NORTH CAROLINA, CARTERET COUNTY
The foregoing certificate(s) of Notary Public(s) is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.
Melanie Arthur, Register of Deeds
By
Asst./Deputy Register of Deeds

Melanie Arthur CARTERET COUNTY 27P
MA Date 12/30/2003 Time 09:53:00
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MERRIMON BAY ARCHITECTURAL CONTROL COMMITTEE
GREENVILLE TIMBERLINE, LLC

NORTH CAROLINA
CARTERET COUNTY

DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS MERRIMON BAY SUBDIVISION
(Multi-Phase)

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS is made pursuant to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes and is entered this the 22ND day of DECEMBER, 2003, between GREENVILLE TIMBERLINE, LLC, a Delaware Limited Liability Company (hereinafter "Declarant") and MERRIMON BAY HOMEOWNERS' ASSOCIATION, INC., a North Carolina Non-Profit Corporation (hereinafter "Association"), a community services association with an Architectural Control Committee having powers as described herein;

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WITNESSETH:

WHEREAS, Declarant owns the real property described in Article 1 of this Declaration and desires to subject said real property to the restrictive and protective covenants hereinafter set forth in order to provide for the preservation of values, amenities, desirability and attractiveness of said property, and for the continued maintenance and operation of any recreational and/or Common Areas.

WHEREAS, it is in the best interest, benefit, and advantage of the Declarant, each Owner of such property, and every party hereafter acquiring such property that these restrictive and protective covenants, which shall regulate the use and occupancy of the property, be established, which restrictive and protective covenants is and are for the benefit of the property as well as each Owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every Lot or parcel thereof, and shall apply to and bind the successors in interest and any Owner thereof.

NOW THEREFORE, in consideration of the premises, Declarant hereby declares and agrees with all parties hereafter acquiring any of the property that the property hereinafter described is and shall be held, transferred, sold and conveyed subject to the restrictive and protective covenants herein set forth, which restrictive and protective covenants shall be binding on all parties acquiring any right, title or interest in any of the property and which shall inure to the benefit of each Owner thereof, as well as their successors in interest.

1. DESCRIPTION OF REAL PROPERTY:

The real property which is, and shall be held, transferred, sold and conveyed subject to the protective covenants set forth in the articles of this Declaration is located in the County of Carteret, State of North Carolina, and is more particularly described as follows:

> BEING all of that property known as Merrimon Bay Subdivision, as more particularly described on Exhibit A, Development Area, attached hereto and incorporated herein by reference as if fully set forth.

2. DEFINITIONS:

Section 1. "Association" shall mean and refer to Merrimon Bay Homeowners' Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinafter described, and such additions thereto as hereafter be brought within the jurisdiction of the Association, and specifically includes all of that subdivision known generally as Merrimon Bay, Carteret County, North Carolina.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, and specifically shall mean any storm water control or disposal improvements, piers, walkways, streets, if any, which may be constructed.

Section 5. "Lot" shall mean and refer to any plot of land or condominium unit as defined in N.C.G.S. 47C-1-103, shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and includes any improvements thereon, if any.

Section 6. "Declarant" shall mean and refer to Greenville Timberline, LLC, its successors and assigns, if such successors or assigns should acquire all remaining undeveloped Lots from the Declarant for the purpose of development in the ordinary course of business, or as evidenced by an assignment instrument recorded by Declarant in the public records of Carteret County, North Carolina.

Section 7. "Project Property or Area" shall mean all of the real property made subject to this Declaration, including such other portions of the Development Area as may from time to time be submitted to and added to the Project Area by amendment of this Declaration. The initial Project Area made subject to the provisions of this Declaration is described on Exhibit B.

Section 8. "Development Area" includes all that property all or part of which by this Declaration or by Amendment to this Declaration may be submitted to and made subject to the terms of this Declaration by designation as "Project Area." The Development area is described on Exhibit A.

Section 9. "Parcel" shall mean and refer to a portion or part of real property, together with the improvements located thereon, which becomes subject to this Declaration. This term shall include any additions to the existing Properties as herein provided.

Section 10. "Living Unit" or "Unit" shall mean and refer to any portion of a structure situated upon the Properties designed and intended for use and occupancy as a residence by a single family, including without limitation detached single family homes, townhouse homes, patio homes and condominium units.

2.1 EXPANSION OF PROPERTIES INTO DEVELOPMENT AREA:

The Declarant, for itself and its successors and assigns, hereby expressly reserves the right, but shall in no way be obligated to expand the properties which are subject to this Declaration without the consent or joinder of the Owners of Lots or persons or entities having a

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lien or security interest in such Lots by adding from time to time all or any portion of the tract of land known as the Development Area and being more particularly described as follows:

> BEING all of that property as shown on Exhibit A, attached hereto and incorporated herein by reference as if fully set forth.

The Declarant may also identify and add to the development area by amendment hereto any other such property as Declarant in its sole discretion may determine.

An amendment to this Declaration shall be made and recorded in the Office of the Register of Deeds of Carteret County, North Carolina, to include each portion of the real property which is to be included within this Declaration, and each such portion of the real property shall constitute an addition to the Properties. The right of the Declarant, or its successors and assigns, to expand the Properties as herein provided shall expire ten (10) years from the recording of this instrument, or upon the sale to consumers of all of the properties described in Exhibit A or Exhibit B, whichever occurs first.

