

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

Rt. Mr. Thompson
PO Box 308
Auloka, N.C.
27806

AMENDMENT AND CORRECTION TO
PROTECTIVE COVENANTS SANDY POINT

THIS AMENDMENT AND CORRECTION to the Declaration of Protective Covenants, Restrictions and Easements, Sandy Point, is dated for purposes of reference only this 10th day of July, 1996, and is executed and submitted for recordation by Weyerhaeuser Real Estate Company, a corporation qualified to do business in the State of North Carolina ("Declarant").

R E C I T A L S:

WHEREAS Declarant recorded in Deed Book 779 Page 992 Carteret County Registry, Protective Covenants for Sandy Point, a residential subdivision being developed by Declarant; and

WHEREAS Declarant included within said Protective Covenants, by error, a restriction whereby no Living Unit was allowed to be leased or rented for a rental term of less than one month, as set out in paragraph 4M of said Protective Covenants; and

WHEREAS Declarant is the owner of all but two of the Lots within Sandy Point, and thus is entitled to amend the Protective Covenants as set out in paragraph 9 thereof as the owners of the other two lots have consented to this Agreement (see attached Affidavits, included herein as Exhibits);

NOW, THEREFORE, Declarant hereby amends and corrects the Protective Covenants by substituting a new paragraph 4M to read as follows: "No Living Unit may be leased or rented for a rental term less than one week."

Except as set out herein, all of the terms, provisions and conditions contained in the Protective Covenants for Sandy Point shall remain in full force and effect.

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

WEYERHAEUSER REAL ESTATE COMPANY

By:

[Signature]
Assistant Vice President

ATTEST:

[Signature]
Assistant Secretary

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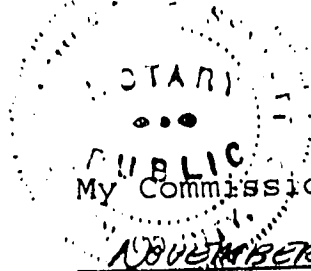
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STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, KATHLEEN R. SENNETT, a Notary Public of the County and State aforesaid, certify that NAN W. ROCKLEY personally came before me this day and acknowledged that she is Assistant Secretary of Weyerhaeuser Real Estate Company, a corporation of the State of Washington, qualified to do business in North Carolina, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Assistant Vice President, sealed with its corporate seal and attested by its Assistant Secretary.

Witness my hand and official stamp or seal, this 30 day of July, 1996.



Kathleen R. Sennett
Notary Public

Sandy\Sandy.Amd
7-10-96

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STATE OF NORTH CAROLINA

COUNTY OF CARTERET

RESTATED
PROTECTIVE COVENANTS
SANDY POINT

THIS DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND EASEMENTS, dated for purposes of reference only this 8th day of April, 1996, by WEYERHAEUSER REAL ESTATE COMPANY, a corporation qualified to do business in the State of North Carolina (hereinafter "Declarant").

RECITALS:

Declarant is the owner of real property generally known as Sandy Point, which property is more fully described on **Exhibit A** attached hereto. It is the plan and intent of Declarant to develop a residential subdivision in several phases consisting of no more than 140 residential lots, plus common areas and amenities, within Sandy Point.

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

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

As used herein, the word "Lot(s)" shall mean and refer to any Lot made subject to the provisions of these Protective Covenants designated for construction thereon of a residential structure as such Lot is shown on a recorded subdivision map of record in the Office of the Register of Deeds of Carteret County.

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1. DESCRIPTION. These Protective Covenants shall run with the land and shall bind and inure to the benefit of the owner of each Lot within that portion of Sandy Point made subject hereby to the terms and provisions of these Protective Covenants and any amendment hereto, and the property currently made subject to these Protective Covenants is more fully described on Exhibit B attached hereto, and made a part hereof for all purposes.

