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FOR REGISTRATION REGISTER OF DEEDS

Karen S. Hardesty

Carteret County, NC

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*Prepared by White & Allen, P.A.*

STATE OF NORTH CAROLINA

MASTER DECLARATION OF RESTRICTIVE  
COVENANTS FOR INLET COVE

COUNTY OF CARTERET

THIS DECLARATION OF RESTRICTIVE COVENANTS, is made and entered into this the 2nd day of November, 2022, by the present owner of the property described in Paragraph 1(r) hereunder, RIDCO CORP., a North Carolina corporation with its principal place of business in Carteret County, North Carolina, whose mailing address is 805 Front Street, Beaufort, NC, hereinafter referred to as "DECLARANT".

STATEMENT OF PURPOSE

Declarant is the owner of certain property located on Radio Island, Town of Morehead City, Carteret County, North Carolina more particularly described and depicted on Plat described in Exhibit A and incorporated herein by reference, on which it desires to develop in phases a planned development to include Townhomes and Marina Condominium boat slips. Declarant desires to provide for the preservation of the values and amenities for such uses and for the maintenance of certain common areas; and, to this end, desires to subject the real property described in Paragraph 1(r) herein constituting the first phase of the overall planned development, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property, Declarant and each subsequent owner thereof. Declarant deems it desirable for the efficient preservation of such values and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created.

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To this end, Declarant has incorporated or will incorporate hereafter under the laws of the State of North Carolina, as a nonprofit corporation, The INLET COVE Property Owners Association, Inc. (the "Association"), for the purpose of exercising the functions aforesaid;

NOW THEREFORE, Declarant declares that the real property described in Paragraph 1(r) hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

## **ARTICLE I** **DEFINITIONS**

1. *Definitions.* The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- a. "Act" shall mean the North Carolina Planned Community Act, as contained in Chapter 47F of the North Carolina General Statutes, or any successor portion of the North Carolina General Statutes, as the same exists from time to time.
- b. "Additional Property" shall mean any and all real property described on Exhibit A-1 attached hereto and incorporated herein by this reference, provided the Additional Property shall not be part of the Property subject to this Declaration until it has been annexed (or subjected) to this Declaration in the manner required by this Declaration.
- c. "Architectural Committee" shall mean those three (3) or more individuals so designated from time to time by the Board of Directors of the Association. Upon expiration of the Development Period, the members of the Architectural Committee shall be owners of townhome Lots or Marina Condominium boat slips. The Board of Directors may remove members from the Architectural Committee at any time in their discretion. The Board of Directors may designate itself as the Architectural Committee subject to the requirements of this paragraph.
- d. "Association" shall mean and refer to INLET COVE PROPERTY OWNERS ASSOCIATION, INC., as formed or to be formed by Declarant. A copy of the initial By-Laws are attached as Exhibit B.
- e. "Board of Directors" or "Board" shall mean the Board of Directors from time to time of the Association.
- f. "Common Elements" shall mean and refer to those areas of land now or hereafter shown as such on any recorded subdivision plat of the Property or hereafter deeded to the Association and intended to be devoted to the common use and enjoyment of the Owners. Common elements shall include but are not limited to: access road and driveways, open space for recreation areas, pool, day dock if any, the entire bulkhead located along the basin

and Morgan Creek, and any other common facility to be used by the townhouse lots, and Boat Slips together.

g. "Declarant" shall mean RIDCO Corp., a North Carolina corporation, its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing also expressly designate the transferee as a "Declarant" hereunder.

h. "Declaration" shall mean this Master Declaration of Restrictive Covenants for Inlet Cove.

i. "Development Period" shall mean shall mean that period of time measured from the date of the recording of this Declaration with the Carteret County Register of Deeds continuing therefrom until December 31, 2052 or upon sale of the final lot or boat slip to a 3rd party, whichever occurs first. With respect to any land annexed to the Property by Declarant as herein permitted, the "Development Period" shall mean the time that is ten (10) years from the time that such land is annexed to the Property by recording of the Amendment hereto at the Office of the Register of Deeds of Carteret County, or December 31, 2052, whichever is later.

j. "Development Plan" shall mean the most current land use or development plan approved by the applicable Governmental Entity for the Property or any part thereof, whether the approval is preliminary or final, and regardless of any name other than Development Plan under which it is approved by the Governmental Entity (for example, site plan, subdivision plan, cluster unit development plan, or master plan for a planned unit development). For avoidance of doubt, Development Plan shall include any plan(s) that may be entitled "Inlet Cove Marina Condominium." Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots, Units and Common Elements. The fact that real property is included on the Development Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan.

k. "Limited Common Elements" shall mean those portions of the Common Elements primarily benefitting one or more, but fewer than all, Lots/Units and which are designated as Limited Common Elements by the Association or, if during the Development Period by the Declarant. Declarant may, but is not required to, construct storage units upon a portion of the property or the future development property, and if constructed, they may be offered to the Lot owners on terms to be determined by the Declarant. It may be determined that these storage units may be limited common elements for use by a specific unit and if so an appropriate amendment may be filed setting out such plans.