2.2 SUPPLEMENTAL DECLARATIONS:

Declarant shall have the right, from time to time, to record Supplemental Declarations for portions ("Parcels") of the Properties which may designate specific use and other restrictions within said Parcel, may create Common Areas within such Parcel for the use only of Owners of Lots in said Parcel, and may create an internal owners association within said Parcel; provided, however, no Supplemental Declaration shall avoid membership in the Association by Owners of Lots in said Parcel, nor shall any Supplemental Declaration modify or amend the terms of this Declaration or of any prior Supplemental Declaration for another Parcel.

3. GENERAL RESTRICTIONS:

Section 1. "Residential Use": All lots shall be used exclusively for residential purposes of a single family . No business, trade, garage sale, moving sale, rummage sale, or similar activity shall be conducted upon a lot without the prior written consent of the Board. An Owner or occupant residing in a dwelling on a lot may conduct business activities within the dwelling so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling; (ii) the business activity conforms to all zoning requirements for the lot; (iii) the business activity does not involve regular visitation of the dwelling or lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the subdivision; and (iv) the business activity is consistent with the residential character of the subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the subdivision, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

The leasing of a dwelling or lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any lots which it owns within the subdivision, including the operations of a timeshare or similar program.

Section 2. "Stormwater Runoff": General Provisions (FOR SECTION I ONLY):

(a) The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8 0301057, as issued by the Division of Water Quality under NCAC 2H.1000.

(b) The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.

(c) These covenants are to run with the land and be binding on all persons and parties claiming under them.

(d) 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.

(e) Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the State.

Special Provisions: In addition to the above, the following restrictions shall apply:

(a) The maximum allowable built-upon area per lot is 16,200 square feet. This allotted amount includes any built-upon area construction 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.

(b) Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is strictly prohibited by any persons.

(c) Each lot will maintain a thirty feet (30') wide vegetated buffer between all impervious areas and surface waters.

(d) All roof drains shall terminate at least thirty feet (30') from the mean high water mark of surface waters.

Nothing in these covenants shall prohibit Declarant from exceeding density limits through permits properly obtained through State Stormwater Rules, which may include engineered systems. Any of the provisions of this instrument may be amended, modified or terminated to comply with stormwater rules now or hereafter adopted by the State of North Carolina by an instrument in writing executed by Declarant, its successors and assigns.

Section 3. Compliance with Wetlands Regulations, CAMA Regulations, and any other and all Governmental Setbacks and other Regulations : (a) It shall be the responsibility of each Owner to determine what portions of their Lot are regulated by wetland regulations, CAMA regulations, or other governmental setbacks and other regulations. It shall also be the responsibility of each Owner, prior to alteration of any Lot, to determine if any Lot shall have been determined to meet the requirements for designation as a regulatory wetland and if any such Lot is subject to any of the regulations referred to above. Any subsequent fill or alteration of this wetland shall conform to the requirements of state wetland rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this restriction is to prevent additional wetland fill, so the property Owner should not assume that a future application for fill will be approved. The property Owner shall report the name of the subdivision in any application pertaining to wetland rules. This covenant is intended to insure the continued compliance with wetland rules adopted by the State of North Carolina; therefore, benefits may be enforced by the State of North Carolina. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

(b) All of the Properties subject to these Declarations, Conditions, Covenants and Restrictions shall also be subject to the following Special Provisions Relating to Wetlands. In developing the property, the Declarant has agreed with the Department of the Army Corps of Engineers (pursuant to a permit issued by the Corps of Engineers) to restrict and prohibit any future filling or other detrimental activities in the wetland areas which presently exist within the identified area of the property. Accordingly, all wetlands shown and delineated on the wetland survey plat and shall be maintained in perpetuity in their natural or mitigated condition.

No person or entity shall fill, grade, excavate, or perform any other land disturbing activities; nor construct any structures, nor any other agricultural use on such conservation area. Lot owners may trim or cut some vegetation, without the removal of stumps; for the enhancement of the view or value of their property. Benign structures, such as, but not limited to, pile-supported walkways, may be permissible only after reviewed and written consent is provided by the U.S. Army Corps of Engineers.

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A 20 foot easement for the construction of a driveway has been created for ingress and egress of lots 12, 13, 14 and 15, and these lots are exempt from this covenant for the purpose of constructing and maintaining the driveway. This covenant pertains only to lots conveyed within Merrimon Bay Subdivision, all property owned by Greenville Timberline LLC is exempt until such time as the final phase is recorded.

This covenant is intended to ensure continued compliance with the mitigation condition of authorizations issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, Action ID 200301254, and therefore may be enforced by the United States of America. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it.

Section 4. "On-site Sewage Systems": Each property Owner is required to provide a private on-site sewage systems and comply with all regulatory agency requirements for the installation, maintenance and operation. The costs of these systems will be the responsibility of the Lot Owner and may differ from Lot to Lot.

Section 5. "Roadside Swale": No one may fill in, pipe, or alter any roadside swale except as necessary to provide a minimum driveway crossing.

