

RET Judi / Bald Head Island
TOTAL 32 REV TC# 33
REC# CK AMT 149 CK# 1534
CASH REF BY Dg

AMENDMENT AND ANNEXATION TO PROTECTIVE COVENANTS
BALD HEAD ISLAND STAGE TWO
EIGHT (8) LOTS IN COMMERCIAL TRACT 5A
CAPE FEAR STATION

This Amendment and Annexation to Protective Covenants, Bald Head Island Stage Two, ("Amendment") is made by Bald Head Island Limited this 16th day of June, 2005.

RECITALS:

Bald Head Island Limited, a Texas Limited Partnership qualified to do business in the State of North Carolina ("Declarant") is the developer of property generally referred to as Bald Head Island. In furtherance of that plan of development, Declarant did record Protective Covenants for Bald Head Island Stage Two, dated August 3, 1995 ("Protective Covenants"), which Protective Covenants are recorded in Deed Book 1045, Page 676 et seq., Brunswick County Registry. Paragraph 2 of the Protective Covenants authorizes and allows Declarant to annex additional property on Bald Head Island to the provisions of the Protective Covenants, and to subject lots so annexed to building and site restrictions as may be set out in the Amendment annexing said lots.

By execution and recordation of this Amendment, it is the intent of the Declarant to annex those properties described hereinafter to the terms, provisions and conditions of the Protective Covenants, subject to the specific provisions contained herein. The Protective Covenants, as previously amended, are hereby further amended as follows:

1. ADDITIONAL PROPERTIES. The provisions of the Protective Covenants shall fully apply to the property comprising the eight (8) even-numbered Lots 3704, 3706, 3708, 3710, 3712, 3714, 3716 and 3718 only, which Lots are shown on that plat recorded in Map Cabinet 32, Instrument 447, Brunswick County Registry ("Plat"), as the same may be amended from time to time. As used herein, "Lot" shall mean any of the aforesaid eight (8) numbered Lots which are herein restricted to residential use, as shown on the Plat and made subject to the Protective Covenants by this Amendment. The four (4) lots shown on the Plat as lots 3702, 3720, 3722 and 3724 are specifically excluded from this Amendment and Annexation.

2. ASSOCIATION. As set out in the Protective Covenants, Declarant has chartered a North Carolina non-profit homeowners association named Bald Head Island Stage Two Association, Inc. ("Association"). The owner of each Lot shall be a member of the Association, and shall be required to pay dues thereto as set out in the Protective Covenants. The owner of each of the Lots shall begin paying dues to the Association as of the date of acquisition of title, and as for Lots owned by Declarant or an entity owned or controlled by Declarant, as of January 1, 2006, if not previously conveyed to a third party.
3. SINGLE FAMILY UTILIZATION. Notwithstanding the approval of any other use of the property by the Village of Bald Head Island, all eight (8) Lots shall be restricted in perpetuity to use exclusively for single family residential purposes. All of the provisions of Paragraph 3 of the Protective Covenants are specifically incorporated herein by this reference. For Lots owned by the Declarant or an entity owned or controlled by Declarant, the Declarant reserves the right to seek and obtain a change, from any use of the Lots which has been or may hereafter be approved by the Village of Bald Head Island, to single family residential use only, without the joinder or consent of any Lot owner or any other person or entity holding an interest in any of the Lots or property depicted on the Plat.
4. SETBACKS. There shall be no setbacks, other than those imposed by the Village of Bald Head Island or other governmental authority, as set forth on the Plat, or as contained in the Cape Fear Station Design Guidelines ("Guidelines"), except that all construction of every Living Unit is subject to the approval of the Committee, as more fully set out in Paragraph 4 of the Protective Covenants. No construction except improvements allowed in accordance with the ordinances of the Village of Bald Head Island shall be allowed within any setback imposed by the Village of Bald Head Island. The Plat sets forth a minimum setback of ten (10') feet on the front of each Lot where it abuts the public right-of-way known as Federal Road. The primary Living Unit may not be constructed within any setback, no matter by whom established. Improvements other than the primary Living Unit, if approved by the Committee, may be constructed within setbacks established by Declarant.
5. COMBINATION OF LOTS. Any two or more contiguous Lots may be combined into a single Lot, and the provisions of Paragraph 12 of the Protective Covenants shall apply thereto. In the event of such a combination of Lots, any easements or set back requirements, whether set forth herein or appearing on the Plat, which are located along or pertain to a Lot line between any two combined Lots, shall, upon such combination of Lots, be extinguished, provided that said easements shall be extinguished only to the extent that they are used to provide services solely to the combined Lots. Notwithstanding anything to the contrary contained herein or in the Design Guidelines, the maximum square footage of heated, enclosed living space for

the primary Living Unit on any combination of Lots shall be limited to seventy-five (75%) percent of the total allowable maximum square footage for heated, enclosed living space for the combined Lots as set forth in the Design Guidelines. The remaining twenty-five (25%) percent of the total allowable maximum square footage for heated, enclosed living space may be utilized in other structure(s) permitted by the Design Guidelines and approved by the Committee for construction on the combined Lots.

6. LIMITATION ON HEIGHT. No structure constructed on any of the eight (8) Lots shall exceed thirty-five (35) feet in height as measured from the lowest natural point where the building perimeter meets grade to the roof ridge. The provisions of Paragraph 19 of the Protective Covenants are specifically incorporated herein by this reference.
7. BUILDING AND SITE RESTRICTIONS. All eight (8) Lots, as shown on the Plat, shall be subject to the following restrictions:
 - (a) The Declarant has adopted certain Design Guidelines for the Cape Fear Station Development ("Guidelines"), which are incorporated herein by this reference, and which will be applied by the Committee when approval is sought for construction pursuant to the Protective Covenants. All eight (8) Lots, as shown on the Plat, are subject to both the general Guidelines and the specific Guidelines applicable to the lot types described therein, as the same may be amended from time to time by Declarant or the Association. Declarant reserves the right to change the lot type designation for any Lot prior to the sale of said Lot to a third party, notwithstanding the sale of other Lots which are subject to the Guidelines. For purposes of the Guidelines, all eight (8) even-numbered Lots 3704 through 3718 are designated "Towncenter Sideyard (TS)", and in accordance with the Guidelines, the minimum square footage of heated, enclosed living space for each approved Living Unit on said Lots shall be 1,000 square feet for each Lot, and the maximum shall be 35% of the total Lot area, but not to exceed 3,500 square feet, unless 35% of the total Lot area is less than 2,000 square feet, in which case the maximum shall not exceed 2, 000 square feet.
 - (b) Each Lot owner shall keep the grounds on his or her Lot and all structures located thereon in a clean, neat and sightly condition, and shall provide for the regular removal of all trash or refuse from the Lot.
 - (c) No animals, livestock or poultry of any kind shall be kept or maintained on any Lot except that no more than 2 dogs or cats are allowed, provided they are attended as required by the ordinances of the Village of Bald Head Island.

- (d) The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8-980920MOD, as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit. These covenants (as well as all other provisions of the Protective Covenants) are to run with the land and be binding on all persons and parties claiming under them. Each Lot shall contain a maximum allowable built upon area (BUA) which may be covered by impervious surfaces (as defined by the Department of Environmental Management). For the eight (8) even-numbered Lots 3704 through 3718, the maximum allowable BUA is four thousand two hundred (4,200) square feet per Lot. These allotted amounts include any BUA 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. BUA includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, and coquina, but does not include raised, open wood decking, or the water surface of swimming pools. Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is strictly prohibited. Each Lot will maintain a thirty (30') foot wide vegetated buffer between all impervious areas and surface waters, and all roof drains shall terminate at least thirty (30') feet from the mean high water mark of surface waters. Prior to the construction of any impervious areas, each Lot owner shall install a perforated HDPE infiltration / drainage pipe with a manhole on each end, thirty (30") inches in diameter and at least eighty (80') feet in length, running under and parallel to the driveway serving each Lot, which shall be installed and maintained in accordance with the above-referenced permit. This Paragraph 7(d) may be enforced by the State of North Carolina, as well as any other party entitled to enforce the Protective Covenants. To the extent that the State of North Carolina should revise its existing stormwater permit to allow different impervious surface amount(s) on any one of more of the Lots, upon filing by Declarant or the Association of a notice of said change in permit, the impervious surface limitation as to said Lot or Lots shall be automatically deemed amended to comply with the changed impervious surface limitation allowed by the State of North Carolina by permit. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, and alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.
- (e) There is shown on the Plat a Conservation Easement (indicated by the shaded area on the Lots) totaling 0.55 acre in size, ranging between twenty (20') feet and sixty (60') feet in depth, along the south side of the Lots as shown on the

Plat, for the benefit of the Association and its members. There is also shown on the Plat, and within the Conservation Easement on Lot 3704, a buffer area twenty-five (25') feet in width. No construction or land disturbing activities of any kind shall be allowed in or upon the Conservation Easement area or buffer area, except for installation of underground utilities or drainage structures as approved by the appropriate authorities, and except for construction of a paved driveway, ten (10') to fifteen (15') feet in width, running from the public road right-of-way fronting Lot 3702, along the western boundary of the buffer area and across the Conservation Easement at the rear of Lot 3702, to the adjacent lot known as "Captain Charlie's No. 4 Revised". The Conservation Easement and buffer areas shall be kept in their natural state. No removal of vegetation, and no landscaping or altering of the terrain shall be allowed in these areas, except as may be required to allow the activities and construction described in this paragraph 7(e). Declarant has, by separate recorded document, specifically reserved the right to seek and obtain from the Village of Bald Head Island an amendment of the Cape Fear Station planned unit development ("the P.U.D.") to modify the land constituting lot 3702, as shown on the Plat, with respect to the operation of the P.U.D. buffer, without the joinder or consent of any Lot owner. Such reservation is restated and incorporated herein by this reference.

- (f) As shown on the Plat, all eight (8) of the Lots abut and are accessed from the public road right-of-way known as Federal Road. It is the intention of Declarant that all driveways providing ingress to and egress from the Lots shall be subject to the approval of the Committee as to size and location, and shall be in accordance with the Protective Covenants and Guidelines. Each Lot owner shall, as required by the Association and/or the Village of Bald Head Island, install address bollards or other approved property identification at the front of his or her Lot. No improvements shall be constructed by the owner of any Lot to the extent located between the public street adjacent to the Living Unit on said Lot, and the entry to the Living Unit closest thereto, which would significantly impede emergency access to said entry. Fencing must have unlocked gates sufficiently wide to accommodate such access.
- (g) There are hereby reserved for the benefit of the owners of the Lots, the Declarant, the Association, and all public and private utilities, and for the benefit of the Village of Bald Head Island, that certain easement, as shown on the Plat, for the installation and maintenance of all utilities, public and private, and the maintenance of all roads, upon, under and across the front seven (7') feet of each Lot where it abuts the public right-of-way.
- (h) Yards shall be maintained with natural vegetation. No grasses or ornamental vegetation shall be permitted, EXCEPT, in the event the

Association adopts landscaping guidelines or standards specific to the Lots hereby annexed, then in that event such vegetation shall be permitted as is described in said guidelines or standards and approved for the Lots by the Committee.