2. ADDITIONAL PROPERTIES. Declarant reserves the right to subject additional properties to the terms and provisions of these Protective Covenants by recordation of an amendment hereto specifically describing such property. The property which may be made subject to the terms and provisions of these Protective Covenants is described on Exhibit A attached hereto, but may include additional adjacent properties thereto (adjacent being defined as inclusive of properties across a right of way or water body). All or any part of such property may be subjected hereto; such property may be subjected hereto in one or more sections. However, to the extent that any portion of such property has not been subjected to the terms and provisions of these Protective Covenants by recordation of an amendment to these Protective Covenants in the office of the Register of Deeds of Carteret County, which amendment specifically exercises such right, on or before December 31, 2005, this right shall terminate. Lots made subject to the terms and provisions of these Protective Covenants by amendment shall be liable for payment of dues as specified in such amendment; but in no event shall dues for Lots within any phase of Sandy Point be payable later than the conveyance by Declarant of any Lot within such phase thereof to a third party.

Declarant may alter or change the particular building and site utilization restrictions and provisions contained within these Protective Covenants for different Lots within Sandy Point. The particular building restrictions and site utilization restrictions contained within the amendment hereto subjecting additional property to the terms and conditions hereof shall be binding upon the properties described in such amendment; to the extent that there are no such modifications contained in such amendment, however, all of these terms, provisions and conditions, including all building restrictions and site utilization restrictions contained herein, shall be fully applicable to such annexed properties. Notwithstanding this right of the Declarant to impose different restrictions on Lots annexed hereto, all such annexed Lots shall be subject to the architectural standards and review procedures contained in Section 5 of the Protective Covenants, and shall further be made subject to the following restrictions:

A. All Lots shall be limited to residential utilization only.

B. The owner of each Lot must be a member of the Association.

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

D. There shall be no more than One Hundred Forty (140) Lots within the property described on **Exhibit A**.

3. SINGLE FAMILY UTILIZATION. No Lot shall be utilized for any purposes other than residential purposes, and only one Living Unit may be constructed on any one Lot. No Living Unit constructed within Sandy Point shall be utilized for commercial purposes, except that Declarant or its assigns shall be entitled to use any structure located within Sandy Point for purposes relating to the sale of property within Sandy Point. While it is not the intent of this Protective Covenant to prevent joint ownership of Lots, or ownership by a corporation, partnership, limited liability company, or trust, it is specifically prohibited that any Living Unit be utilized in the nature of a time share or use share accommodation. The Association shall have the specific authority to adopt rules prohibiting or restricting the utilization of a Living Unit by multiple families either at the same time or in alternating time frames to the extent that such utilization has a likelihood of increasing traffic within Sandy Point or promoting utilization of a Living Unit by more than a number of persons which can reasonably be accommodated by such Living Unit in the manner of a single family residence utilized for permanent or second home residential purposes.

4. BUILDING AND SITE RESTRICTIONS. There shall be established as a committee of the Association an Architectural Control Committee ("Committee"). The Committee shall adopt building guidelines for utilization and evaluation of proposed landscaping and construction plans. The Committee must give prior approval to the removal of any tree of a size of six inches or more in diameter, measured one foot above normal ground elevation at the location of said tree, from any Lot and must give approval to the construction of any improvement or structure on any Lot in accordance with the procedures described in Section 5 of these Protective Covenants. In addition, the following restrictions shall apply:

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

B. All Living Units must be constructed in accordance with standards for single family homes included in the North Carolina Uniform Residential Building Code, notwithstanding whether or not such homes are constructed in whole or in part on site. No home may be moved onto any Lot if such home has previously been occupied and used as a Living Unit elsewhere. No

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mobile home (home built in accordance with manufactured home standards imposed by the Federal Construction and Safety Standards Act) or other structure designed for transportation on attached axles and wheels shall be located on any Lot.

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

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

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

(3) one (1) or more project signs erected by Declarant, providing information concerning Declarant and Sandy Point including, but not limited to, identification, information to assist in sales and directional information;

(4) one (1) sign per Lot no greater than six (6) square feet in size which includes only the words "For Sale", the name of the selling agent and the telephone number of said agent. Each such sign must be located a minimum of ten (10) feet from the nearest right-of-way on the adjoining street right of way. No such sign may be installed or erected (unless stating "For Sale By Owner") until such time as the Lot has been listed by written agreement for sale with the agent named thereon.

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

(6) any sign constructed by any governmental agency;

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

(8) temporary signs denoting a particular event, such as an open house, subject to such rules and regulations concerning the utilization of such signs as may be adopted from time to time by the Association.