Section 6. "Allowable/Prohibited Structure": No structure shall be erected, altered, placed or permitted to remain on any Lot other than a single, one family dwelling not to exceed three stories in height, a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only and such other outbuildings as may be provided for elsewhere herein. Each dwelling shall contain a minimum of 1600 heated square feet. This covenant shall not be construed as prohibiting the use of a new dwelling as a model home for sales/rental purposes.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporary or permanently. No trailer, mobile home, camper or like vehicle shall be allowed on the property at any time, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly and which is designed to be disassembled and relocated shall be allowed. It is specifically the intention and purpose of this covenant to prohibit the location of any manufactured home as defined in NCGS 143-145 and any structure for which a "Label of Compliance" as defined in NCGS 143-145 is issued, including but not limited to those structures which are generally referred to as mobile homes, trailers, relocatable houses, or similar type structures on the property.

"Modular construction" of walls, floor systems, roof trusses and other portions of the structure shall be permitted providing that it is a full floor joist system not supported by chassis or steel frame. Fabrication shall not be limited to the building lot.

This covenant shall not be construed as prohibiting the use of such a structure as a sales/ rental model or office or construction site facility.

No more than one outbuilding may be constructed on any Lot without the express written approval of the Architectural Control Committee. Said outbuilding shall be only for the purposes of housing boats, cars, and RV's as well as lawn and garden equipment. In addition to any such outbuilding, and with prior approval of the Architectural Control Committee, additional outbuildings, including but not limited to a barn(s) or stable(s) may be constructed on any Lot that is two (2) acres or larger. Said buildings, including barns or stables, must be constructed in a workman-like manner, enclosed on at least three (3) sides as well as the top, with some sort of door, which would thus enclose all four (4) sides of the building

No structure with a roof pitch of less than 6-12 feet is permitted upon any Lot.

The Properties shall not used as a campground. Permanent residence in any type of camping equipment is strictly prohibited.

Section 7. "Structure Location": No structure, other than fence, may be built within ten (10) feet from any property line without written approval from Declarant or Merrimon Bay Architectural Control Committee.

Section 8. "Construction Time and Activity": Once construction of a dwelling or other improvements are started on any Lot, the exterior construction of the dwelling and other improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement. Construction activity shall be confined within the boundaries of each Lot. Each Owner shall be responsible for any damage done to any streets, roadways, accessways, Common Areas, or property of other Owners within the subdivision which may be caused by any Owner, his agents, employees, guests, licensees or invitees during construction and at any other time. The Association shall have the right to assess any Owner for such damage and such charge shall be an assessment against the Owner and the Lot and shall be subject to collection as any other regular assessment.

Section 9. "Construction Debris": During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the Lot must be cleaned of excess debris at least once per week. Each Lot Owner shall be obligated to collect and dispose of all rubbish and trash resulting from construction on his Lot.

Section 10. "Nuisances": No noxious, offensive, or illegal activity shall be carried on or conducted upon any Lot, nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to the neighborhood. No trade, commerce, or other activity, which may be considered a nuisance to the neighborhood, shall be carried on upon any Lot. No trade materials or inventories may be stored upon any Lot. No tractor-trailer type

trucks, house trailers, or mobile homes may be stored or regularly parked on any Lot. No junk or unsightly vehicles of any type or description may be placed upon any Lot.

Section 11. "Animals": No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that household pets may be kept provided they are not kept for breeding or commercial purposes. Any such household pet shall not be allowed off the Lot of the Owner of said pet unless said pet is attended and on a leash. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot. Pet pens, dog runs, and "boxes, if allowed, must be approved by the Association prior to construction or placement and must be screened from adjacent rights-of-way and lots.

Improvements constructed for the maintenance of animals shall be kept in good repair and must conform generally in appearance with any dwelling upon a Lot, although such improvements need not be constructed of materials identical to an existing dwelling. Each Lot Owner shall maintain any such improvements placed upon any Lot, and no unsightly or dilapidated buildings or other structures shall be permitted on any Lot. Improvements must be approved by Declarant or Architectural Control Committee.

Horses will be allowed on any non-waterfront lot that is two (2) acres in size or larger. Horses will not be allowed to be maintained on any waterfront lot. No more than one horse per fenced in acre will be allowed. The use of horses off the lot of an owner is specifically subject to the Rules and Regulations which may be adopted from time to time by the Association. No fence may be constructed of barbed wire or similar material. Fences that are visible from the road must be made from wooden, vinyl, or wrought iron fencing material. The Architectural Control Committee must approve all fences prior to construction.

Section 12. "Signs": No sign or billboard of any kind shall be erected or allowed to remain on any Lot including a "For Sale" or "For Rent" sign without prior written approval of Declarant, until such time as at least ninety percent (90%) of the Lots are sold.

Section 13. "Subdivision": No Lot or Lots shall be subdivided except to enlarge an adjoining Lot, but any Lot so enlarged cannot be improved with more than one single-family dwelling. In no event, shall any Lot be subdivided if the result of each subdivision is separate ownership of less than a whole Lot. However, Declarant, its successors or assigns, reserves the right to relocate any Lot boundary line and make major and minor boundary line adjustments between Lots so long as said relocation does not create an additional Lot and further provided that one Lot may be combined with another Lot or Lots or a portion thereof to create a larger Lot, in which cases these covenants shall be construed to apply to the larger Lot so created. Upon the recombination of any Lots to reduce the total number of allowable building Lots, 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.