- (i) There will be installed on each of the Lots, by Bald Head Island Utilities, Inc., its successors or assigns (hereinafter "Utilities"), a grinder pump for the removal of waste water generated at the Lot, together with the equipment, pipes and lines necessary to process and transport the waste water from the grinder pump to the sewer main tap located in the utility easement at the front or side of the Lot. The grinder pump for each Lot shall be installed within the area of the Lot designated for that purpose in the Guidelines, subject to approval by Utilities of the suitability of the exact location of said grinder pump. In no event shall any grinder pump be installed within five (5') feet of the exterior wall of any dwelling. There is hereby reserved, for the benefit of the Declarant and Utilities, a perpetual and assignable easement and right-of-way over, upon, under and across each of the Lots for the purpose of installing, accessing, monitoring, maintaining, repairing and replacing the grinder pumps and the appurtenant equipment, pipes and lines, which easements and rights-of-way shall run with the land. Utilities shall be responsible only for the re-establishment of the grade of any Lot upon which the aforesaid installation, maintenance, repair or replacement activity occurs, and the Lot owner shall be responsible for the restoration of any improvements or landscaping damaged or disturbed by such activity, and shall hold Utilities, its agents and employees, free from liability therefor.
8. DEFINITIONS. All capitalized terms set out within this Amendment shall have the meaning specified herein, and if not so specified, the definition as contained in the Protective Covenants shall be applicable.
9. INCORPORATION BY REFERENCE. Except as specifically amended by a provision contained within this Amendment, or by a specific limitation contained in the Protective Covenants, all the terms, provisions and conditions of the Protective Covenants are made fully applicable to the property described in Paragraph 1 hereinbefore.
10. DECLARANT RESERVATION. There is hereby reserved to the Declarant, and to any assignee to whom Declarant transfers or assigns its interests hereunder, the right to use any Lot owned or leased by Declarant as a model home, sales office, or for any similar purpose related to the marketing and sale of the Lots, in accordance with Village of Bald Head Island ordinances, notwithstanding any other provisions of this Amendment or the Protective Covenants to the contrary, this right to expire when Declarant or its assigns is no longer actively engaged in the original sale of subdivided Lots on Bald Head Island.

This Amendment is executed as of the day and year first above written, on behalf of Declarant, by its Attorney in Fact, under authority duly granted.

BALD HEAD ISLAND LIMITED (SEAL)
a Texas Limited Partnership

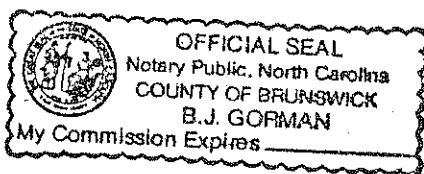
By: *M. Kent Mitchell* (SEAL)
M. Kent Mitchell
Attorney in Fact

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, ~~M. Kent Mitchell~~ B. J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for an on behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 16th day of June, 2005.



B. J. Gorman
Notary Public
My Commission expires: 3/10/08

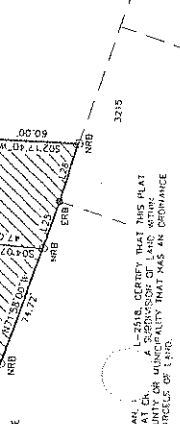
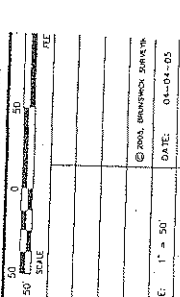
STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

B. J. GORMAN

The Foregoing (or annexed) Certificate(s) of _____

Notary(ies) Public is (are) Certified to be Correct. _____ 22nd _____ June _____ 2005
This Instrument was filed for Registration on this _____ Day of _____
in the Book and page shown on the First Page hereof.

Robert J. Robinson
ROBERT J. ROBINSON, Register of Deeds



CURVE TABLE			
CURVE LENGTH	BANDS	PERCENT	
C1	130.37	785.00	94.000
C2	10.00	827.31	94.000
C3	10.01	842.16	94.749
C4	10.01	843.64	94.717
C5	10.01	845.84	95.011
C6	10.01	848.34	95.311
C7	10.01	851.14	95.625
C8	10.01	854.14	95.953
C9	10.01	857.34	96.295
C10	10.01	860.64	96.651
C11	10.01	864.04	97.021
C12	10.01	867.54	97.405
C13	10.01	871.14	97.803
C14	10.01	874.84	98.215
C15	10.01	878.64	98.641
C16	10.01	882.54	99.081
C17	10.01	886.54	99.535
C18	10.01	890.64	100.000

**For
Informational
Purposes
Only**

**Recreational and/or
Commercial Parcels**

**Not Subject to
Stage Two Association**

Brunswick County—Register of Deeds
Robert J. Robinson
Inst #273223 Book 2173Page 1
06/22/2005 08:57:51am Rec#

RET Judi / Bald Head Island
TOTAL 38 REV _____ TC# 38
REC# _____ CK AMT 149 CK# 1534
CASH _____ REF _____ BY Dz

DECLARATION OF PROTECTIVE COVENANTS
FOR FOUR (4) LOTS IN COMMRCIAL TRACT 5A
CAPE FEAR STATION - BALD HEAD ISLAND

This Declaration of Protective Covenants for FOUR (4) LOTS IN COMMERCIAL TRACT 5A, CAPE FEAR STATION, a planned unit development located in the Village of Bald Head Island, Brunswick County, North Carolina, is made, published and declared by Bald Head Island Limited, a Texas Limited Partnership ("Declarant") as of this 16th day of June, 2005

RECITALS:

Declarant has subdivided certain property owned by it, and more fully described on that Plat of Survey for Commercial Tract 5A, Cape Fear Station, recorded in Map Cabinet 32, Instrument 447, Brunswick County Registry ("the Plat"), into twelve (12) lots, four (4) of which lots, and only those four ("the Lots"), will be subject to this Declaration of Protective Covenants. This Declaration of Protective Covenants is executed and recorded by and on behalf of Declarant and the owners from time-to-time of the four (4) Lots hereinafter identified.

Declarant hereby subjects the property comprising the four (4) Lots shown and described on the Plat as Lots 3702, 3720, 3722 and 3724 to the terms and provisions of this Declaration of Protective Covenants, for the use and benefit of all present and future owners of the Lots, and for the mutual benefit of Declarant, the owners of the Lots, the government authorities having jurisdiction thereof, and any association to which the Lots may hereafter be made subject.

1. **DESCRIPTION.** The Protective Covenants contained in this Declaration ("the Covenants") shall run with the land and shall bind and inure to the benefit of the owner of each of the four (4) above-referenced Lots as shown on the Plat, and the property made subject to these Covenants is all of the surveyed property, and only such property, which is shown on the Plat as Lots 3702, 3720, 3722 and 3724, as the Plat may be amended from time-to-time. The land shown on the Plat which constitutes the eight (8) even-numbered lots 3704 through 3718, is not subject to these Covenants, and said eight (8) lots are specifically excluded from the operation hereof.

As indicated on the Plat, the property subject to this Declaration has been included in Cape Fear Station ("CFS"), a planned unit development ("P.U.D.") approved by the

Village of Bald Head Island in accordance with its ordinances. Declarant hereby specifically reserves the right to seek and obtain from the Village of Bald Head Island an amendment of the CFS P.U.D. to remove the land constituting Lot 3702 from the operation thereof, in which case said Lot 3702 will be released from the provisions of this Declaration, or to allow a vehicular access easement to be constructed in the buffer area and across the conservation easement on said Lot 3702, all without the joinder or consent of any Lot owner or any other person or entity holding an interest in any of the Lots or property depicted on the Plat.

2. UTILIZATION. Notwithstanding the approval of any other use of the property by the Village of Bald Head Island, each of the four (4) Lots shall be restricted in perpetuity to use for either one of the following two purposes, at the option of the owner of each Lot (including the Declarant for any Lots it owns), to wit: single family residential use or mixed residential/commercial use. Any structure built on a Lot which is to be utilized for mixed residential/commercial purposes shall contain at least one floor dedicated exclusively and in perpetuity to commercial use, while the remainder of the structure shall be restricted to single family residential use, only.

Notwithstanding any use of the Lots which may be permitted by the Village of Bald Head Island, none of the Lots may be used for any of the following purposes, and the following uses are hereby specifically prohibited on all of the Lots, to wit: real estate sales, development, brokerage, or property management operations; residential or commercial construction or contractor operations; the storage, preparation, service, or sale of food, groceries, or alcohol. For Lots owned by the Declarant or an entity owned or controlled by Declarant, the Declarant reserves the right to seek and obtain a change, from any use of the Lots which has been or may hereafter be approved by the Village of Bald Head Island, to single family residential use only, without the joinder or consent of any Lot owner or any other person or entity holding an interest in any of the Lots or property depicted on the Plat.

3. SETBACKS. There shall be no setbacks, other than those imposed by the Village of Bald Head Island or other governmental authority, as set forth on the Plat, or as contained in any building site restrictions or design guidelines which may hereinafter be adopted for the Lots, except that all construction of every building or improvement is subject to the approval of the Declarant or Declarant's assigns. No construction except improvements allowed in accordance with the ordinances of the Village of Bald Head Island shall be allowed within any setback imposed by the Village of Bald Head Island. The Plat sets forth a minimum setback of ten (10') feet on the front of each Lot where it abuts the public right-of-way known as Federal Road. The primary building may not be constructed within any setback, no matter by whom established. Improvements other than the primary building, if approved by Declarant or its assigns, may be constructed within setbacks established by Declarant.

4. COMBINATION OF LOTS. Any two or more contiguous Lots may be combined into a single Lot, subject to the approval of Declarant or Declarant's assigns. In the event of such a combination of Lots, any easements or set back requirements, whether set forth herein or appearing on the Plat, which are located along or pertain to a Lot line between any two combined Lots, shall, upon such combination of Lots, be extinguished, provided that said easements shall be extinguished only to the extent that they are used to provide services solely to the combined Lots. Notwithstanding anything to the contrary contained herein or in any design guidelines adopted for the Lots, the maximum square footage of heated, enclosed space for the primary building on any combination of Lots shall be limited to seventy-five (75%) percent of the total allowable maximum square footage for heated, enclosed space for the combined Lots as set forth in these Covenants. The remaining twenty-five (25%) percent of the total allowable maximum square footage for heated, enclosed space may be utilized in other structure(s) approved by the Declarant or its assigns for construction on the combined Lots.
5. LIMITATION ON HEIGHT. No structure constructed on any of the Lots, the entire use of which is restricted to single family residential purposes, shall exceed thirty-five (35) feet in height as measured from the lowest natural point where the building perimeter meets grade to the roof ridge. However, should the owner of a Lot build a structure for mixed residential/commercial use, as described in paragraph 2 of these Covenants, then with respect to such mixed-use structure, the maximum building height as measured from the lowest natural point where the building perimeter meets grade to the roof ridge shall not exceed forty-five (45) feet.
6. BUILDING AND SITE RESTRICTIONS. All four (4) Lots, as shown on the Plat, shall be subject to the following restrictions:
 - (a) The minimum square footage of heated, enclosed space for each primary building approved by Declarant for the Lots shall be 2,000 square feet for each Lot, and the maximum shall be 35% of the total Lot area, but not to exceed 3,500 square feet, unless 35% of the total Lot area is less than 2,500 square feet, in which case the maximum shall not exceed 2,500 square feet. The Declarant hereby reserves to itself and its assigns the right to adopt design guidelines for the construction, reconstruction, improvement, changing, or installation of improvements on the Lots, which guidelines will be applied by the Declarant or Declarant's assigns when approval is sought for construction pursuant to these Covenants. All four (4) Lots, as shown on the Plat, will be subject to any general and/or specific design guidelines made applicable to the Lots, as the same may be adopted and amended from time to time by Declarant or its assigns. Declarant reserves the right to change the design guidelines adopted for any Lot prior to the sale of said Lot to a third party, notwithstanding the sale of other Lots which may be made subject to the guidelines.