- l. "Lot" shall mean a lot or parcel of real property located within the Property and depicted on the Plat as a Townhouse Lot. As used herein, "Lot" shall not include the Common Elements, nor shall it include roads, streets, or parking areas within the Property. The "front" of a Lot shall be deemed to be the portion of the Lot adjacent to the street.
- m. "Member" shall mean a person or entity who holds membership in the Association as provided in this Declaration hereafter.
- n. "Mortgage" shall include the noteholder or cestui que trust secured by a deed of trust.
- o. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Unit. It shall not include a person holding the title or interest to a Lot merely as security for the performance of an obligation.
- p. "Plat" shall mean that map identified That certain real property located in the Town of Morehead City, Carteret County, North Carolina, which is all of the property as shown as "Inlet Cove Townhomes, Units 1 thru 61", as shown on that plat entitled "Inlet Cove Townhomes-Units 1 thru 61" dated 12/21/20 and prepared by The Cullipher Group, P.A. and recorded in Plat Book 34 at Page 206 (File #34206), as amended and revised by that plat recorded in Plat Book 34 at Page 520 (File #34520) recorded in Carteret County Registry, (hereinafter "Plat").
- q. "Permit" shall mean the Post-Construction Stormwater Management Permit No. SW8 080952 Oceanside Yacht Club (now Inlet Cove) Carteret County issued by the North Carolina Department of Environmental Quality, including the Operation & Maintenance agreement incorporated herein as a part of the Permit.
- r. "Property" shall mean all that certain property as shown on the Plat, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation and subjected to this Declaration as herein provided.
- s. "Special Declarant Rights" shall mean rights reserved for the benefit of the declarant including, without limitation, any right (i) to complete improvements indicated on plats and plans filed with the declaration; (ii) to exercise any development right; (iii) to maintain sales offices, management offices, signs advertising the planned community, and models; (iv) to use and grant easements through the common elements for the purpose of making improvements within the planned community or within real estate which may be added to the planned community; (v) to make the planned community part of a larger planned community or group of planned communities; (vi) to make the planned community subject to a master association; or (vii) to appoint or remove any officer or executive board member of the association or any master association during any period of declarant control.

Declarant is specifically given the right to create pedestrian access areas for adjoining property that Declarant currently does not own but may acquire in the future. Such

accessways will be for the benefit of Marina Boat Slip/Unit owners to use to access their slips and shall not be for any other purpose that would encumber the common area. Any such accessways shall not be an expense of the Association.

t. "Subdivision Plan" shall mean the most current land use or development plan or plans approved by the City for the Property (it being recognized that there may be two or more development plans approved by the City that together constitute the Subdivision Plan under this definition), whether the approval is preliminary or final, and regardless of any name other than Subdivision Plan under which it was approved by the City (for example, site plan, cluster unit development plan, or master plan for a planned unit development), all as the same may be revised at any time or from time to time; it being expressly permitted that the Property need not be developed in accordance with any one version of the Subdivision Plan. Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Subdivision Plan in whole or in part, including the addition or deletion of property and including the reconfiguration of Lots, Units and Common Elements. The fact that property is included on the Subdivision Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any Additional Property that is not included on any Subdivision Plan.

u. "Structure" shall mean anything or device other than trees, shrubbery (less than three feet in height in the form of a hedge) and landscaping, the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, trailer, garage, porch, deck, shed, greenhouse, or bath house, coop or cage, covered or uncovered patio, swimming pool, clothesline, radio, television or other antenna, satellite dish, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, hedge more than three feet in height, signboard or any temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of purchase by an Owner.

v. "Townhome" or "Townhouse" shall mean one building located on a Lot as shown on the Plat that is designated and intended for use and occupancy as a single family residence.

w. "Townhouse Lot" shall mean any of the sixty-one (61) numbered lots depicted on the Plat.

x. "Townhome" or "Townhome Dwelling" means an individual Dwelling that is attached by Party Walls to one or more other Dwellings.

y. "Townhome Building" means an Improvement consisting of two or more Townhomes notwithstanding that each Townhome therein is located on a separate Lot.

z. "Townhome Services" means those goods, services, items or benefits provided by the Association for the benefit of the Townhomes and Owners thereof pursuant to this Declaration and any Supplemental Declaration.

aa. "Unit" or "Boat Slip" shall mean any of the numbered boat slips depicted on the Plat or a future plat to be recorded with the Declaration of Unit Ownership for Inlet Cove Marina Condominium creating the boat slips. Certain specific boat slips may be used for commercial purposes, as described herein.

bb. "Condominium Unit" shall mean a unit in the INLET COVE MARINA CONDOMINIUM created by that Declaration of Unit Ownership for INLET COVE MARINA CONDOMINIUM to be recorded in the Carteret County Registry.

