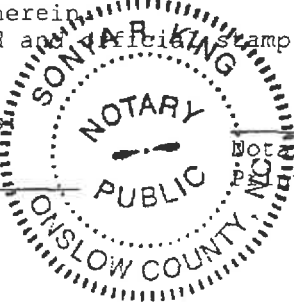
STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

The undersigned, a Notary Public in and for the county and state aforesaid, does hereby certify that RANDY M. SCHILSKY, not married, known to me or having provided satisfactory proof of his/her/their identity, personally appeared before me this date and acknowledged the due execution of the foregoing instrument for the purposes set forth therein.

Witness my hand and official stamp or seal, this 24 day of September, 2007.

My commission expires:

2-25-09



Notary Public
Printed Name: Sonya R. King

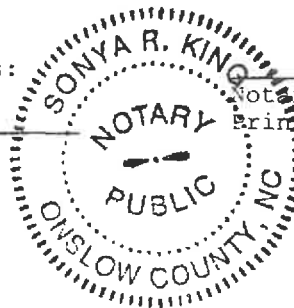
STATE OF NORTH CAROLINA
COUNTY OF ONSLow

The undersigned, a Notary Public in and for the county and state aforesaid, does hereby certify that COLIN KURTZ, known to me or having provided satisfactory proof of his/her/their identity, personally appeared before me this date and acknowledged the due execution of the foregoing instrument for the purposes set forth therein.

Witness my hand and official stamp or seal, this 24 day of September, 2007.

My commission expires:

2-25-09



Notary Public
Printed Name: Sonya R. King

Owners of Lot 15:

O'BRIEN AND SONS CONSTRUCTION, LLC, a North Carolina limited liability company

By:

JAMES ROBERT O'BRIEN
its Managing Member

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Before me personally appeared JAMES ROBERT O'BRIEN, known to me, or having provided satisfactory proof of his identity, who acknowledged to me that he is the Manager of O'BRIEN AND SONS CONSTRUCTION, LLC, a North Carolina limited liability company and that he executed the foregoing instrument on behalf of said limited liability company, with authority duly given, as the act of said limited liability company and for the purposes therein stated, in the capacity indicated.

Witness my hand and official stamp or seal, this 24th day of September, 2007.

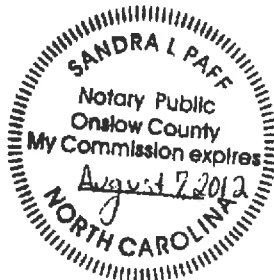
Sandra L. Paff
Notary Public in and for the County and State
aforesaid

My commission expires:

Printed Name:

Sandra L. Paff

August 7, 2012





Doc ID: 010020850002 Type: CRP
Recorded: 09/06/2012 at 03:28:48 PM
Fee Amt: \$26.00 Page 1 of 2
Onslow County, NC
Rebecca L. Pollard Reg. of Deeds

BK 3845 PG 423-424

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

GRANT OF VARIANCE FOR
LAGUNA BAY SUBDIVISION

THIS GRANT OF VARIANCE FOR LAGUNA BAY SUBDIVISION is made this 5th day of September, 2012, by LAGUNA BAY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, hereinafter referred to as the "Association" and to the Lot Owners of Lots in the Laguna Bay Subdivision.

W I T N E S S E T H:

WHEREAS, the Declaration of Covenants, Conditions, Easements and Restrictions for Laguna Bay Subdivision was recorded on April 26, 2007 in Book 2861, Page 534, in the Office of the Register of Deeds of Onslow County, North Carolina (the "Covenants"), establishing certain covenants, conditions, easements and restrictions for the residential development of the Laguna Bay Subdivision, as shown upon one or more recorded maps in the Office of the Register of Deeds of Onslow County, North Carolina; and

WHEREAS, Article VI, entitled "Use Restrictions," Section 23, entitled "Grass," states in part that "All grassed areas of any yard . . . must have underground sprinkling for watering purposes."; and

WHEREAS, the fifth paragraph under Article V, entitled "Architectural Control," states in part that "The Board . . . shall have power to, and may allow variances of, and adjustments of, the restrictions on use . . . established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions . . ."; and

WHEREAS, the Board of Directors of the Association (the "Board") has determined it to be impractical and an unnecessary hardship on Lot Owners to require underground sprinkling systems for watering the yards on any Lot.

NOW, THEREFORE, in consideration of the premises and in accordance with the Covenants, the Board hereby revokes and terminates the requirement for yards to have underground sprinkling for watering purposes, and grants a variance for all Lots in the Subdivision based upon the Board's determination that such requirement is impractical and creates an unnecessary hardship.

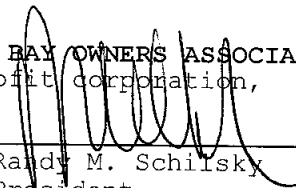
THIS VARIANCE is for the benefit of the owners of all Lots within the Subdivision, their heirs, successors and assigns and inures to the benefit of such Owners, their heirs and assigns and shall be appurtenant to the Lots and run with the land.

SIGNATURE AND ACKNOWLEDGMENT ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Board has caused this instrument to be executed by the President of the Laguna Bay Owners Association, Inc., being duly authorized, the day and year first above written.

LAGUNA BAY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation,

By:


Randy M. Schilsky
President

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

The undersigned, a Notary Public in and for the aforesaid County and State, does hereby certify that **Randy M. Schilsky**, personally came before me this day, and having provided satisfactory proof of his/her identity, acknowledged that _____ he is President of **LAGUNA BAY OWNERS ASSOCIATION, INC.**, a North Carolina non-profit corporation, and that by authority duly given by its board of directors, the foregoing instrument was signed in its name by him/her as its President as the act and deed of said corporation for the purposes set forth therein and in the capacity indicated.

Witness my hand and official stamp or seal, this 5th day of September, 2012.


Notary Public

My Commission Expires:

10/24/2016

Jennifer M. Shugart
Notary Public
Onslow County, N.C.
My Commission Expires:
October 24, 2016