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

D. There are no absolute building setback requirements other than those that may be imposed by a local government or those shown on a recorded plat of Sandy Point. However, the following setbacks shall be presumed applicable unless the Committee determines that a variance from these presumed setbacks is appropriate, based upon the criteria set out hereinafter. Notwithstanding any presumed setback, the Committee shall have complete authority to determine the appropriate building site on each and every Lot. This approved building site may exceed any presumed setback if the standards for approval as set out in paragraph 5B hereinafter are more completely met by increasing such setbacks.

The presumed setbacks are as follows:

- (1) 100 feet from any street right-of-way;
- (2) 15 feet from each side Lot line;
- (3) 125 feet from the front (waterside) Lot line, if the Lot is adjacent to a body of water; and
- (4) 75 feet from the back Lot line (any Lot line other than property lines determined by the Association to be adjacent to the water, adjacent to a public street or a side Lot line).

Furthermore, the Committee shall have the right to vary any setbacks set out herein or on any recorded plat for good cause shown, upon petition submitted in writing by the owner of a Lot. The Committee shall never be obligated to grant a variance. The Committee shall not issue a variance if, in the opinion of the Committee, such variance would have a substantial adverse impact upon the value of an adjoining Lot. The owner(s) of immediately adjoining Lots shall be given notice of the request for a variance in writing, by the owner of the Lot seeking the variance, at least five (5) days prior to the issuance of a variance by the Committee.

E. Certain areas of Sandy Point contain wetlands as defined by Section 404 of the Clean Water Act. The location of the Section 404 wetlands, as of the date of the recordation of each subdivision plat within Sandy Point, shall be denoted on each of said subdivision plats. Because of changes in groundwater or in the definition of Section 404 wetlands, or the interpretation of such definitions or conditions, the locations of wetlands may vary from time to time.

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Wetlands perform valuable ecological and aesthetic functions. These functions include providing filters for storm water drainage and runoff, providing habitat for wildlife and promoting proper drainage. Therefore, no fill or substantial alteration of any of the Section 404 wetlands delineated on any recorded subdivision plat within Sandy Point shall be allowed without issuance of a permit for such activity by the State of North Carolina and the Corps of Engineers, an agency of the United States of America, and without permission of the Committee, which permission shall only be granted upon a showing of a strong and compelling reason for such wetland fill or alteration, and which permission must be obtained prior to application for any permit authorizing alteration of such a wetland. It is the intent of Declarant to preserve as many of the wetlands as feasible within Sandy Point to allow such wetlands to perform beneficial functions for the benefit of the residents of Sandy Point and surrounding properties. NO ALTERATION OF A WETLAND WILL THEREFORE BE ALLOWED WITHIN SANDY POINT UNDER AUTHORIZATION GRANTED BY ANY NATIONWIDE PERMIT WITHOUT FULL DISCLOSURE OF THE ACTIVITY TO BE UNDERTAKEN IN ADVANCE OF SUCH ACTIVITY, WHICH NOTICE SHALL BE GIVEN TO THE CORPS OF ENGINEERS, THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT OF THE STATE OF NORTH CAROLINA AND THE COMMITTEE, AND WITHOUT APPROVAL OF THE COMMITTEE.

F. The heights of structures on any Lot shall be subject to approval of the Committee in accordance with the standards set out in Section 5 hereunder.

G. Fences on any Lot are subject to the complete jurisdiction of the Committee including location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the owner of a Lot or Living Unit, no fence shall be allowed along any property line, no fence shall be allowed in any front yard, and no fence shall be allowed in any side yard. The Committee shall only approve the construction of a fence in any location upon a determination that the fence is aesthetically pleasing; does not detract from the reasonable value of any Lot or property and does not unreasonably impede the view of any water course or other attractive feature from any other property. The Committee shall adopt guidelines concerning permissible location of fences, and the permissible styling and construction standards of allowable fences.

H. No satellite receiving dish, radio antennae or other similar device shall be allowed on any Lot, except that satellite receiving dishes, no greater in size than twenty four (24) inches in diameter, shall be allowed, but only upon approval by the Committee as to the size and location of such satellite receiving dish, and only if it is located in a way to minimize the visibility of such satellite receiving dish from any street or adjoining property. The Committee may impose screening requirements by vegetation or otherwise as it deems appropriate.