- (b) Each Lot owner shall keep the grounds on his or her Lot and all structures located thereon in a clean, neat and sightly condition, and shall provide for the regular removal of all trash or refuse from the Lot.
- (c) No animals, livestock or poultry of any kind shall be kept or maintained on any Lot except that no more than 2 dogs or cats are allowed, provided they are attended as required by the ordinances of the Village of Bald Head Island.
- (d) The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8-980920MOD, as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit. These covenants (as well as all other provisions of the Protective Covenants) are to run with the land and be binding on all persons and parties claiming under them. Each Lot shall contain a maximum allowable built upon area (BUA) which may be covered by impervious surfaces (as defined by the Department of Environmental Management). For the four (4) even-numbered Lots 3702 and 3720 through 3724, the maximum allowable BUA is four thousand two hundred (4,200) square feet per Lot. These allotted amounts include any BUA 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. BUA includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, and coquina, but does not include raised, open wood decking, or the water surface of swimming pools. Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is strictly prohibited. Each Lot will maintain a thirty (30') foot wide vegetated buffer between all impervious areas and surface waters, and all roof drains shall terminate at least thirty (30') feet from the mean high water mark of surface waters. Prior to the construction of any impervious areas, each Lot owner shall install a perforated HDPE infiltration / drainage pipe with a manhole on each end, thirty (30") inches in diameter and at least eighty (80') feet in length, running under and parallel to the driveway serving each Lot, which shall be installed and maintained in accordance with the above-referenced permit. This Paragraph 6 (d) may be enforced by the State of North Carolina, as well as any other party entitled to enforce the Covenants. To the extent that the State of North Carolina should revise its existing stormwater permit to allow different imperious surface amount(s) on any one of more of the Lots, upon filing by Declarant or Declarant's assigns of a notice of said change in permit, the impervious surface limitation as to said Lot or Lots shall be automatically deemed amended to comply with the changed impervious surface limitation allowed

by the State of North Carolina by permit. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, and alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

- (e) There is shown on the Plat a Conservation Easement (indicated by the shaded area on the Lots) totaling 0.55 acre in size, ranging between twenty (20') feet and sixty (60') feet in depth, along the south side of the Lots as shown on the Plat, for the benefit of the Bald Head Island Stage Two Association, Inc. and its members. There is also shown on the Plat, on the west and south sides of Lot 3702, a buffer area twenty-five (25') feet in width, part of which lies within the Conservation Easement on said Lot. No construction or land disturbing activities of any kind shall be allowed in or upon the Conservation Easement area or buffer area, except for installation of underground utilities or drainage structures as approved by the appropriate authorities, and, if approved by amendment of the P.U.D., construction of a vehicular access easement crossing Lot 3702, as set forth in paragraph 1 of this Declaration. The Conservation Easement and buffer areas shall be kept in their natural state. No removal of vegetation, and no landscaping or altering of the terrain shall be allowed in these areas, except as may be required to allow the limited activities and construction described in this paragraph 6(e).
- (f) As shown on the Plat, all four (4) of the Lots abut and are accessed from the public road right-of-way known as Federal Road. It is the intention of Declarant that all driveways providing ingress to and egress from the Lots shall be subject to approval by Declarant, or Declarant's assigns, as to size and location, and shall be in accordance with the Covenants and any guidelines which may be adopted. Each Lot owner shall, as required by the Declarant and/or the Village of Bald Head Island, install address bollards or other approved property identification at the front of his or her Lot. No improvements shall be constructed by the owner of any Lot to the extent located between the public street adjacent to the primary building on said Lot, and the entry to said building closest thereto, which would significantly impede emergency access to said entry. Fencing must have unlocked gates sufficiently wide to accommodate such access.
- (g) There are hereby reserved for the benefit of the owners of the Lots, the Declarant, and all public and private utilities, and for the benefit of the Village of Bald Head Island, that certain easement, as shown on the Plat, for the installation and maintenance of all utilities, public and private, and the maintenance of all roads, upon, under and across the front seven (7') feet of each Lot where it abuts the public right-of-way.

- (h) Yards shall be maintained with natural vegetation. No grasses or ornamental vegetation shall be permitted, EXCEPT, in the event the Declarant (or its assigns) adopts landscaping guidelines or standards specific to the Lots, then in that event such vegetation shall be permitted as is described in said guidelines or standards adopted for the Lots.
 - (i) There will be installed on each of the Lots, by Bald Head Island Utilities, Inc., its successors or assigns (hereinafter "Utilities"), a grinder pump for the removal of waste water generated at each Lot, together with the equipment, pipes and lines necessary to process and transport the waste water from the grinder pump to the sewer main tap located in the utility easement at the front or side of each Lot. The grinder pump for each Lot shall be installed within the area of the Lot designated for that purpose by Declarant, subject to approval by Utilities of the suitability of the exact location of said grinder pump. In no event shall any grinder pump be installed within five (5') feet of the exterior wall of any dwelling. There is hereby reserved, for the benefit of the Declarant and Utilities, a perpetual and assignable easement and right-of-way over, upon, under and across each of the Lots for the purpose of installing, accessing, monitoring, maintaining, repairing and replacing the grinder pumps and the appurtenant equipment, pipes and lines, which easements and rights-of-way shall run with the land. Utilities shall be responsible only for the re-establishment of the grade of any Lot upon which the aforesaid installation, maintenance, repair or replacement activity occurs, and the Lot owner shall be responsible for the restoration of any improvements or landscaping damaged or disturbed by such activity, and shall hold Utilities, its agents and employees, free from liability therefor.
7. PROPERTY OWNER'S ASSOCIATION. Declarant, for itself and its assigns, hereby reserves the right to charter a North Carolina non-profit corporation or entity as a commercial property owner's association and to subject the Lots to the jurisdiction thereof, or Declarant may annex the Lots to an existing residential or commercial property owner's association, all at Declarant's option and in Declarant's unlimited discretion, without the consent of any Lot owner, by written declaration duly recorded in the Brunswick County Register of Deeds, on or before December 31, 2008. The owner of each Lot will be a member of the governing association, which membership will run with and may not be separated from ownership of the Lot. Each Lot owner will be required to pay dues and assessments to the association, as determined by the association from time-to-time in accordance with its duly adopted by-laws and governing documents. In general, the dues will be uniformly assessed against each Lot; however, the association may be authorized to assess a common group of Lots or an individual Lot independently of assessments to other Lots, to the extent that only such common group of Lots or individual Lot is benefitted by such assessment, and the amount of such assessment may

be proportionate to the benefit enjoyed by each such Lot or group of Lots. The owners of each of the Lots shall begin paying dues to the appropriate association sixty (60) days after the Lots are made subject thereto.

Any dues, assessments or portions thereof which are not paid when due will be delinquent, and the association may thereupon record notice of claim of lien against the Lot of the delinquent member in Brunswick County Superior Court, may file notice of *lis pendens* against said Lot, may file suit to collect such delinquent dues or assessments against the person(s) personally obligated to pay the same, may foreclose the lien against the Lot in the same manner as provided in the State of North Carolina for the foreclosure of deeds of trust with power of sale, may utilize any combination of these remedies, or may utilize any other remedy allowed by North Carolina law. Upon the exercise of any such remedy, interest, late charges, costs and reasonable attorney fees will be added to the amount of the delinquent dues or assessments. The association may bid for the Lot at any foreclosure or judicial sale, and is authorized to acquire, hold, lease, mortgage and convey the Lot.

In addition to the powers and authority granted it by law and its governing documents, and the rights reserved to it elsewhere in these Covenants, any association chartered hereunder shall have the following specific rights and obligations: the right to own and the obligation to maintain improved and unimproved real property; the obligation to comply with all stormwater management permits and regulations imposed by the State of North Carolina upon the property depicted in the Plat; the right and obligation to enforce these Covenants and all rules, regulations, restrictions and standards adopted in accordance herewith, including but not limited to building and site restrictions, architectural standards, design guidelines, and regulations for utilization of the Lots not inconsistent with these Covenants.

8. ARCHITECTURAL REVIEW. There is hereby specifically reserved, to Declarant and Declarant's assigns, the right to establish and enforce architectural standards, design guidelines, and building and site restrictions for all improvements to be constructed, reconstructed, changed, improved, or installed on the Lots, including the right to create an Architectural Review Committee to which the review and approval authority of Declarant may be delegated. Any rules, regulations, guidelines, restrictions or standards adopted by Declarant in accordance with this paragraph shall be fully applicable to all four (4) Lots depicted on the Plat, shall run with the land, and shall be binding upon the owners of each Lot, their guests and invitees, representatives, successors and assigns.
9. ENFORCEMENT AND REMEDIES. Declarant, any association chartered hereunder, and the owner of any Lot shall have the right to enforce, by any proceeding at law or in equity, all of the conditions, covenants and restrictions of this Declaration, the association's bylaws, and all rules, regulations, restrictions and standards (including any building and design guidelines) adopted by Declarant, its assigns, or the association. The

prevailing party in any such proceeding shall be entitled to collect all costs thereof from the non-prevailing party, including actual, reasonable attorney fees. In addition, Declarant, its assigns and the association shall have the authority to impose sanctions for violation of this Declaration, the association bylaws, and all rules, regulations, restrictions and standards (including any building and design guidelines) adopted hereunder, and to exercise self-help to cure violations, including the right of entry onto any Lot without being guilty of or liable for trespass, and to assess the costs of cure against the individual Lot as set forth herein. The association shall have the right to suspend the voting rights of any violating Lot owner, may suspend the right of said owner to use any common areas or amenities, and may further suspend any services the association provides to the Lot for any period during which the violation (including delinquency of at least thirty [30] days in payment of dues or assessments) continues. The association may establish a schedule of fines for violation of this Declaration, its bylaws, and all duly adopted rules, regulations, restrictions and standards (including any building and design guidelines), and may impose such fines as assessments against each individual Lot in violation, payable by the Lot owner(s) and enforceable as set out in this Declaration. The remedies provided in this Declaration are cumulative, and are in addition to all other remedies allowed by law. No provisions of this Declaration, the association by-laws, or any rule, regulation, restriction or standard adopted hereunder shall be deemed to have been waived, abandoned or abrogated by reason of the failure to enforce them on the part of any person or entity, and Declarant, its assigns and the association shall not be liable for the failure to enforce same.