Section 14. "Piers and Bulkheads": Piers and bulkheads may be constructed on the property or adjacent thereto provided that, prior to construction, written approval has been obtained from the appropriate Federal, State, County, and/or local authority.

Section 15. "Roads, Rights of Way and Driveways": The roads and rights of way constructed throughout the Properties are for the common uses of Declarant, Lot Owners, and Lot Owners of the future development of the Properties and their respective heirs, successors and assigns. There will be no on-street parking allowed within the Properties. All driveways constructed on any Lots shall be paved with either asphalt or concrete for a distance of at least 20 feet from the adjoining paved roadway. Concrete or HDPE plastic culvert pipes are to be used and the ends of the culvert pipes used for driveways must be capped to prevent erosion. All culvert pipe sizes must be a minimum of fifteen inches (15") and must be approved by Declarant or Architectural Review Board prior to installation. Any damage by driveway connections to the private road shown upon said plats, or to the ditches or shoulders of the road, or to the flow of drainage water along said road, shall be repaired at the expense of the Owners connecting such driveways, within thirty (30) days of notification.

Section 16. "Road/Street Expansion": Declarant hereby reserves unto itself the right to use any Lot, prior to it being sold to a third person, for ingress and egress to any other adjoining property. Declarant reserves the right unto itself to extend any existing roadways shown on the recorded subdivision plats referred to above, to any additional property lying outside the subdivision.

3.1. SPECIAL RESTRICTIONS REGARDING DRIVEWAY: [Applies to lots 12, 13, 14 and 15 only.]

a) Easement for Driveway. There is hereby reserved for each owner of Lots 12, 13, 14 and 15, their successors and assigns, an easement for driveway maintenance, construction and reconstruction, extending into each lot and located as shown on the plat of the subdivision. Said easement may be used for the purpose of installing, maintaining and repairing the driveway and any utility and service lines and systems associated therewith, but all such construction, repair and replacement shall be in accordance with all laws and regulations of the State of North Carolina and Carteret County. It is specifically understood that the width of the driveway which is to be constructed or has been constructed and may be maintained is less than the easement width and that the remaining easement width shall specifically be for the maintenance and/or reconstruction thereof and that use of the space on each side of the driveway shall be limited to the lot owner on the respective side of the driveway.

b) Maintenance of Driveway. Each owner shall maintain all improvements in good repair and keep the same safe, clean and orderly in appearance at all times. General rules of law regarding liability for property damage due to negligence or willful acts and omissions shall apply. The cost of reasonable repair and maintenance shall be shared by each owner in

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proportion to the length of the driveway utilized by the owner, and all such maintenance shall be agreed upon in advance by each owner.

c) Entry Not Trespass. Whenever an owner is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action in or upon the easement areas, such action shall not be deemed a trespass.

e) Destruction Casualty. If any improvement is damaged or destroyed by any casualty, any owner may restore it, and if the other owner thereafter makes use of the improvement, the other owner shall contribute to the costs of restoration thereof in proportion as set out above, without prejudice, however, to the right of any such owner to call for contribution by others under any rule of law regarding liability for negligence or willful acts or omissions.

f) Right To Contribution Runs With Land. The right of any owner to contribution from any other owner under this paragraph shall be appurtenant to the land and shall pass to the owners successors in title.

g) Dispute Resolution. (a) In the event of any dispute between owners arising concerning a common driveway or improvement, or under any other provisions of the Restrictive Covenants, any owner shall notify the Association Board of Directors. The Board of Directors shall thereafter resolve the dispute, issue said decision or order and the decision or order shall be binding on the owners of the lot owners. Alternatively, or in the event the Board. cannot resolve the dispute or becomes deadlocked, then the Board will choose an arbitrator whose decision shall be binding on the unit owners of the units in the building.

(b) Arbitration. Any controversy that shall be submitted to arbitration shall be determined and settled by an independent disinterested person [hereinafter "independent arbitrator"] appointed by the Board, and such independent arbitrator shall resolve the controversy in accordance with the terms of the Uniform Arbitration Act, currently codified in North Carolina General Statute, Articles 45A, §1-567.1 et.seq. or any successor statutes.

The controversy as so determined shall be binding on the parties. The cost of the arbitration shall be borne equally by the parties, except that each party will pay the costs of its legal counsel and the costs of expert witnesses. The place of arbitration shall be Jacksonville, North Carolina.

(c) Enforcement. In any controversy resolved by dispute resolution where an owner fails to perform according to the terms of any decision or order of the Board or Arbitrator(s) may be enforced as a violation of these restrictive covenants. Alternatively, the Association may and is empowered to, but shall not be required to, undertake the improvements or maintenance required by the decision or order of the Board or Arbitrator(s) and collect the costs therefor as a an assessment against the lots as set out in the decision or order of the Board or Arbitrator(s).