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J. No vehicles shall be allowed to be parked on any Lot or any Association Property, or on any right-of-way, which is determined by the Association to be of a type, because of size or weight, not appropriate for overnight parking within a residential subdivision. As an example, tractor/trailer trucks or heavy construction equipment shall be determined inappropriate.

K. No activity, whether active or passive, that is reasonably considered a nuisance by the Association shall be allowed within Sandy Point. This prohibition includes any activities within any structure, on any Lot or on any street or Association Property. The Association is specifically authorized by Section 15 of these Protective Covenants to adopt rules regarding conduct and use of such properties; however, the Association may find any conduct or use of a Lot to be a nuisance notwithstanding the fact that such conduct is not specifically prohibited by these Protective Covenants or by an adopted rule. If any conduct is deemed by the Association to be a nuisance, and to the extent that such conduct is not specifically prohibited by the provisions of these Protective Covenants or by an adopted rule, the Association shall give written notice to the offending owner specifying the nature of the nuisance, and requesting that such nuisance be terminated. If any nuisance is not terminated within a reasonable time thereafter, the Association may pursue any legal or equitable remedy, and may collect in any such action all attorney's fees incurred.

L. It is encouraged that in the fertilization on any Lot of any lawn or yard that liquid fertilizers (not time release fertilizers) be utilized, so as to minimize the nutrient runoff from yards and lawns into surrounding bodies of water.

M. No Living Unit may be leased or rented for a rental term less than one (1) week.

O. Each unimproved Lot shall be maintained in a slightly condition, comparable to the condition of unimproved Lots offered for sale by Declarant. In order to ensure compliance with this requirement, the Association shall have the right and authority, which is specifically acknowledged by the owner of each Lot, to go upon each Lot which is unimproved, and cause any or each of such unimproved Lots to be mowed, and trash and debris located thereon to be removed, if the owner fails to do so after request by the Association. To compensate the Association for this expense, the owner of each unimproved Lot shall pay to the Association, as Supplemental Dues, a sum equal to the actual cost to the Association causing this work to be accomplished, plus fifteen (15) percent. The Association shall establish regular brush removal cycles for guidance of owners.

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P. No significant clearing or landscaping of any Lot shall be undertaken more than thirty (30) days prior to the commencement of construction on said Lot of the primary Living Unit to be located thereon. This provision shall not preclude the removal of underbrush or damaged or diseased trees, nor shall this provision preclude the installation of a driveway, water access or dock or pier.

Q. No dock or pier shall be allowed to be constructed into the Neuse River, unless constructed by the Association.

R. No dock or pier shall be allowed to be constructed extending into Herring Pond without the prior approval of the Committee, and each such pier, if approved by the Committee and if appropriately permitted by the Coastal Resources Commission of the State of North Carolina, shall be of a size and length approved by the Committee, and shall be located as approved by the Committee. No such pier shall include elevated decks, boat lifts or other similar structures or appurtenances without approval of the Committee. The Committee shall not approve any such structure that it believes to have a substantial adverse impact on the view from any Living Unit.

S. No bulkheading of any Lot on the Neuse River or on Herring Pond shall be allowed without prior permission of the Committee and procurement of all necessary and required permits; the Committee shall not approve any bulkheading on the Neuse River unless a determination is made by the Committee that a bulkhead is necessary to protect a primary Living Unit constructed on a Lot, or to protect the ability of the owner of a Lot to construct a Living Unit on a Lot. Even in such event, no bulkhead shall be approved if it is reasonably determined that the construction of such a bulkhead will likely have adverse impacts on other Lots within Sandy Point.

T. Non-paved driveway accesses to Living Units on Lots shall be permitted, but all crossings of drainage swells or ditches located on any road or right-of-way must be by appropriately designed and engineered culvert installed by the owner of said Lot, as approved by the Committee.

U. No single story Living Unit containing less than sixteen hundred square feet of heated, enclosed space shall be allowed; any split level or two-story Living Unit must contain a minimum of eighteen hundred square feet of heated, enclosed space, a minimum of twelve hundred of which must be located on the first living floor.