10. BINDING EFFECT. All covenants, restrictions, reservations, easements and privileges contained herein shall run with the land shown on the Plat as Lots 3702, 3720, 3722 and 3724, and the grantee, by accepting any deed to any portion of such land, accepts the same subject to this Declaration of Protective Covenants and its terms and conditions, and agrees for himself, his heirs, successors and assigns, to be fully bound by each and all of the terms and conditions of these Covenants and any amendments hereto, jointly and severally.
11. ASSIGNMENT. "Declarant" shall mean and include Bald Head Island Limited and any of its successors and assigns specifically assigned the rights of Declarant herein.
12. AMENDMENT. These Covenants may be amended by Declarant at any time prior to the conveyance of any Lot to a third party other than an entity owned or controlled by Declarant. These Covenants may also be amended by Declarant as it deems necessary or advisable to allow Declarant to exercise the rights, powers and privileges reserved to Declarant herein. Otherwise, these Covenants may be amended only upon the affirmative concurrence and joinder of at least seventy-five (75%) per cent of the owners of the Lots subject to this Declaration. Any such amendment to these Covenants shall become effective upon recordation in the office of the Register of Deeds of Brunswick County, North Carolina.

WITNESS, that this Declaration of Protective Covenants is executed on behalf of Declarant as of the day and year first above written, under authority duly granted.

BALD HEAD ISLAND LIMITED (SEAL)

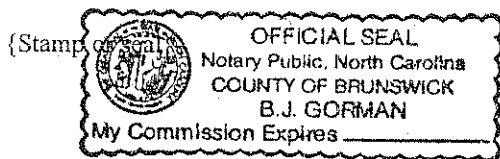
By: *M. Kent Mitchell* (SEAL)
M. Kent Mitchell
Attorney in Fact

STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, B. J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 16th day of June, 2005.



B. J. Gorman
Notary Public
My Commission expires: 3/10/08

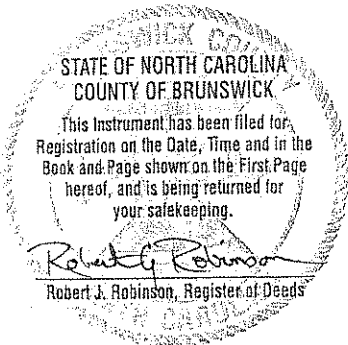
STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

B. J. GORMAN

The Foregoing (or annexed) Certificate(s) of _____

Notary(ies) Public is (are) Certified to be Correct. 22nd Day of June, 2005
his Instrument was filed for Registration on this _____
in the Book and page shown on the First Page hereof.

Robert J. Robinson
ROBERT J. ROBINSON, Register of Deeds



Brunswick County--Register of Deeds
Robert J. Robinson
Inst #314161 Book 2328 Page 172
02/06/2006 09:36:21am Rec# 261524

RET Judy Ward (Bald Head)
TOTAL 17 REV 17 TC# 17
REC# 153 CK AMT 153 CK# 2018
CASH 17 REF 17 BY JB

AMENDMENT
TO DECLARATION OF PROTECTIVE COVENANTS
FOR FOUR (4) LOTS IN COMMERCIAL TRACT 5A
CAPE FEAR STATION - BALD HEAD ISLAND

THIS AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS FOR FOUR (4) LOTS IN COMMERCIAL TRACT 5A, CAPE FEAR STATION - BALD HEAD ISLAND, is made as of the 17th day of January, 2006, as follows:

WHEREAS, Bald Head Island Limited, a Texas limited partnership, is the developer and the sole owner of that certain real property located in the Village of Bald Head Island and known as Lots 3702, 3720, 3722 and 3724, Commercial Tract 5A, Cape Fear Station, Bald Head Island, Brunswick County, North Carolina (the "Property"); and,

WHEREAS, Bald Head Island Limited, as Declarant, has heretofore caused to be recorded in the records of the Brunswick County Registry in Book 2173 at Page 1, a certain Declaration of Protective Covenants for the aforesaid Property, and has further caused to be recorded in said Registry in Map Cabinet 32, Instrument 447, a Plat of survey which sets out and describes, *inter alia*, the Property subject to said Declaration; and,

WHEREAS, according to its terms, the Declaration of Protective Covenants may be amended by the Declarant at any time prior to the conveyance of any of the aforesaid Lots to a third party other than an entity owned or controlled by Declarant; and

WHEREAS, none of the Lots have been conveyed by Declarant to a third party, and Declarant wishes to amend said Declaration of Protective Covenants with regard to the building and site restrictions applicable to the Property as set forth therein;

NOW, THEREFORE, Bald Head Island Limited, Declarant, hereby amends and supplements the Declaration of Protective Covenants for Four (4) Lots in Commercial Tract 5A, Cape Fear Station - Bald Head Island, as follows:

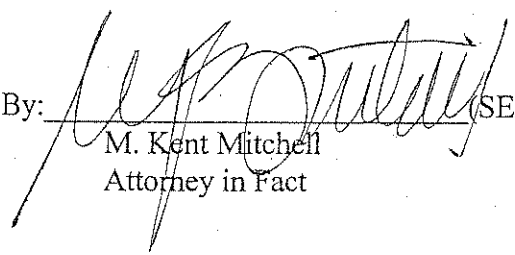
1. There is hereby inserted, after the first sentence of subparagraph (a) of Paragraph 6, "BUILDING AND SITE RESTRICTIONS", the following provision, the balance of said subparagraph to remain unchanged, to wit:

In addition to the aforesaid minimum and maximum square footage limitations for each primary building approved by Declarant for each Lot, up to an additional 500 square feet of heated and enclosed space per Lot shall be allowed for outbuildings and secondary structures approved by Declarant for the Lots.

2. Except as specifically amended and/or supplemented by this Amendment, all of the terms, provisions and conditions of the Declaration of Protective Covenants for Four (4) Lots in Commercial Tract 5A, Cape Fear Station – Bald Head Island, remain in full force and effect and fully applicable to the subject Property described herein.

IN WITNESS WHEREOF, the undersigned Declarant has caused this instrument to be executed by its duly authorized attorney-in-fact, this the 17th day of January, 2006.

BALD HEAD ISLAND LIMITED (SEAL)
a Texas Limited Partnership

By:  (SEAL)
M. Kent Mitchell
Attorney in Fact

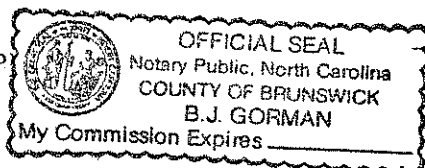
STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, B. J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Bald Head Island Limited.

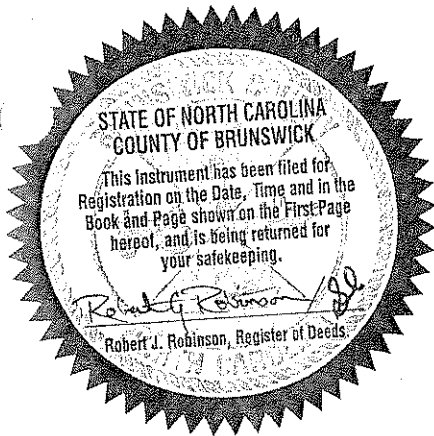
WITNESS my hand and official seal, this the 17th day of January, 2006.

{SEAL-STAMP



B. J. Gorman
Notary Public

My commission expires: 3/10/08



B2474 P0724 09-21-2006 08:34:27.000
Brunswick County, NC Register of Deeds Robert J. Robinson page 1 of 3

RET Bald Head Island LLC
TOTAL 20 REV TC# 38
REC# CK AMT 21 CK# 2046
CASH REF BY

SECOND AMENDMENT
TO DECLARATION OF PROTECTIVE COVENANTS
FOR FOUR (4) LOTS IN COMMERCIAL TRACT 5A
CAPE FEAR STATION – BALD HEAD ISLAND

THIS SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS FOR FOUR (4) LOTS IN COMMERCIAL TRACT 5A, CAPE FEAR STATION – BALD HEAD ISLAND, is made as of the 14th day of SEPTEMBER, 2006, as follows:

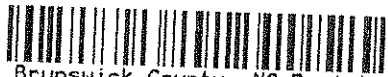
WHEREAS, Bald Head Island Limited, LLC, a Texas limited liability company and successor to Declarant, Bald Head Island Limited, a Texas limited partnership, is the developer and the sole owner of that certain real property located in the Village of Bald Head Island and known as Lots 3720, 3722 and 3724, Commercial Tract 5A, Cape Fear Station, Bald Head Island, Brunswick County, North Carolina; and,

WHEREAS, Mitchell Island Investments, Inc., a Texas corporation, is the sole owner of that certain real property located in the Village of Bald Head Island and known as Lot 3702, Commercial Tract 5A, Cape Fear Station, Bald Head Island, Brunswick County, North Carolina (Lots 3702, 3720, 3722 and 3724 shall collectively be referred to as “the Property”); and,

WHEREAS, Bald Head Island Limited, as Declarant, heretofore caused to be recorded in the records of the Brunswick County Registry in Book 2173 at Page 1, a certain Declaration of Protective Covenants for the aforesaid Property, amended by Amendment to Declaration of Protective Covenants recorded in the aforesaid Registry in Book 2328 at Page 172, and further caused to be recorded in said Registry in Map Cabinet 32, Instrument 447, a Plat of survey which sets out and describes, *inter alia*, the Property subject to said Declaration and Amendment; and,

WHEREAS, according to its terms, the Declaration of Protective Covenants may be amended upon the affirmative concurrence and joinder of at least seventy-five (75%) per cent of the owners of the Lots subject to the aforesaid Declaration, and Bald Head Island Limited, LLC is currently the owner of three (3) of the four (4) Lots subject to said Declaration;

NOW, THEREFORE, Bald Head Island Limited, LLC, successor to Declarant and owner of seventy-five (75%) per cent of the Lots subject to said Declaration, hereby amends and supplements the Declaration of Protective Covenants for Four (4) Lots in Commercial Tract 5A, Cape Fear Station – Bald Head Island, as follows:



Brunswick County, NC Register of Deeds

B2474 P0725

09-21-2006 08:34:27.000

Robert J. Robinson
page 2 of 3

1. The following sentence is hereby added to the end of the first paragraph of Paragraph 2, "UTILIZATION", with the balance of said first paragraph and the entire second paragraph remaining unchanged, to wit:

The primary and secondary structures on any Lot may be used, at the same time, to house no more than one family each, such that, for the purposes of this Paragraph 2, the term "single family residential" shall apply to the separate but concurrent use of each of the aforesaid structures, or any floor thereof.