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3.2 CONSTRUCTION TIME AND ACTIVITY:

Section 1. No construction of any kind, including but not limited to, the clearing or grading of any Lot for building purposes, or the building of any wall, fence, landscaping, berm or hedge which act as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until: 1) the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee, as provided elsewhere herein; and 2) the owner of said Lot shall have deposited or caused to be deposited with the Association a deposit to defray the cost of repair of any common facilities damaged by the proposed construction in the minimum amount of $1,000.00 for home construction and a minimum of $250.00 for any other improvements or such higher amount as the Association may set. The deposit requirement shall not be waivable.

Once construction of a dwelling or other improvements are started on any Lot, the improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement. If construction is not completed within (12) months the Association shall provide notice of the violation of this covenant and shall conduct a hearing in accordance with its By Laws and may levy such maximum fine as may be allowed by law until the home is complete in accordance with the covenants. The Construction activity shall be confined within the boundaries of each Lot. Each owner shall be responsible for any damage done to any streets, roadways, accessways, common areas, or property of other Owners within the subdivision which may be caused by any owner, his agents, employees, guests, licensees or invitees, during construction and at any other time.

The Association shall have the right to assess any owner for such damage and such charge shall be an assessment against the owner and the Lot and shall be subject to collection as any other regular assessment. The ends of culverts are to be capped to prevent erosion.

Section 2: During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the lot must be cleaned of excess debris at least once per week. Each lot owner shall be obligated to collect and dispose of all rubbish and trash resulting from construction on his lot.

Section 3: No dwelling or other improvement shall be constructed which shall have an exterior of concrete blocks, asbestos or asphalt siding. Outdoor, uncovered living areas should be constructed with materials and colors that are compatible with the exterior materials and detailing of the house. Railings should be consistent with the architectural character of the house. Patio and terrace surfacing materials should be concrete, stone, or pavers.

4. **MEMBERSHIP AND VOTING RIGHTS:**

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

Section 2. The Association shall have two (2) classes of voting membership:

Class I: Class I members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class II: The Class II member(s) shall be the Declarant and shall be entitled to ten (10) votes for each Lot owned. The Class II membership shall cease and be converted to Class I membership on the happening of either of the following events, whichever occurs earlier.

(1) The sale of the last lot by the Declarant in the subdivision.

(2) On that date which is seven (7) years from the date of the recording of this document.

(3) at the discretion of Declarant.

5. **COVENANTS FOR MAINTENANCE ASSESSMENTS:**

Section 1. Creation of the Lien and Personal Obligations of Assessment: The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed, therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(1) annual assessments or charges;

(2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided;

(3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area if the Association shall default in the payment therefor for a period of six (6) months, all as hereinafter provided.

The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorneys' fees (as provided in North Carolina General Statutes Section 6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties, care, maintenance and improvement of the landscaping and lawns of each individual lot, and for the improvements and maintenance of the Common Area, and specifically any storm water control or disposal improvements.

Section 3. Minimum Annual Assessment: The initial minimum annual assessment shall be $300.00 per year per lot. Assessments shall commence as to each lot beginning on the date of closing from the Declarant to an owner other than the Declarant So long as there exists Class II membership, the Declarant shall pay no dues or assessments but in lieu thereof the Declarant covenants and agrees to defray such deficit as may be required for maintenance up to the amount of the current operating budget.

Section 4. Collection of Assessments: (a) The first pro rata payment of the balance of the current year assessment shall be due and payable beginning on the day of closing. In addition thereto, at closing, the Declarant shall cause to be collected from the purchaser, an amount equal to two-twelfths of the then current minimum annual assessment for said lot. This shall be used for the sole purpose and use as a working capital fund.

The Board of Directors shall fix the amount of the assessment against each lot at least thirty days in advance of the annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors of the Association and the Board of Directors shall have the authority to require the assessment to be paid in pro-rata monthly installments, quarterly and semi-annually as well as annually. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment may be increased each year not more than fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above fifteen percent (15%) by a vote of fifty-one percent (51%) of members of each class who are voting in person or by proxy, at a meeting duly called for this purpose. Except, however, increases attributable solely to the annexation of new areas, including new Common Areas, shall not be subject to this limitation.

(d) If an additional property owner's association(s) is established on any property which is or may become subject to this Declaration by a supplemental declaration hereto, then, notwithstanding anything contained therein to the contrary, all assessments made by and for any such association shall be paid to the Merrimon Bay Homeowners' Association, Inc., for bookkeeping and record keeping purposes, and shall then be transferred as necessary to the appropriate association. Merrimon Bay Homeowners' Association, Inc. may charge a reasonable fee for its record keeping services and deduct same from assessments collected.

Section 5. Special Assessments for Insurance and Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any increase in insurance costs, or the construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of fifty-one percent (51%) of the votes of the members of each class who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for any Action authorized under Sections 4 or 5: Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all members not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice requirement, and there shall be no required quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Remedies for Non-Payment of Assessments: Any assessment which is not paid when due shall be delinquent. The assessment shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fees as may be set by the Board. The Association may file a lien of record against any lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Any such lien shall be filed in the office of the clerk of superior court of Carteret County in a manner provided therefor by Article 8 of Chapter 44 of the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area or abandonment of his dwelling unit or Lot.