V. No elevated structures may be located within one hundred twenty five feet of the property line of any Lot adjacent to either the Neuse River or Herring Pond without the prior approval of the Committee, but it is not the intent of this provision to prohibit the construction of walkways, steps or gazebos providing access to or viewing of the water, if constructed in locations determined by the Committee to minimize visual impacts to adjacent Living Units.

5. ARCHITECTURAL CONTROL COMMITTEE PROCEDURES.

A. Submittal of Plans. At least thirty (30) days prior to the anticipated commencement of any landscaping or construction of any structure or improvement on any Lot, the owner of such Lot (or his duly appointed agent) shall submit to the Chairman of the Committee a survey of the Lot, which survey shall show each Lot corner. There shall further be shown on said survey the proposed location of all proposed and existing structures or improvements, including driveways, bulkheads, patios, decks and walkways. There shall be further provided to the Committee sufficient building elevations and landscape plans, including a statement of exterior building materials and proposed exterior colors, to allow the Committee to appropriately and accurately evaluate what is proposed for construction on the Lot. The location of a proposed well (if any) shall also be delineated. The survey, building elevations and landscape plans, shall be of professional quality. There shall be submitted two copies of all information required to be submitted.

B. Standards for Approval. Within thirty (30) days after receipt of all required information, the Committee shall notify in writing the owner of the Lot whether or not the requested improvements are approved. Unless a response is given by the Committee within thirty (30) days, the plan shall be deemed approved. The response of the Committee may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time for response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the construction shall be deemed approval by the owner of the Lot of the conditions imposed. No response shall be required from the Committee unless a submission contains, on its face, the information required to be submitted as more fully set out hereinbefore.

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

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

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

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

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

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

Notwithstanding the procedures contained within this Section 5, review of proposed minor construction or proposed improvements to existing structures, or minor landscaping, may be delegated to a sub-committee and may be reviewed in accordance with abbreviated procedures adopted and published by the Committee from time to time.

C. Right of Appeal. Any owner disagreeing with the finding of the Committee may appeal the decision to the Board of Directors of the Association by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial (or notice of imposition of conditions unacceptable to said owner). The Board of Directors of the Association shall then review the plans, giving the Chairman of the Committee the opportunity to present to the Board of Directors of the Association specific reasons why the plans were denied, in the presence of the owner or his agent, and the owner or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by unanimous vote of the Board of Directors of the Association.

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

6. ASSOCIATION.

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

B. Streets. Declarant shall construct all streets within Sandy Point to standards specified by the State of North Carolina for rural, residential streets. The maintenance thereof shall be assumed by the State of North Carolina in accordance with the policies and ordinances of the Department of Transportation of the State of North Carolina. The Association shall maintain such streets in good and passable condition until such time as the streets are accepted for maintenance by the State of North Carolina.

C. Street Lighting. The Association shall further at all times maintain in good, working condition all street lights or area lights constructed within Sandy Point and constructed for common benefit, to the extent such street lights or area lights are not owned and/or maintained by a public utility.

D. Association Property Ownership and Maintenance. The Association shall have the responsibility of maintaining in good condition all Association Property and improvements thereon when and if conveyed to the Association in accordance with the provisions of these Protective Covenants, and thereafter shall be responsible for adopting rules and regulations governing utilization of such Association Property (subject to the limitations contained herein). To the extent deeded to the Association, the Association shall be obligated to accept ownership of all Association Property and/or Recreation Areas designated on any recorded subdivision plat of any portion of Sandy Point made subject to the terms and provisions of these Protective Covenants, including, without limitation, the Recreation Area consisting of 5.78 acres which includes the Neuse River beachfront and access thereto from Herring Pond Court.

E. Services and Assistance of the Association. To the extent necessary, the Association may employ personnel necessary to perform its obligations, or needed to benefit the owners of Lots within Sandy Point. The Association shall have the obligation to provide for itself and for the benefit of each owner all necessary professional services to promote the proper maintenance of all Association Properties and to provide the smooth, proper and legal administration of the Association. These services may include services of an engineer, lawyer, accountant or other professional. The Association is specifically authorized to provide such other incidental services for the benefit of Sandy Point and in the management of the Association as deemed reasonably necessary by the Board of Directors of the Association. The Association shall maintain specific Association Properties in accordance with standards established by Declarant in any amendment to these Protective Covenants or in any deed of conveyance to the Association.