2. The following provisions are hereby added to the end of the above-mentioned Paragraph 2, "UTILIZATION", to wit:

None of the Lots shall be subdivided by any owner other than Declarant, nor shall any structure erected on any Lot be subjected to Declaration of Condominium except with the prior written consent of Declarant, which consent may be withheld in Declarant's sole and unlimited discretion. The Declarant reserves unto itself, its successors and assigns, the right to subject all or any portion of the Property, or any structure erected on the Property, to Declaration of Condominium, without the consent or approval of any owner. In the event one or more condominium units are created on the Property or in any structure(s) located thereon, then each such unit shall be considered a Lot in accordance with the Covenants, and the owner of each condominium unit shall be a member of any property owner's association that may be established for the Property, with all of the rights and obligations attendant thereto (including the obligation to pay dues and assessments), as well as a member of the condominium association established for said owner's property.

3. Except as specifically amended and/or supplemented by this Second Amendment, all of the terms, provisions and conditions of the Declaration of Protective Covenants for Four (4) Lots in Commercial Tract 5A, Cape Fear Station – Bald Head Island, as amended, remain in full force and effect and fully applicable to the Property described herein.

IN WITNESS WHEREOF, the undersigned successor Declarant and owner of seventy-five (75%) per cent of the Lots subject to the Declaration, has caused this instrument to be executed by its duly authorized manager, this the 14th day of SEPTEMBER, 2006.

BALD HEAD ISLAND LIMITED, LLC,
a Texas limited liability company

By: [Signature] (SEAL)
M. Kent Mitchell, Manager



STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

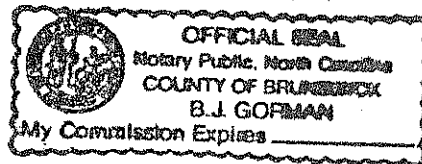
I, B.J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, Manager for Bald Head Island Limited, LLC, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing instrument for and in behalf of the said Bald Head Island Limited, LLC.

WITNESS my hand and official seal, this the 14th day of September, 2006.

B.J. Gorman

Notary Public

My commission expires: 3/10/08



Brunswick County Register of Deeds
Robert J. Robinson
Inst #124319 Book 1618 Page 356
08/16/2002 08:42:10am Rec# 116231

RET Gracie Ward
TOTAL 29- REV 38 TC# 38
REC# 371 CK AMT 1414 CK# 38
CASH REF BY 38

PROTECTIVE COVENANTS
RECREATION 2 -CAPE FEAR STATION

These Protective Covenants for **RECREATION 2, CAPE FEAR STATION**, a non-residential subdivision consisting of a single parcel of land, located in the Village of Bald Head Island, Brunswick County, North Carolina, are made, published and declared by Bald Head Island Limited, a Texas Limited Partnership ("Declarant") as of this 1st day of AUGUST, 2002.

RECITALS:

Declarant has subdivided property owned by it, and more fully described on that Plat of Survey for Recreation 2, Cape Fear Station, recorded in Map Cabinet 26, Instrument 434, Brunswick County Registry ("the Plat"), to create a single parcel of land to be known as Cape Fear Station Lot 3700 ("the Lot"), which will be used for certain non-residential purposes. In order to ensure the appropriate use of the Lot, and to further compliance with various permitting requirements imposed by the State of North Carolina and the Village of Bald Head Island, Declarant has declared, executed and recorded these Protective Covenants, which shall run with the land and shall be binding on Declarant, its successors and assigns, and the owner(s) from time-to-time of the Lot.

NOW THEREFORE, Declarant hereby subjects the property described on the Plat to the terms and provisions of these Protective Covenants, for the use and benefit of itself and all future owners of the Lot, and for the mutual benefit of Declarant, the owner(s) of the Lot, and the government authorities having jurisdiction thereof.

1. **Description**. These Protective Covenants shall run with the land and shall bind and inure to the benefit of the owner(s) from time-to-time of Lot 3700 as shown on the Plat, and the property made subject to these Protective Covenants is all of the surveyed property shown on the Plat, consisting of 3.23 acres of land, as the Plat may be amended from time-to-time.
2. **Utility Easements**. There is reserved, as shown on the Plat, a seven (7') foot utility easement over and across the front and rear of the Lot where the Lot abuts the public

road rights-of-way, South East Beach Drive to the north and Federal Road to the south. Said easement is reserved for the installation and maintenance of all utilities, public and private, and for drainage purposes. Except for improvements related to utilities or drainage, or as may be needed to provide access to the Lot, no buildings or structures shall be allowed in said easement.

3. **Setbacks.** There shall be no setbacks, other than those imposed by the Village of Bald Head Island or other governmental authority, or as set forth on the Plat as it may be amended from time-to-time. No improvements shall be constructed within the ten (10') foot setback along the north and south lot lines as shown on the Plat. No construction except improvements allowed in accordance with the ordinances of the Village of Bald Head Island shall be allowed within any setback imposed by the Village of Bald Head Island. No improvements shall be constructed on the Lot to the extent located between the public road right-of-way adjacent to the Lot and any buildings on the Lot, which would significantly impede emergency access to said building(s). Fencing, if any, must have an unlocked gate sufficiently wide to allow such access.
4. **Building and Site Restrictions.** All use of and construction upon the Lot shall be subject to the following conditions and restrictions:
 - (a) No structure on the Lot shall exceed forty-five (45') feet in height, as measured from the lowest natural point where the building perimeter meets grade to the roof ridge of the building.
 - (b) The owner(s) of the Lot shall keep the grounds and all structures located thereon in a clean, neat and sightly condition, and shall provide for the regular removal of trash or refuse from the Lot.
 - (c) Except for such other uses as may be hereinafter set forth, the use of the Lot shall be limited to active and passive recreational purposes and for underground utility installation. Indoor and outdoor sporting facilities and activities (such as swimming pools, volleyball, children's activities and tennis courts) as well as open or covered decks, stairs, walkways, gazebos, and similar structure(s), and other improvements consistent with the use of the Property for recreational purposes shall be allowed. No residential structures shall be built on the Lot, and no commercial structures or business operations shall be constructed or maintained thereon, EXCEPT that one structure housing ordinary pro shop type operations which are incidental to and consistent with the use of the Lot for recreational activities shall be allowed (e.g., a tennis equipment and apparel shop), SUBJECT HOWEVER to review and approval of the size, design and location of said structure by Declarant, as set forth herein; and PROVIDED, that Declarant may use the Lot at any time for entertaining sales or business prospects and for holding

promotional events; and FURTHER PROVIDED that, notwithstanding any other provisions contained herein, the establishment or operation of a real estate sales, brokerage, construction, or property management business on the Lot shall be absolutely prohibited.

- (d) The Lot shall not be reduced in size nor divided (or subdivided) into smaller lots or units without the prior written consent of Declarant, which consent may be withheld in Declarant's sole and unlimited discretion. In the event Declarant's consent is obtained, any such change or reconfiguration of the Lot shall be only as allowed by law or ordinance of the Village of Bald Head Island, and in accordance with the guidelines, rules, covenants, conditions and restrictions of any association to which the Lot may hereafter be annexed and made subject.
- (e) No structure or site improvement having a cost of more than \$1,000 shall be erected, constructed or placed on the Lot until the plans for same, showing the proposed location, specifications, elevations, exterior color and finish, as well as driveways, parking and landscape plans, shall have been submitted to and approved in writing by Declarant. Any alteration or change to the appearance of any approved structure or site improvement on the Lot shall also require submission to and written approval by Declarant. As long as the location, size and exterior appearance of any structure or site improvement are in compliance with the provisions of these Covenants and are consistent with the design, quality standards, and aesthetics of the surrounding Cape Fear Station community, Declarant's approval of plans shall not be unreasonably withheld. In the event that Declarant fails to approve or disapprove any structure or site improvement within thirty (30) days after complete and final plans and specifications therefor have been received by it, Declarant's written approval will not be required, and construction may proceed in accordance with the plans and specifications submitted.
- (f) In order to comply with the North Carolina Coastal Storm Water Regulations enacted by the Department of Environmental Management of the State of North Carolina, the Lot shall contain a maximum square footage covered by impervious surfaces (as defined by the Department of Environmental Management), which limitation shall be as follows: a maximum of 1.30 acres, including streets and parking. Impervious surfaces include structures, paved surfaces, walkways, patios of brick, stone, slate and similar materials, and use of other materials that substantially negatively impact the ability of water to be assimilated into the soil. This provision is intended to ensure continued compliance with storm water runoff regulations adopted by the State of North Carolina, and therefore this Paragraph 4(f) may be enforced by the State of North Carolina, as well as any other party entitled to enforce the Protective Covenants. To the extent that the State of North Carolina should revise its existing stormwater permit to allow a

different impervious surface amount on the Lot, upon filing by Declarant or its successors or assigns of a notice of said change in permit, the impervious surface limitation as to the Lot shall be automatically deemed amended to comply with the changed impervious surface limitation allowed by the State of North Carolina by permit. This provision, as well as all other provisions of these Protective Covenants, runs with the land and is binding on all persons owning the Lot as shown on the Plat. No amendment of this provision shall be allowed unless consented to in writing by the State of North Carolina, Department of Environmental Management.

- (g) There may be installed on the Lot, by Bald Head Island Utilities, Inc., its successors or assigns (hereinafter Utility Company), a grinder pump for the removal of waste water generated at the Lot, together with the equipment, pipes and lines necessary to process and transport the waste water from the grinder pump to the sewer main tap located in the utility easement on the Lot. The grinder pump shall be installed within the area of the Lot designated for that purpose by the owner(s) if the Lot (or in the Design Guidelines, if any), subject to approval by the Utility Company of the suitability of the exact location of said grinder pump. In no event shall any grinder pump be installed within five (5') feet of the exterior wall of any structure. There is hereby reserved, for the benefit of the Declarant and the Utility Company, a perpetual and assignable easement and right-of-way over, upon, under and across the Lot for the purpose of installing, accessing, monitoring, maintaining, repairing and replacing the grinder pump and the appurtenant equipment, pipes and lines, which easements and rights-of-way shall run with the land. The Utility Company shall be responsible only for the re-establishment of the grade of the Lot when the aforesaid installation, maintenance, repair or replacement activity occurs, and the Lot owner(s) shall be responsible for the restoration of any improvements or landscaping damaged or disturbed by such activity, and shall hold the Utility Company, its agents and employees, free and harmless from liability therefor.

- 5. **Optional Association or Annexation.** Declarant hereby reserves the right to charter a North Carolina non-profit corporation in the nature of a non-residential property owners association, which association may include other member properties, and to subject the Lot and the property shown on the Plat to the guidelines, rules, regulations, and by-laws of said association, including the obligation of the Lot owner(s) to pay dues and assessments as determined by the association from time-to-time. Said association, if chartered, shall have all powers and authority granted it by law and its Articles of Incorporation, together with the right to own and the obligation to maintain improved and unimproved real property; the obligation to comply with all stormwater management permits and regulations imposed by the State of North Carolina upon the properties which it governs; the right to manage and the obligation to maintain private easements; and the right and obligation to enforce these and any

other applicable protective covenants and all rules, regulations, restrictions and standards adopted in accordance therewith, including (but not limited to) building and site restrictions and architectural standards.