## ARTICLE TWO PROPERTY RIGHTS

2. *Grant of Lots.* Declarant shall hereafter hold, grant and convey the Property, and any part thereof, including, but not limited to Lots, subject to the Act and the covenants, conditions, easements and restrictions herein set forth, which are for the benefit of, binding upon and shall run with the land, and are for the benefit of Declarant, the Association and the Owners, their heirs, personal representatives, successors and assigns.

3. *Grant of Common Elements.* Declarant covenants that it will convey the Common Elements to the Association, and the Association shall accept from Declarant the Common Elements, with such improvements as may be constructed thereon at the time of such conveyance and shall hold them subject to the provisions hereof.

4. *Member's Easements of Enjoyment.* Every Member shall have a right and non-exclusive easement of use and enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot subject to the following provision:

The right the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by majority vote of the Members in attendance in person or by proxy at a meeting of the Association called for such purpose.

5. *Structures.* Except as otherwise permitted by the provisions of this Declaration, no Structure shall be, erected, placed or maintained on any Common Element except: (i) Structures designed exclusively for the common use of Members, including, but not limited to, benches, chairs or other seating facilities, fences and walls, walkways, roadways, and similar facilities; and (ii) pumping stations, drainage, storm and utility systems. The

Common Elements may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Members or for the establishment, retention or preservation of the natural growth or topography of the Common Elements and for aesthetic reasons.

6. *Rules.* The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Elements, which rules and regulations shall apply equally to all Members.

7. *Association Management.* The Association may improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Elements, including, by way of illustration, and not limitation, streets, roadways, sidewalks, parking areas and all trees, shrubbery and other plants and landscaping, together with any items of personal property placed or installed thereon, at the cost and expense of the Association.

### ARTICLE THREE RESERVED RIGHTS OF DECLARANT

8. *Reserved Rights of Declarant.* The Association shall hold the Common Elements conveyed to it by Declarant subject to a reservation to Declarant of an easement over any road in the Common Elements, such easement for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and any part thereof, including any Lot, as well as, all or any part of the property described in Plat.

9. *Grading and placement of fill.* Declarant further reserves unto itself the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot or other portion of the Property and grade the same provided such grading does not materially interfere with the use or occupancy of a Lot or other portion of the Property for the purposes allowed herein. However, said Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

Declarant or its contractor reserves the right to place fill if necessary during the construction process and also to unload and place dredge and fill spoils on part of the property that is located north of the basin. The fill or spoils material will be removed from site in a timely manner. Declarant or its contractor will have the right to use the access roads and strip of property adjoining the bulkhead on the North side of property for this use.

10. *Amendment of Plats.* No irrevocable right shall be conferred upon any Owner or Member by the recording of any plat relating to the development of the Property. Declarant expressly reserves unto itself the right to make such amendments to any such plat or plats as in its best judgment shall be advisable and as shall be acceptable to public authorities having the right of approval thereof, including the right to file new maps reflecting new

phases in accordance with Article X. This provision shall not be deemed to give Declarant any right to amend the property line of any Lot not then owned by Declarant.

11. *Easement for Utilities and Parking.*

a. Declarant, for itself, its successors and assigns, reserves an easement on, over and under the Common Elements for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property, and all or any part of the property described on Plat, including, but not limited to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any Lot/Unit now or hereafter laid out or established on the Property, and all or any part of the property described on Plat, or in or on the area in which the same is located, together with the right and privilege of entering upon the Common Element for such purposes and making opening and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

There is also reserved those easements for Parking for the benefit of Olde Town Yacht Club as referenced on the plat and any other easement, or buffer areas as shown on plat, including access rights to use of the boardwalk.

b. Further, Declarant, for itself, its successors and assigns, reserves an easement on, over and under the Common Elements for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve land adjoining any of the Common Elements (whether such land is owned by Declarant, its successors or assigns, or others), including, but not limited to the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any such land, or in or on the area in which the same is located, together with the right and privilege of entering upon the Common Element for such purposes and making openings and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

c. *Modification of Development Plan.* Each Owner, by accepting title to a Lot or unit/slip and becoming an Owner, and each other Person, by acquiring any interest in the Property, acknowledges awareness that Inlet Cove is a planned community, the development of which is likely to extend over many years, and agrees not to protest or otherwise object to (a) zoning or changes in zoning or to uses of, or changes in density of, the Property, or (b) changes in any conceptual or master plan for the Property, such revision is or would be lawful (including, but not limited to, lawful by special use permit, variance or the like) (c) and the addition of adjacent property to the Development that is not inconsistent with what is permitted by the Declaration (as amended from time to time).