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

F. Reserves. The Association need not maintain a capital reserve fund for public street replacement because of the likelihood that the State of North Carolina will assume maintenance responsibilities for all streets at or soon after the time of construction of such streets by Declarant. Reserve funds for improvements or structures located on Association Properties need not be maintained until such time as such improvements have been constructed and conveyed to the Association. Following such construction and conveyance, the Association shall maintain reasonable reserves for replacement of depreciable tangible assets.

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

- (1) annual charges or dues, including Supplemental Dues; and
- (2) special assessments; and
- (3) fees, charges or deposits as specifically authorized by these Protective Covenants.

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

Annual dues shall be in an amount determined by a majority vote of the Directors of the Association. Supplemental Dues shall be in an amount as specified by these Protective Covenants and amendments hereto. The initial annual dues for each Lot shall be \$250.00 per Lot. The annual dues may be altered for any fiscal year of the Association beginning with the fiscal year commencing January 1, 1998.

Any particular charge or expense incurred by the Association due to the actions or inactions of a particular owner, such as, but not limited to, the obligation of the Association to clean or clear any Lot as allowed by these Protective Covenants, following failure of the owner of such Lot to do such required action, may be assessed as Supplemental Dues against the owner of said Lot, and such Supplemental Dues may be collected by the Association utilizing all processes and procedures as allowed for the collection of annual dues.

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

7. ENFORCEMENT. These Protective Covenants, including any amendment hereto, may be enforced by any individual Lot owner; by the Association, upon approval by its Board of Directors; or by Declarant, as long as Declarant owns any property within Sandy Point. Appropriate remedies shall include, but are not limited to, specific performance. In any action to enforce these Protective Covenants, including any action to collect dues or assessments, whether regular, special or supplemental, or to foreclose upon any real property for non-payment of such dues or assessment, all costs

associated with said collection, including court costs and reasonable attorney's fees, shall be collected as an additional charge. In addition, interest at the rate of eighteen percent (18%) per annum shall be collected from the due date of any dues or assessment, until paid in full.

The State of North Carolina is given specific authority to enforce these Protective Covenants to the extent necessary to cause compliance with the impervious surface limitations imposed by the North Carolina Coastal Stormwater Regulations. The remedies available to the State of North Carolina include, without limitation, the remedy of specific performance. None of the impervious surface limitations contained herein may be altered without the prior approval of the State of North Carolina.

8. SETBACKS. All setback and building restriction areas, and allowable building areas, as shown on any recorded subdivision plat of any Lot within Sandy Point, shall be incorporated herein by reference. The setback and building restriction areas may be varied by the Committee for good cause, as allowed by Section 4D of these Protective Covenants, except that no setback imposed by the County of Carteret can be waived by the Committee without there first being granted a variance by the County of Carteret.

9. AMENDMENTS. These Protective Covenants shall continue in full force and effect until 12:00 noon on January 1, 2008, at which time they shall automatically extend for additional successive periods of ten (10) years, unless a document terminating or modifying these Protective Covenants is recorded prior to any renewal date in the office of the Register of Deeds of Carteret County, which amendment shall require approval by the owners of sixty-seven percent (67%) of the Lots subjected to these Protective Covenants (including any amendments hereto). At all other times, amendments shall only be adopted upon approval of eighty percent (80%), of the owners of Lots subjected to these Protective Covenants. No amendment shall alter the rights or obligations of Declarant without Declarant's written consent. No amendment shall become effective until recorded in the Office of the Register of Deeds of Carteret County.

10. BINDING EFFECT. All covenants, restrictions, reservations, easements and privileges contained herein shall run with the land and the grantee, by accepting any deed to any portion of such land subjected hereto, accepts the same subject to these Protective Covenants and its terms and conditions and agrees for himself, his heirs, successors and assigns, to be fully bound by each and all of the terms and conditions of these Protective Covenants, jointly, separately, and severally.

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11. RESERVATION OF RIGHTS. Any utility easements reserved as shown on any recorded plat (and all roadways shall be deemed for this purpose a utility easement) shall be available for utilization by Declarant, authorized utility companies (including the County of Carteret) or by the owner of any Lot or Living Unit within Sandy Point, for purposes of providing utility services or necessary drainage, but as to Lot or Living Unit owners, only upon approval of the Association given by its Board of Directors.