The Association may bring an action at law against the Owner personally obligated to pay any assessments and interest. Costs and reasonable attorneys' fees for the prosecution of any such action shall be added to the amount of such assessment. In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of the Association, then, and in that event, the Association shall collect on such judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Chapter 45 of the North Carolina General Statutes. All fees, charges, late charges, fines, and interest are enforceable as assessments.

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The Registered Agent of the Association shall be the Trustee for all purposes of the foreclosure proceeding and the Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the said substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the land subject to the lien at public action for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages and deeds of trust, and upon such and resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Chapter 45. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the sale shall, after the Trustee retains his commission, together with any additional attorney's fees incurred by the Trustee, be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessment, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the property, and any advancements made by the Association in the protection of the security.

Section 8. Effect of Default in Payment of Ad Valorem Taxes of Assessments for Public Improvement by Association: Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien subject to the lien of the governmental authority levying said ad valorem taxes on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 9. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Rights of Mortgagees: (a) Notice of action: A holder or insurer of a mortgage, upon written request to the Association (such request to state the name and address of such holder or insurer and the description of secured properties) will be entitled to timely written notice of:

(1) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

(2) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot upon which it holds a mortgage.

(3) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(4) Any proposed amendment to the project instruments effecting a change in the boundaries of any Lot, ownership of Common Elements, if any, the number of votes in the Association pertaining to any Lot or any proposed change in the restrictions on the properties.

6. ARCHITECTURAL CONTROL COMMITTEE:

Section 1. Submission of Plans and Specifications: Except for original and initial construction and subsequent modification of improvements by the Declarant on any Lot which such construction is and shall be exempt from the provisions of this provision, no building, wall, fence, landscaping, berm or hedge which acts as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until: 1) the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee; and 2) the owner of said Lot shall have deposited or caused to be deposited with the Association a deposit to defray the cost of repair of any common facilities damaged by the proposed construction in the minimum amount of $5,000.00 for home construction and a minimum of $250.00 for any other improvements or such higher amount as the Association may set. The deposit requirement shall not be waivable.

The Association Board of Directors may adopt from time to time Architectural Guidelines for use by the Architectural Control Committee and such guidelines shall be

mandatory for use by the Architectural Control Committee except as the Board of Directors shall authorize upon appeal of the Committee decision.

Each building, wall, fence or other structure or improvements of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved.

Any change in the appearance of any building, wall, fence or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval.

Section 2. Procedure: (a) The Architectural Control Committee shall make all efforts to cooperate with the Owner or agent in effecting a prompt and reasonable response to any submission. Within fifteen (15) days after receipt of all required information, the Architectural Control Committee shall submit in writing to the Owner of the Lot a response stating whether or not the requested improvements are approved. Unless a response is given by the Architectural Control Committee within fifteen (15) days, the plan shall be deemed approved. The Architectural Control Committee shall have the power to promulgate reasonable rules and regulations designed to carry out the provisions and intent of this paragraph. Any such rules and regulations shall be approved by the Board of Directors prior to implementation.

(b) Action of the Architectural Control Committee may be based upon any reasonable ground, including aesthetic grounds. Requirements of any governmental authority shall not be considered by the Committee. The response of the Architectural Control Committee must be:

(1) An approval; or
(2) An approval with conditions; or
(3) An approval with conditions together with a request for additional information; or
(4) A denial.

A denial is an extreme response and not to be made unless an approval with conditions can not be made. A denial prohibits or delays construction of the proposed improvements.

A request for additional information shall be made only with a conditional approval and will not delay construction unless the information requested involves a matter which will need to be approved prior to construction. A request for additional information shall not be used by the Committee to enlarge the required response time. If an approval with conditions is granted and thereafter construction begins, the construction shall be deemed approved by the owner of the lot of the conditions imposed.

(c) The Architectural Control Committee may not deny the submission unless it makes at least one of the following findings:

(1) That the improvements sought to be constructed will have a negative economic impact on any other lot within the subdivision.

(2) That a required specific buildings standard or other condition contained within the Restrictive Covenant documents have not been met.

(3) That the improvements are architecturally incompatible with proposed or constructed improvements on other lots within the subdivision.

(4) That the natural features of the lot will be disturbed to an extent more than reasonably necessary to construct the proposed improvements.

In addition to the above required finding, in order to deny a submission, the Architectural Control Committee must provide a specific and detailed response of why an approval with conditions was not a reasonable alternative to the denial.

Section 3. Exceptions: The paint, coating, stain and other exterior finishing colors and roof shingles/exterior on all buildings may be maintained as that originally installed, without prior approval of the Architectural Control Committee, but prior approval by the Architectural Control Committee shall be necessary before any such exterior color is changed.

Section 4. Committee Membership: Until such time as the sale of the last numbered lot in the subject property is evidenced by the recordation of a deed therefore, all rights, privilege, powers and authority granted herein to the initial Architectural Control Committee, to whom the specific power to act hereunder is expressly conveyed, shall be exercised by the Declarant, its successors or assigns. The Declarant may assign its powers hereunder to an Architectural Control Committee, but so long as Class II membership shall exist, the Declarant shall appoint a majority of the Architectural Control Committee. Thereafter, all representatives shall be appointed by the Board of Directors of the Association. Except as set out above, the Architectural Control Committee shall be composed of three (3) Owners appointed by the Board and shall serve at the pleasure of the Board.