There is further specifically reserved to Declarant the right (but not the obligation) to annex the Lot and the property shown on the Plat to any existing residential or non-residential property owners association governing properties located on Bald Head Island, North Carolina, and to subject the Lot and the property shown on the Plat to the by-laws, rules, regulations, restrictions, guidelines and standards of said association, including (but not limited to) building and site restrictions, architectural standards and review, for properties subject to such association. In the event Declarant determines to annex the Lot and property to an existing association, or to charter a non-residential property owners association as described herein (and Declarant is not obligated to do either), the same shall be accomplished by the recording of a declaration or declarations with the Brunswick County Register of Deeds, and shall become binding upon the Lot and property shown on the Plat as of the date of such recording.

8. **Binding Effect.** All covenants, restrictions, reservations, easements and privileges contained herein shall run with the land, and the grantee, by accepting any deed to any portion of such land described herein, accepts the same subject to these Protective Covenants and its terms and conditions, and agrees for himself, his heirs, successors and assigns, to be fully bound by each and all of the terms and conditions of these Protective Covenants, jointly, separately and severally.
9. **Assignment.** "Declarant" shall mean and include Bald Head Island Limited and any of its successors and assigns to whom the rights of Declarant herein are specifically transferred, conveyed, or assigned.
10. **Enforcement and Remedies.** Declarant shall have the right to enforce, against the owner(s) from time-to-time of the Lot, by any proceeding at law or in equity, all of the conditions, covenants and restrictions contained herein. The prevailing party in any such proceeding shall be entitled to collect all costs thereof from the non-prevailing party, including actual, reasonable attorney fees. In addition, the Declarant shall have the right to exercise self-help to cure violations, including the right of entry onto the Lot without being guilty of or liable for trespass, and to assess the costs of cure against the Lot owner(s). The remedies provided herein are cumulative, and are in addition to all other remedies allowed by law. No provisions contained herein shall be deemed to have been waived, abandoned or abrogated by reason of the failure to enforce them on the part of the Declarant or any person, and the Declarant shall not be liable to any person for the failure to enforce same.

11. Amendment. These Protective Covenants may be amended by Declarant at any time prior to the conveyance of the Lot to a third party other than a person or entity affiliated with, owned, or controlled by Declarant. Any such amendment to these Covenants shall become effective upon recordation in the office of the Register of Deeds of Brunswick County, North Carolina. No amendment shall be made which alters the obligation of the Lot owner to maintain any drainage easements, or changes the impervious coverage limitations set forth herein, without the approval of the State of North Carolina as required by stormwater management permit(s).

WITNESS, that these Protective Covenants are executed on behalf of Declarant as of the day and year first above written, under authority duly granted.

BALD HEAD ISLAND LIMITED (SEAL)

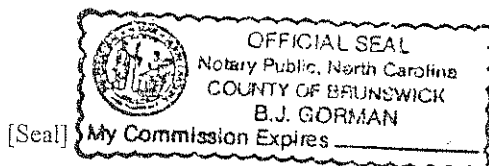
By [Signature] (SEAL)
M. Kent Mitchell
Attorney in Fact

STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, B.J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 1st day of August, 2002.



B.J. Gorman
Notary Public
My commission expires: 3/10/03

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

The Foregoing (or annexed) Certificate(s) of B J GORMAN

Notary(ies) Public is (are) Certified to be Correct.

This Instrument was filed for Registration on this 16th Day of August, 2002
in the Book and page shown on the First Page hereof.

[Signature]

RET Quade Ward
TOTAL 120 - REV TC# 38
REC# CK AMT 37 CK# 1419
CASH REF BY JS

AMENDMENT TO PROTECTIVE COVENANTS
RECREATION 2 – CAPE FEAR STATION

THIS AMENDMENT TO PROTECTIVE COVENANTS, RECREATION 2 - CAPE FEAR STATION, is made as of the 4th day of September, 2002, as follows:

WHEREAS, Bald Head Island Limited, a Texas limited partnership, is the developer and the former owner of that certain real property located in the Village of Bald Head Island and known as Recreation 2 – Cape Fear Station, Brunswick County, North Carolina (the "Property"); and,

WHEREAS, Bald Head Island Limited, as Declarant, has heretofore caused to be recorded in the records of the Brunswick County Registry in Book 1618 at Page 356, certain Protective Covenants for Recreation 2 – Cape Fear Station, and has further caused to be recorded in said Registry in Map Book 26, Page 434, a Plat of survey which sets out and describes the Property subject to said Protective Covenants; and,

WHEREAS, according to its terms, the Protective Covenants may be amended by the Declarant, and Declarant now wishes to amend said Protective Covenants with regard to the use of the subject Property from and after August 28, 2008;

NOW, THEREFORE, Bald Head Island Limited, Declarant, hereby amends and revises the Protective Covenants for Recreation 2 – Cape Fear Station, as follows:

1. Subparagraph (c) of Paragraph 4, "BUILDING AND SITE RESTRICTIONS", is hereby deleted in its entirety and replaced with the following provision, to wit:

- (c) Except for such other uses as may be hereinafter set forth, the use of the Lot shall be restricted, until August 28, 2008, to active and passive recreational purposes and for underground utility installation. Indoor and outdoor sporting facilities and activities (such as swimming pools, volleyball, children's activities and tennis courts) as well as open or covered decks, stairs, walkways, gazebos, and similar structure(s), and other improvements consistent with the use of the Property for recreational purposes shall be allowed. Prior to August 28, 2008, no residential structures shall

be built on the Lot, and no commercial structures or business operations shall be constructed or maintained thereon, EXCEPT that one structure housing ordinary pro shop type operations which are incidental to and consistent with the use of the Lot for recreational activities shall be allowed (e.g., a tennis equipment and apparel shop), SUBJECT HOWEVER to review and approval of the size, design and location of said structure by Declarant, as set forth herein; and PROVIDED, that Declarant may use the Lot at any time for entertaining sales or business prospects and for holding promotional events; and FURTHER PROVIDED that, notwithstanding any other provisions contained herein, the establishment or operation of a real estate sales, brokerage, construction, or property management business on the Lot shall at all times be absolutely prohibited.

2. There is hereby added to Paragraph 4, "BUILDING AND SITE RESTRICTIONS", the following subparagraph (h), to wit:

- (h) Notwithstanding anything to the contrary contained in these Protective Covenants as amended, in the event the Lot is at any time divided or subdivided into smaller lots or units for residential use, each of the lots or units thereby created shall, without further action, be deemed annexed into the Bald Head Island Stage Two Association (the "Association") and shall be subject to all of the covenants, conditions, restrictions, by-laws, rules, regulations, guidelines and standards applicable to residential properties in Stage Two of Bald Head Island, including (but not limited to) the obligation of the lot or unit owners to pay dues and assessments as determined by the Association from time to time, and the requirement that all proposed improvements be submitted to the architectural review committee of the Association for approval. The aforesaid annexation into the Bald Head Island Stage Two Association shall take effect, and the above-referenced covenants, conditions, restrictions, by-laws, rules, regulations, guidelines and standards shall become binding upon the lots or units, upon the date that the plat (or plats) creating such lots or units is/are first recorded with the Register of Deeds for Brunswick County, North Carolina. In addition, upon the division or subdivision of the Lot into smaller lots or units, each of the lots or units created thereby shall be subject to and burdened by an easement for the benefit of Bald Head Island Utilities, Inc., its successors or assigns, for the purpose of installing a grinder pump for the removal of waste generated at the lot or unit, the terms and conditions of which easement are more fully set forth in subparagraph (g) of this Paragraph 4.

3. Except as specifically amended and/or supplemented by this Amendment, all of the terms, provisions and conditions of the Protective Covenants for Recreation 2 – Cape Fear Station, remain in full force and effect and fully applicable to the subject Property described herein.

IN WITNESS WHEREOF, the undersigned being the Declarant herein has caused this instrument to be executed by its duly authorized attorney in fact, under seal, this the 19th day of September, 2002.

BALD HEAD ISLAND LIMITED (SEAL)
a Texas Limited Partnership

By: [Signature] (SEAL)
M. Kent Mitchell
Attorney in Fact

STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

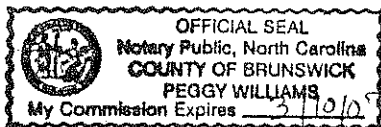
I, Peggy Williams, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 19th day of September, 2002.

{SEAL-STAMP}

[Signature]
Notary Public
My commission expires: 3/10/07



STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

The Foregoing (or annexed) Certificate(s) of PEGGY WILLIAMS

Notary(ies) Public is (are) Certified to be Correct.
This Instrument was filed for Registration on this 4th Day of October 2002
in the Book and page shown on the First Page hereof.

[Signature]
ROBERT J. ROBINSON, Register of Deeds

Brunswick County—Register of Deeds
Robert J. Robinson
Inst #203060 Book 1917 Page 729
03/30/2004 08:38:56am Rec# 83823

REI Judi/ Bald Head
TOTAL 17 REV 38 TCR 38
REC# CK AMT CK#
CASH DEF BY

SECOND AMENDMENT TO PROTECTIVE COVENANTS
RECREATION 2 – CAPE FEAR STATION
BALD HEAD ISLAND

THIS SECOND AMENDMENT TO PROTECTIVE COVENANTS, RECREATION 2 – CAPE FEAR STATION, BALD HEAD ISLAND, is made as of the 25th day of March, 2004, as follows:

WHEREAS, Bald Head Island Limited, a Texas limited partnership, is the developer of that certain real property on Bald Head Island known as Cape Fear Station, a planned unit development located in the Village of Bald Head Island, Brunswick County, North Carolina; and;

WHEREAS, Bald Head Island Limited, as Declarant, has heretofore caused to be recorded in the records of the Brunswick County Registry in Book 1618 at Page 356, certain Protective Covenants for Recreation 2 – Cape Fear Station, and has subsequently recorded in said Registry in Book 1640 at Page 31 an Amendment to said Protective Covenants; and,

WHEREAS, Bald Head Island Limited, as Declarant and developer of the real property within Recreation 2 – Cape Fear Station, as shown on that plat of survey recorded in the aforesaid Registry in Map Cabinet 26 at Page 434, has, in accordance with Title 15 NCAC 2H.1000 et seq., recorded as part of the above-referenced Protective Covenants certain provisions pertaining to impervious coverage limitations for said property; and

WHEREAS, Article 14 of the Protective Covenants for Bald Head Island Stage Two, recorded in the Brunswick County Registry in Book 1045 at Page 676, reserves to Declarant the right to amend the said Protective Covenants for the purpose of “adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of Declarant” without the consent, joinder or approval of any other owner; and the Protective Covenants for Recreation 2 further provide in paragraph 4(f) that the impervious surface limitation for the subject property shall be automatically deemed amended upon the filing by Declarant of a notice of change in the existing stormwater management permit;

NOW, THEREFORE, Declarant, Bald Head Island Limited, hereby declares and gives notice that the Protective Covenants for Recreation 2 – Cape Fear Station, Bald Head Island, recorded in the Brunswick County Registry in Book 1618, Page 356, as previously amended by instrument recorded in Book 1640, Page 31, is hereby further amended to provide that the maximum allowable built-upon area (as defined by the Division of Water Quality) shall be 0.03 acres, that being a change in the stormwater management permit applicable to the property.