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

13. ASSOCIATION PROPERTY. As used herein the term "Association Property" shall mean any property deeded to the Association. Association Property shall specifically include, without limitation, the following properties as shown on Exhibit B:

A. The Recreation Area, including the beachfront property along the Neuse River, and

B. All rights-of-way, including any median therein.

Properties annexed hereto may include additional Association Property, including green areas or buffers, as the same may be

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designated on any recorded subdivision plat of Sandy Point. Furthermore, any improvements constructed on Association Property shall be deemed a part of the Association Property for all purposes.

14. IMPROVEMENTS. It is the intent of Declarant to construct on the Recreation Area as shown on **Exhibit B** a boardwalk, picnic area and deck. It is further the intent of Declarant to construct a small structure which will be utilized for bathroom purposes, and to install the necessary septic system therefore. Such improvements will be constructed prior to that date, as established in the By-Laws of the Association, wherein the majority of the directors of the Association are to be selected by the members of the Association, exclusive of Declarant.

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

16. ADJACENT PROPERTIES. Declarant expressly reserves the right to utilize one or more public roads or streets within Sandy Point for the purpose of providing access to other properties owned by Declarant or by Weyerhaeuser Real Estate Company, whether or not such properties are annexed to the terms and provisions of these Protective Covenants as allowed by Section 2 of these Protective Covenants.

17. BEACH AREA. Association Property includes that portion of the Recreation Area adjacent to the Neuse River, which area is generally referred to as the "Beach". It is the intent of Declarant that the owners of Lots adjoining the Beach be allowed by the Association to construct steps or similar walkways from such Lot to allow access across and down the adjoining dune to the Beach. To the extent necessary, such walkways or steps may be located, to the minimum extent practicable, and as approved by the Association, on the Beach. All such steps or walkways shall be the sole responsibility of the owner constructing the same, and such steps must be removed, relocated or repaired at the direction of the Association. Failure to do so shall allow the Association to do the same, and to assess the cost thereof, plus fifteen percent (15%), as Supplemental Dues. Furthermore, the Association shall adopt no rules or regulations prohibiting the Owner of any Lot adjacent to the Beach from utilizing the Beach for recreational

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purposes and, on a daily (not overnight) basis, from anchoring small boats thereon.

18. UTILITY EASEMENT. There is specifically reserved a utility easement adjacent to each street right-of-way a width of fifteen (15) feet, and adjacent to each side Lot line a width of five (5) feet. This utility easement may be utilized by any public utility providing service to Sandy Point.

The owner of each Lot is further required to cause all utilities extending from any adjacent street right-of-way to be extended to said owner's Lot underground. The owner of each Lot is hereby directed to grant to any utility company requesting the same the necessary easements to allow underground service to be provided to all structures on said owner's Lot.

19. INSURANCE. The Association shall at all times maintain the following insurance for the benefit of its members, directors and officers, in amounts deemed commercially reasonable to its Board of Directors:

A. General Liability insurance providing coverage for damage to persons or property utilizing or located on Association Property; and

B. Officers and Directors liability insurance.

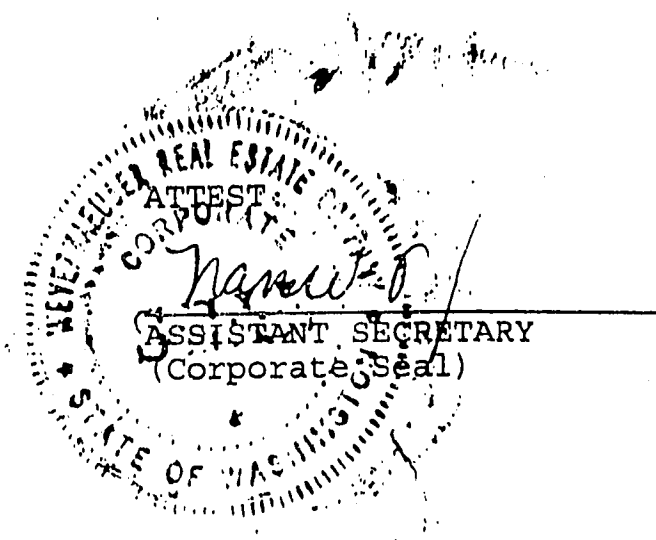
No amendment to this provision of the Covenants shall be allowed without the consent of Declarant until Declarant's right to annex additional properties hereto has expired.