Section 5. Committee Procedure: A majority of the Architectural Control Committee may take any action said Committee is empowered to take, may designate a representative to act for the Architectural Control Committee, and, with approval of the Association Board, may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Control Committee, the Association Board shall designate a successor. The members of the Architectural Control Committee shall not be entitled to any compensation for services performed pursuant to this covenant. The Association may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order to compensate any consulting architects, landscape architects, urban designers or attorneys.

Section 6. Appeal of Committee Action: Any Owner may appeal the decision of the Architectural Control Committee provided that all parties involved comply with the decision of the Architectural Control Committee until such time, if any, as the Board of Directors amends, or reverses the Architectural Control Committee's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within thirty (30) days of the decision of the Architectural Control Committee. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Control Committee within twenty-five (25) days of receipt of the petition. The Board of Directors' decision shall be by majority vote. Any Owner must exhaust this avenue of appeal prior to resorting to a court of law or equity for relief.

Section 7. Notice: Submissions for approval may be made to the Architectural Control Committee c/o the Association to any of the following:

(1) the address to which an owner is directed to send assessments or dues as appears on the most recent billing statement,

(2) the address of the Association Registered Agent as it is listed in the Office of the Secretary of State, or

(3) at such address as may be provided in writing (on the letterhead of the Association and signed by the managing agent or officer of the Association) to the applicant upon request for instructions regarding submission.

Section 8. Mail to Owner: Any requirement for mail service shall be complied with by mailing said notice to the address shown on the county tax records for the respective lot owner.

7. UTILITY AND DRAINAGE EASEMENTS:

Easements for installation and maintenance of utilities and drainage facilities are reserved ten (10) feet in width over all side Lot lines and twenty-five (25) feet along any road and as may be shown upon any recorded plats of the Properties. No building, residence, garage or other permitted accessory building may be constructed within said easements. In addition, the Properties are subject to easements, setbacks, and road right of ways as shown on the recorded plats referenced above. Declarant hereby reserves unto itself, its successors and/or assigns, the following:

(1) The right to erect and maintain utilities and drainage facilities over the areas described in this paragraph; and

(2) The right to grant Lot Owners easements within these areas and under subdivision roads for utilities including, but not limited to cable, electric, septic systems and water; and

(3) The right to grant easements for the purposes described hereinabove, in paragraphs (1) and (2) over and across, any unsold Lot still owned by Declarant.

8. OWNER'S EASEMENT OF ENJOYMENT:

Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(1) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area,

(2) The right of the Association to limit the number of guests of members,

(3) The right of the Association to suspend the voting right and use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations, and

(4) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

9. GENERAL PROVISIONS:

Section 1. "Term": These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

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Section 2. "Enforcement": In the event of a violation or breach of any of these restrictions, covenants, agreements and conditions by any person or concern claiming by, through or under the undersigned, or by virtue of any judicial proceedings, the Association, its successors and assigns and the Owners of the Lots in the subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms hereof, to prevent the violation or breach of any of them, and/or recover damages, if appropriate. Costs and reasonable attorneys' fees shall be recoverable by the Association as part of any judgment or order to enforce these covenants. The failure to enforce any right, reservation, restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 2.1. Remedies Extended to the State of North Carolina: To ensure that this subdivision is maintained consistent with the laws of the State of North Carolina, the State of North Carolina is specifically empowered to take such acts necessary by and through its officers to enforce any of these covenants against an Owner or the Association. The State of North Carolina is specifically made a beneficiary of these covenants.

Section 3. "Modification of Restrictive Covenants": These restrictive and protective covenants are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided Lot or part thereof during the first twenty-five (25) year period from the date of recording hereof by written document executed by the Declarant or their successors in title after affirmative vote or written agreement signed by Lot Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated. Declarant, or its successors and assigns, shall be allowed to amend these restrictive and protective covenants, notwithstanding any other provision contained herein and without joinder of any other party, for the purpose of correcting any discovered error contained herein, clarifying any ambiguity contained herein, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of MERRIMON BAY SUBDIVISION and the Owners therein. Further, Declarant reserves, in the sole discretion of Declarant, the right to amend, modify or add to these covenants and restrictions on an individual basis pursuant to individual purchaser requests and requirements. Such modifications or amendments in accordance with this section will be accomplished by specific language in the individual deeds or supplementing these covenants by separate recorded instrument.

Section 3.1 " Litigation": No judicial or administration proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of each of the Classes of members and a majority of the Board of Directors. This Section shall not apply, however to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the Declarant or is approved by the percentage votes and pursuant to the same procedures necessary to institute proceedings as provided above.

Section 4. "Severability": Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect and the failure of any person or persons to take action to restrain the violation of any of these covenants and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenants.

Section 5. "Variances": The Association may allow reasonable variances and adjustments of the restrictions set forth in this Declaration in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided however, that any such variance granted must be done in conformity with the intent and purposes of the general development scheme and provided also that in every instance such variance or adjustment shall not materially be detrimental or injurious to other property or improvements within the Properties.