The maximum allowable built-upon area includes 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 and coquina, but does not include raised, open wood decking, or the water surface of swimming pools.

This Second Addendum is made as a result of the modification of the Stormwater Management Permit No. SW8-980920MOD issued to Declarant for Cape Fear Station, and is intended to insure continued compliance with stormwater runoff rules adopted by the State of North Carolina and therefore benefits and may be enforced by the State of North Carolina. The covenants contained herein are to run with the land and shall be binding on all parties and all persons claiming under them. Covenants pertaining to stormwater regulations may not be changed or deleted without concurrence of the Division of Water Quality, Department of Environment and Natural Resources, State of North Carolina. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the State.

IN WITNESS WHEREOF, the undersigned Declarant has caused this instrument to be executed by its duly authorized attorney in fact, under seal, this the 25th day of March, 2004.

BALD HEAD ISLAND LIMITED (SEAL)
a Texas Limited Partnership

By: [Signature] (SEAL)
M. Kent Mitchell
Attorney in Fact

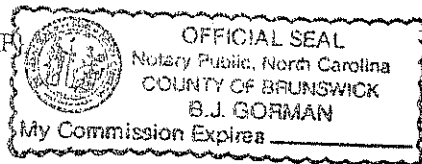
STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, B. J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and in behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 25th day of March, 2004.

{SEAL-STAMP}



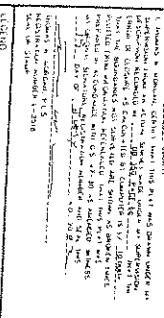
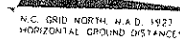
B. J. Gorman

Notary Public

My commission expires: 3/10/08

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

The Foregoing (or annexed) Certificate(s) of B J GORMAN



ERB O
NCHA @
FAXING RE-BAR
NEW CONCRETE IN AIRPORT

1st LINE
 COUNCILMEETING AT N.E.G.S. WASHINGTON, D.C. ON
 SEPTEMBER 15-16-17, 1977. (E.S. 2001, 400, 3000)
 THE CHAIRMAN OF THE COMMITTEE ON THE
 ECONOMIC AND SOCIAL DEVELOPMENT OF THE
 UNITED NATIONS, DR. J. H. K. (E.S. 2001, 400, 3000)
 ALL DISTRICTS ARE INVITED TO MEET AT THE
 NATIONAL CENTER FOR THE STUDY OF THE
 UNITED NATIONS, WASHINGTON, D.C. ON
 SEPTEMBER 15-16-17, 1977. (E.S. 2001, 400, 3000)

[illegible][illegible]

**BRUNSWICK
SURVEYING, INC.**
Thomas W. Mayson
Professional Land
Surveyor, Certified and South Carolina
1027 Siskiyaw Nature Pk., SW
Naples, North Carolina 28442
(410)842-9393

DATE	05/11
TIME	17:50
DATE	7-18-02
FILED BOOK	N/A

Brunswick County—Register of Deeds
Robert J. Robinson
Inst #121978 Book 1610Page 125
07/25/2002 08:46:12am Rec# 114107

RET Jude Ward
TOTAL 32 - REV 38
REC# 143 - CK AMT 1410
CASH REF BY 28

PROTECTIVE COVENANTS
RECREATION 3 -CAPE FEAR STATION

These Protective Covenants for **RECREATION 3, CAPE FEAR STATION**, a non-residential subdivision consisting of a single parcel of land, located in the Village of Bald Head Island, Brunswick County, North Carolina, are made, published and declared by Bald Head Island Limited, a Texas Limited Partnership ("Declarant") as of this 23RD day of JULY, 2002.

RECITALS:

Declarant has subdivided property owned by it, and more fully described on that Plat of Survey for Recreation 3, Cape Fear Station, recorded in Map Cabinet 26, Instrument 301, Brunswick County Registry ("the Plat"), to create a single parcel of land to be known as Cape Fear Station Lot 3000 ("the Lot"), which will be used for certain non-residential purposes. In order to ensure the appropriate use of the Lot, and to further compliance with various permitting requirements imposed by the State of North Carolina and the Village of Bald Head Island, Declarant has declared, executed and recorded these Protective Covenants, which shall run with the land and shall be binding on Declarant, its successors and assigns, and the owner(s) from time-to-time of the Lot.

NOW THEREFORE, Declarant hereby subjects the property described on the Plat to the terms and provisions of these Protective Covenants, for the use and benefit of itself and all future owners of the Lot, and for the mutual benefit of Declarant, the owner(s) of the Lot, and the government authorities having jurisdiction thereof.

1. **Description.** These Protective Covenants shall run with the land and shall bind and inure to the benefit of the owner(s) from time-to-time of Lot 3000 as shown on the Plat, and the property made subject to these Protective Covenants is all of the surveyed property shown on the Plat, consisting of 7.79 acres of land, as the Plat may be amended from time-to-time, specifically including both Lot 3000 and a portion of the public right-of-way known and designated as "Station House Way".
2. **Common and Buffer Areas.** There is shown on the Plat a buffer area, twenty-five (25) feet in width, running along the east and south sides of the Lot. No construction or land disturbing activities of any kind shall be allowed in said buffer area, except for installation of underground utilities and drainage structures as approved by the appropriate authorities, beach renourishment activities as described below, and pedestrian crossings as are necessary or convenient for obtaining beach access. The buffer

area shall be kept in its natural state, and no removal of vegetation, landscaping or altering of the terrain shall be allowed, except as may be required to allow the limited activities and construction described herein.

3. **Public and Private Access Ways.** There are shown on and included in the Plat a portion of the public road right-of-way (varying in width) named "Station House Way", and a non-exclusive access easement twenty (20') feet in width running from Station House Way across the north twenty (20') feet of the Lot, providing ingress and egress to adjacent property lying east of the Lot, which property is shown on, but not included in, the Plat. Neither the Declarant nor its successors or assigns shall have any obligation to maintain or improve the public road right-of-way or the access easement shown on the Plat. There is hereby reserved to Declarant, its representatives, successors and assigns, the right to come upon the access easement shown on the Plat to the extent necessary for the construction, maintenance, and repair of any utility or drainage structures which may be installed on or for the benefit of the Lot, or as may be required for compliance with any stormwater management permit(s) issued by the State of North Carolina.
4. **Utility Easements.** There is reserved, as shown on the Plat, a seven (7') foot utility easement over and across the front of the Lot where it abuts the public road right-of-way, Station House Way. Said easement is reserved for the installation and maintenance of all utilities, public and private, and for drainage purposes. Except for improvements related to utilities or drainage, or as may be needed to provide access to the Lot, no buildings or structures shall be allowed in said easement.
5. **Setbacks.** There shall be no setbacks, other than those imposed by the Village of Bald Head Island or other governmental authority, or as set forth on the Plat as it may be amended from time-to-time. No improvements shall be constructed within the ten (10') foot setback along the west side lot line as shown on the Plat. No construction except improvements allowed in accordance with the ordinances of the Village of Bald Head Island shall be allowed within any setback imposed by the Village of Bald Head Island. No improvements shall be constructed on the Lot to the extent located between the public road right-of-way adjacent to the Lot and any buildings on the Lot, which would significantly impede emergency access to said building(s). Fencing, if any, must have an unlocked gate sufficiently wide to allow such access.
6. **Building and Site Restrictions.** All use of and construction upon the Lot shall be subject to the following conditions and restrictions:
 - (a) No structure on the Lot shall exceed forty-five (45') feet in height, as measured from the lowest natural point where the building perimeter meets grade to the roof ridge of the building.
 - (b) The owner(s) of the Lot shall keep the grounds and all structures located thereon in a clean, neat and sightly condition, and shall provide for the regular removal of trash or refuse from the Lot.

- (c) Until December 31, 2015, the Lot shall be used only as a private beach club, providing social and recreational activities for club members and their guests, and the operation of amenities related or incidental thereto, including (but not limited to) indoor and outdoor dining and restaurant facilities, catering and event functions, the service of alcoholic beverages, indoor and outdoor sporting facilities and activities (such as swimming pools and volleyball courts), beach access and passive recreational improvements (such as nature trails, boardwalks, gazebos and the like), such retail sales as are ordinary and incidental to operations, and other similar activities which are consistent with the use of the Lot as a private club; PROVIDED HOWEVER, that Declarant may use the Lot at any time for entertaining sales or business prospects and for holding promotional events; and FURTHER PROVIDED that, notwithstanding any other provisions contained herein, at all times the establishment or operation of a real estate sales, brokerage, construction, or property management business on the Lot shall be prohibited.
- (d) Until December 31, 2015, the Lot shall not be reduced in size nor divided (or subdivided) into smaller lots or units. After December 31, 2015, any such change in or reconfiguration of the Lot shall be only as allowed by law or ordinance, and in accordance with the guidelines, rules, covenants, conditions and restrictions of any association to which the Lot may hereafter be annexed and made subject.
- (e) In order to comply with the North Carolina Coastal Storm Water Regulations enacted by the Department of Environmental Management of the State of North Carolina, the Lot shall contain a maximum square footage covered by impervious surfaces (as defined by the Department of Environmental Management), which limitation shall be as follows: a maximum of one and one one-hundredth (1.01) acre, including streets and parking. Impervious surfaces include structures, paved surfaces, walkways, patios of brick, stone, slate and similar materials, and use of other materials that substantially negatively impact the ability of water to be assimilated into the soil. This provision is intended to ensure continued compliance with storm water runoff regulations adopted by the State of North Carolina, and therefore this Paragraph 6(e) may be enforced by the State of North Carolina, as well as any other party entitled to enforce the Protective Covenants. To the extent that the State of North Carolina should revise its existing stormwater permit to allow a different impervious surface amount on the Lot, upon filing by Declarant or its successors or assigns of a notice of said change in permit, the impervious surface limitation as to the Lot shall be automatically deemed amended to comply with the changed impervious surface limitation allowed by the State of North Carolina by permit. This provision, as well as all other provisions of these Protective Covenants, runs with the land and is binding on all persons

owning the Lot as shown on the Plat. No amendment of this provision shall be allowed unless consented to in writing by the State of North Carolina, Department of Environmental Management.