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

WEYERHAEUSER REAL ESTATE COMPANY

BY:

Phyllis A. Lighty
ASSISTANT VICE PRESIDENT



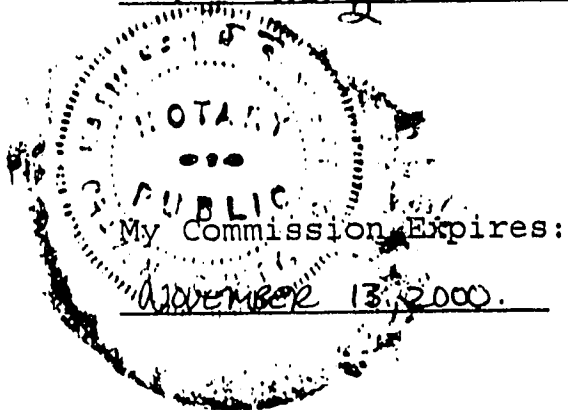
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STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

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

WITNESS my hand and official seal, this 30th day of July, 1996.



Kathleen R Sennett
Notary Public

NORTH CAROLINA, CARTERET COUNTY
The foregoing certificate(s) of Kathleen R Sennett
is (are) certified to be correct. This instrument was pre-
sented for registration and recorded in this office in
Book 782 Page 771
This 16 day of Aug, 1996 at 1 O'clock PM.

Sharon Piner
Register of Deeds
By A. Piner
Assistant, Deputy

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EXHIBIT A**DESCRIPTION OF SANDY POINT**

Lying and being in Merrimon Township, Carteret County, State of North Carolina, and being more particularly described as follows:

That certain tract or parcel of land shown on that map prepared by Cyrus Alan Bell, Registered Land Surveyor, dated October 9, 1995, and identified by the following legend: "Boundary Survey For: Weyerhaeuser Real Estate Company Portion of Carteret #15 Tract "Sandy Point". This map consists of three (3) sheets: Sheet One (1) contains 92.92 acres; Sheet two (2) contains 181.47 acres; and Sheet Three (3) contains 199.84 acres. This map is duly of record in Map Book 28, Pages 877, 877A, 877B, Carteret County Registry, and further reference is hereby made to said map for a more complete and accurate description of this property by metes and bounds.

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EXHIBIT B

SANDY POINT PROTECTIVE COVENANTS

That property described in that plat of Sandy Point, as recorded in Map Book 28, Page 954, Carteret County Registry.

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EXHIBIT C

SANDY POINT PROTECTIVE COVENANTS

No Lot as shown on that plat referenced in Exhibit B shall be allowed more than 18,100 square feet of impervious surface, as defined by the rules and regulations of the Department of Environmental Management of the State of North Carolina. Impervious surfaces include, but are not limited to, all built upon areas, including driveways and sidewalks, and other areas altered or compacted so as to significantly alter normal percolation of water into the soil. The total area of allowed impervious surface for that property described on Exhibit B is 2,537,370 square feet, which area includes roads and improvements to Association Property.

NORTH CAROLINA
CARTERET COUNTY

AFFIDAVIT

We, the undersigned do hereby certify that we have read and approve the revision of Item M on Page 7 as heretofore recorded on June 26, 1996 in Book 779, Page 992, Carteret County Registry. *changing month to week.*

This the 8th day of July, 1996.

Joseph Allen Holleman Jr. (SEAL)
Joseph Allen Holleman, Jr.

Barbara Coates Holleman (SEAL)
Barbara Coates Holleman

Subscribed and sworn to before me,
this the 8 day of July, 1996.

Marian H. Bennett
NOTARY PUBLIC

My Commission Expires: Nov. 30, 1999

Bob DeGabrielle (SEAL)
Bob DeGabrielle and Associates
Bob DeGabrielle

PREPARED BY:
T. R. THOMPSON, JR.
ATTORNEY AT LAW
AURORA, NORTH CAROLINA

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