IN WITNESS WHEREOF, as the above date, Grantor (whether person, corporation, limited liability company, general partnership, limited partnership, or other entity) has signed this instrument in the ordinary course of business, by the signature(s) below if its duly authorized representative(s), as the act of such entity.

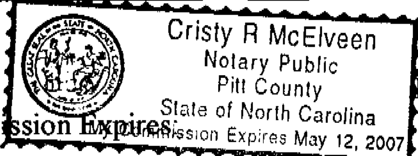
GREENVILLE TIMBERLINE, LLC,
a Delaware Limited Liability Company

By: "Attorney in Fact"
Charles Watkeys, Manager or Agent, authorized to execute pursuant to Section 18-407 of the Delaware Code.

STATE OF NC
COUNTY OF Pitt

I, Cristy R McElveen, a Notary Public of the County and State aforesaid, certify that Charles Watkeys personally came before me this day and acknowledged that he is the manager or agent authorized to execute pursuant to Section 18-407 of the Delaware Code, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its manager or agent.

WITNESS my hand and official stamp or seal, this 22 day of December, 2003.



Notary Public

My Commission Expires:

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EXHIBIT A (DEVELOPMENT AREA)

TRACT 1:

THAT certain tract or parcel of land lying and being in Merrimon Township, Carteret County, State of North Carolina, and being more particularly described as follows:

BEGINNING at an iron pipe on the eastern line of the Greenville Timberline, LLC Property as described in Deed Book 1007, Page 490 of the Carteret County Register of Deeds Office, said iron pipe being located South 76 degrees 58 minutes 39 seconds East 103.55 feet and North 32 degrees 57 minutes 23 seconds West 2986.38 feet from a P.K. Nail located at the centerline intersection of Rowe Court and NCSR 1321 (4-H Camp Road). From the above described beginning, so located, running thence as follows:

With the eastern and southern lines of the referenced Greenville Timberline, LLC Property, North 32 degrees 57 minutes 23 seconds West 45.86 feet to an existing iron pipe, thence North 20 degrees 40 minutes 47 seconds West 574.64 feet to an existing iron pipe, thence North 04 degrees 24 minutes 50 seconds West 246.56 feet to an existing iron pipe, thence North 27 degrees 44 minutes 10 seconds East 249.53 feet to an existing iron pipe, thence North 75 degrees 06 minutes 23 seconds East 244.45 feet to an existing iron pipe, thence North 76 degrees 33 minutes 43 seconds East 320.13 feet to an iron pipe, thence leaving the southern line of said Greenville Timberline, LLC Property a curve to the right having a radius of 310.00 feet and a chord bearing South 51 degrees 46 minutes 32 seconds West 179.29 feet to an iron pipe at the point of reverse curvature, thence with a curve to the left having a radius of 150.00 feet and a chord bearing South 35 degrees 04 minutes 17 seconds West 165.64 feet to an iron pipe at the point of tangency, thence South 01 degrees 33 minutes 31 seconds West 636.68 feet to an iron pipe at the point of curvature, thence with a curve to the right having a radius of 370.00 feet and a chord bearing South 28 degrees 50 minutes 03 seconds West 339.12 feet to the point of beginning containing 8.295 acres and being a portion of the property described in Deed Book 576, Page 477 of the Carteret County Register of Deeds Office.

BEING all of that certain tract or parcel of land containing 8.295 acres as the same is shown on that map prepared by Brian L. Souva, Professional Land Surveyor, dated July 25, 2003, and identified by the following legend: "SURVEY FOR GREENVILLE TIMBERLINE, LLC ". This map is attached hereto and further reference is made to said map for a more complete and accurate description of this property by metes and bounds.

This property is conveyed subject to a fifty (50') foot Timber Buffer as the same is shown on the map heretofore referred to. This Timber Buffer is permanent and runs with the land and the property located within this Buffer is to remain in a natural state.

EXHIBIT A (DEVELOPMENT AREA)

TRACT 2:

THOSE certain tracts or parcels of land lying and being in Merrimon Township, Carteret County, State of North Carolina, and being more particularly described as follows:

THOSE Three (3) Tracts shown as the Tract containing 254.26 acres as shown on Sheet 1 of 3, the Tract containing 161.81 acres as shown on Sheet 2 of 3, and the Tract containing 202.12 acres as shown on Sheet 3 of 3, as the same are shown on that map prepared by Cyrus Alan Bell, Professional Land Surveyor, dated August 17, 1999, and identified by the following legend: "BOUNDARY SURVEY FOR: WEYERHAEUSER REAL ESTATE COMPANY PORTION OF CARTERET 15". This map is of record in Map Book 30, Pages 263, 263A and 263B, Carteret County Registry, and further reference is hereby made to said map for a more complete and accurate description of this property.

Further reference is made to that deed dated the 10th day of April, 2003, by and between Weyerhaeuser Company and Weyerhaeuser Company Foundation duly of record in Book 988, Page 4. Carteret County Registry for a more compete and accurate description of this property.

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EXHIBIT B (PROJECT AREA)

BEING all of that property as shown on that plat entitled "FINAL PLAT MERRIMON BAY SECTION 1A", as recorded in Map Book 30, Page 388, of the Carteret County Public Registry.