- (f) There is hereby reserved for the benefit of the Village of Bald Head Island, its successors and assigns (including, *inter alia*, the United States Army Corps of Engineers or its contractors), a perpetual, alienable and releaseable easement in, over, under, upon and across those lands lying between the waters of the Atlantic Ocean and the first continuous line of mature, salt-tolerant vegetation or the 11-foot NGVD contour (whichever is more seaward) adjacent to said body of water, as to the Lot shown on the Plat, allowing the Village of Bald Head Island, its successors and assigns, to go upon said lands as necessary or appropriate for the deposit, placement, replacement, maintenance, stabilization, movement, grading, regrading and excavation of soils, including dredged soils, in order to accomplish beach nourishment and renourishment, and/or dune construction, stabilization and maintenance, including the right to travel on, over or under said lands with such machinery as may be reasonably necessary to accomplish the purpose of such easement, to conduct reasonable studies thereof, and to perform all activities necessarily ancillary to the undertaking and successful conclusion of any beach nourishment or Federal beach disposal project and, from time to time, to reenter the said lands for said purposes.
- (g) There will be installed on the Lot, by Bald Head Island Utilities, Inc., its successors or assigns (hereinafter Utility Company), a grinder pump for the removal of waste water generated at the Lot, together with the equipment, pipes and lines necessary to process and transport the waste water from the grinder pump to the sewer main tap located in the utility easement at the front of the Lot. The grinder pump shall be installed within the area of the Lot designated for that purpose by the owner(s) if the Lot (or in the Guidelines, if any), subject to approval by the Utility Company of the suitability of the exact location of said grinder pump. In no event shall any grinder pump be installed within five (5') feet of the exterior wall of any dwelling. There is hereby reserved, for the benefit of the Declarant and the Utility Company, a perpetual and assignable easement and right-of-way over, upon, under and across the Lots for the purpose of installing, accessing, monitoring, maintaining, repairing and replacing the grinder pump and the appurtenant equipment, pipes and lines, which easements and rights-of-way shall run with the land. The Utility Company shall be responsible only for the re-establishment of the grade of the Lot when the aforesaid installation, maintenance, repair or replacement activity occurs, and the Lot owner(s) shall be responsible for the restoration of any improvements or landscaping damaged or disturbed by such activity, and shall hold the Utility Company, its agents and employees, free and harmless from liability therefor.

7. **Optional Association or Annexation.** Declarant hereby reserves the right to charter a North Carolina non-profit corporation in the nature of a non-residential property owners association, which association may include other member properties, and to subject the Lot and the property shown on the Plat to the guidelines, rules, regulations, and by-laws of said association, including the obligation of the Lot owner(s) to pay dues and assessments as determined by the association from time-to-time. Said association, if chartered, shall have all powers and authority granted it by law and its Articles of Incorporation, together with the right to own and the obligation to maintain improved and unimproved real property; the obligation to comply with all stormwater management permits and regulations imposed by the State of North Carolina upon the properties which it governs; the right to manage and the obligation to maintain private easements; and the right and obligation to enforce these and any other applicable protective covenants and all rules, regulations, restrictions and standards adopted in accordance therewith, including (but not limited to) building and site restrictions and architectural standards.

There is further specifically reserved to Declarant the right (but not the obligation) to annex the Lot and the property shown on the Plat to any existing residential or non-residential property owners association governing properties located on Bald Head Island, North Carolina, and to subject the Lot and the property shown on the Plat to the by-laws, rules, regulations, restrictions, guidelines and standards of said association, including (but not limited to) building and site restrictions, architectural standards and review, for properties subject to such association. In the event Declarant determines to annex the Lot and property to an existing association, or to charter a non-residential property owners association as described herein (and Declarant is not obligated to do either), the same shall be accomplished by the recording of a declaration or declarations with the Brunswick County Register of Deeds, and shall become binding upon the Lot and property shown on the Plat as of the date of such recording.

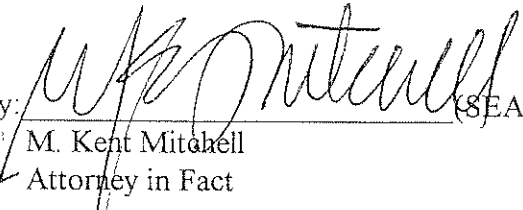
8. **Binding Effect.** All covenants, restrictions, reservations, easements and privileges contained herein shall run with the land, and the grantee, by accepting any deed to any portion of such land described herein, accepts the same subject to these Protective Covenants and its terms and conditions, and agrees for himself, his heirs, successors and assigns, to be fully bound by each and all of the terms and conditions of these Protective Covenants, jointly, separately and severally.
9. **Assignment.** "Declarant" shall mean and include Bald Head Island Limited and any of its successors and assigns to whom the rights of Declarant herein are specifically transferred, conveyed, or assigned.
10. **Enforcement and Remedies.** Declarant shall have the right to enforce, against the owner(s) from time-to-time of the Lot, by any proceeding at law or in equity, all of

the conditions, covenants and restrictions contained herein. The prevailing party in any such proceeding shall be entitled to collect all costs thereof from the non-prevailing party, including actual, reasonable attorney fees. In addition, the Declarant shall have the right to exercise self-help to cure violations, including the right of entry onto the Lot without being guilty of or liable for trespass, and to assess the costs of cure against the Lot owner(s). The remedies provided herein are cumulative, and are in addition to all other remedies allowed by law. No provisions contained herein shall be deemed to have been waived, abandoned or abrogated by reason of the failure to enforce them on the part of the Declarant or any person, and the Declarant shall not be liable to any person for the failure to enforce same.

11. **Amendment.** These Protective Covenants may be amended by Declarant at any time prior to the conveyance of the Lot to a third party other than a person or entity affiliated with, owned, or controlled by Declarant. Any such amendment to these Covenants shall become effective upon recordation in the office of the Register of Deeds of Brunswick County, North Carolina. No amendment shall be made which alters the obligation of the Lot owner to maintain any drainage easements, or changes the impervious coverage limitations set forth herein, without the approval of the State of North Carolina as required by stormwater management permit(s).

WITNESS, that these Protective Covenants are executed on behalf of Declarant as of the day and year first above written, under authority duly granted.

BALD HEAD ISLAND LIMITED (SEAL)

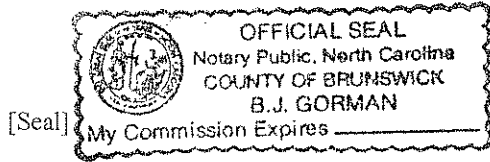
By:  (SEAL)
M. Kent Mitchell
Attorney in Fact

STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, B. J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, attorney in fact for Bald Head Island Limited, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and on behalf of the said Bald Head Island Limited, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Brunswick, State of North Carolina, in Deed Book 1143 at Page 912, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said M. Kent Mitchell acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Bald Head Island Limited.

WITNESS my hand and official seal, this the 23rd day of July, 2002.



B. J. Gorman
Notary Public
My commission expires: 3/10/03

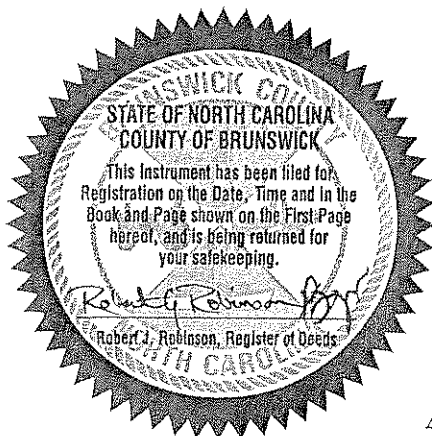
STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

The Foregoing (or annexed) Certificate(s) of B J GORMAN

Notary(ies) Public is (are) Certified to be Correct.

This Instrument was filed for Registration on this 25th Day of July, 2002
in the Book and page shown on the First Page hereof.

Robert J. Robinson
ROBERT J. ROBINSON, Register of Deeds



Presenter Judy Ward Ret: IS
 Total 17 Rev 117.00 Int 139
 Ck \$ 117.00 Ck # 2412 Cash \$ 139
 Refund: _____ Cash \$ _____ Finance _____
☐ Portions of document are illegible due to condition of original.
☐ Document contains seals verified by original instrument and are not subject to copying.

ADDENDUM TO PROTECTIVE COVENANTS RECREATION 3 - CAPE FEAR STATION

THIS ADDENDUM TO PROTECTIVE COVENANTS, RECREATION 3 – CAPE FEAR STATION, is made as of the 8th day of September, 2008, as follows:

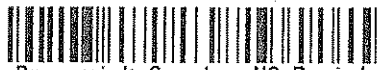
WHEREAS, Bald Head Island Limited, LLC, a Texas limited liability company, as successor to Bald Head Island Limited, a Texas limited partnership, is the owner and developer of that certain real property on Bald Head Island known as Recreation 3 – Cape Fear Station, located in the Village of Bald Head Island, Brunswick County, North Carolina; and;

WHEREAS, Bald Head Island Limited, as Declarant, heretofore caused to be recorded in the records of the Brunswick County Registry in Book 1610, Page 125, certain Protective Covenants for Recreation 3 – Cape Fear Station; and,

WHEREAS, Bald Head Island Limited, LLC, successor Declarant and developer of the property within Cape Fear Station, including the property comprising Recreation 3 (Lot 3000), as shown on that certain plat of survey recorded in the aforesaid Registry in Map Book 26, Page 361, has, in accordance with the provisions of Title 15 NCAC 2H.1000 *et seq.*, recorded within the above-referenced Protective Covenants the impervious coverage limitation for the Lot depicted on said recorded Plat, along with a reservation of the right to revise such impervious coverage limitation upon any revision of the stormwater management permit issued by the State of North Carolina for the aforesaid property;

NOW, THEREFORE, Declarant, Bald Head Island Limited, LLC, hereby declares that in accordance with Title 15 NCAC 2H.1000, *et seq.*, subparagraph (e) of paragraph 6 of the Protective Covenants, Recreation 3 - Cape Fear Station, recorded in the Brunswick County Registry in Book 1610, Page 125, is hereby amended to change the allowable maximum area covered by impervious surfaces, for the property depicted on the above-referenced plat as Lot 3000, from 1.01 acre to 1.79 acre. Except as herein set forth, the aforesaid Protective Covenants shall remain unchanged, and in full force and effect.

This Addendum is made as a result of the modification of the stormwater management permit issued for Cape Fear Station, including the subject property, on August 4, 2008, and is intended to insure continued compliance with stormwater runoff rules adopted by the State of North Carolina, and may be enforced by the State of North Carolina.



The covenants contained herein shall run with the land and shall be binding on all parties and all persons claiming under them.

This Addendum is executed on behalf of Declarant, as of the day and year first above written, by its duly authorized Manager.

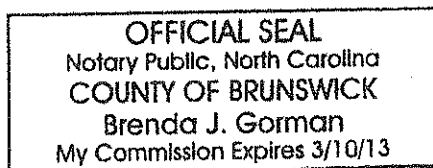
BALD HEAD ISLAND LIMITED, LLC,
a Texas limited liability company

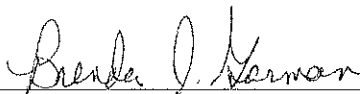
By:  (SEAL)
M. Kent Mitchell, Manager

STATE OF NORTH CAROLINA
BRUNSWICK COUNTY

I, Brenda J. Gorman, a Notary Public for said County and State, do hereby certify that M. Kent Mitchell, Manager for Bald Head Island Limited, LLC, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing instrument for and on behalf of the said Bald Head Island Limited, LLC.

WITNESS my hand and official seal, this the 8th day of September, 2008.




Notary Public
My commission expires: 3/10/13

CHAD AINS OIL R