**ARTICLE FOUR**  
**MEMBERSHIP AND VOTING RIGHTS**

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

13. *Voting.* The Association shall have two (2) classes of voting membership:

a. Class A Members shall be all Owners, with the exception of Class B Members. Class A Members shall be entitled to two (2) votes for each Townhouse Lot owned and one (1) vote for each Condominium Unit 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 the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

b. The Class B Member shall be the Declarant. The Class B Member shall be entitled to thirty (30) votes for each Lot owned.

Notwithstanding the above, the Declarant, so long as its own one lot and or 10 slips, or unless it sooner releases or waives such right, shall be entitled to appoint those persons to serve on the Board of Directors for the Association. Upon the expiration of such control period and the then-current terms of the appointed members of the Board of Directors, their election shall be made by the Members as a whole and as provided for above in accordance the By-Laws for the Association.

**ARTICLE FIVE**  
**COVENANT FOR MAINTENANCE**

14. *Creation of Lien and Personal Obligations for Assessments.* The Declarant, for each Lot hereby covenants, and each Owner of any Lot/Unit 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: (i) annual assessments or charges, (ii) special assessments, and (iii) additional assessments, all such assessments to be established and collected as hereinafter provided. The annual, special, and additional assessments, together with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the Lot/Unit for the amount of the assessment. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person(s) who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessment shall not pass to successors in title of an Owner unless expressly assumed by them; however, the Lot shall remain subject to the assessment until paid or otherwise discharged.

15. *Purposes of Assessments.* Except as otherwise specifically provided for herein, assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the Owners of Lots and for the improvement and maintenance of the Common Elements and/or as is otherwise consistent with the rights and responsibilities of the Association hereunder and for the benefit of the Members.

16. *Maximum Annual General Assessment.* Until January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual general assessment shall be no more than \$1,200. The Unit assessment shall be set out in the amendment adding the marina units to this Master Association.

a. From and after January 1 of the year immediately following the conveyance of the first Lot, the maximum annual general assessment may be increased each fiscal year of the Association not more than fifteen percent (15%) above the annual general assessment for the previous fiscal year without a two-thirds (2/3) majority vote of the Class A members and the unanimous consent of the Class B members. Given inability to plan for increases in insurance rates in coastal communities, any insurance that is required to be maintained by the Association under this Declaration shall not be included in the determination of whether the maximum annual general assessment has increased by more than fifteen percent (15%).

b. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

17. *Special Assessments.*

a. In addition to the annual general assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, and/or to meet any other emergency or unforeseen expenses of the Association, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at the meeting duly called for this purpose.

b. Special assessments shall be due as provided by the Board of Directors.

18. *Expenses Associated With Limited Common Elements Or Benefiting Less Than All Lots.*

a. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Lot or Unit to which such Limited Common Element was allocated at the time the expense was incurred.

b. In addition, the Association may assess any Common Expense benefiting less than all of the Lots against the Lots benefited proportionally if more than one based on their respective interest in the Common Elements.

19. *Notice and Quorum for Any Action Authorized Under Paragraphs 16 and 17.*

Written notice of any meeting called for the purpose of taking an action authorized under Paragraphs 16 or 17 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast forty percent (40%) of all of the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

20. *Uniform Rate of Assessment.*

a. Subject to the provisions of sub (b) below, both annual and special assessments must be fixed in a uniform rate and each lot or unit will pay the same amount of any such assessment. Such assessments may be collected on a monthly basis or other periodic basis not more often than monthly or less often than annually, all as determined by the Board of Directors. This provision shall not be applicable to assessments made for Limited Common Elements which may be assessed to the particular Lot as provided for in Paragraph 18 above.

b. Declarant Exemption. Anything in sub (a) above to the contrary notwithstanding, Declarant shall not be required to pay any assessment for any Lot owned by the Declarant. So long as Declarant is exempt from assessment as herein provided, if the assessment for any fiscal year of the Association, exclusive of those amounts collected by the Association for a reserve fund and for the working capital fund, shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of such Declarant's exemption from payment of assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Lot owned by the Declarant, to meet any such deficit, so long as (i) written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made, and (ii) the Declarant shall have no obligation for any such deficit caused by expenditures for capital improvements or by any decrease in assessments, including, without limitation, the levying of an assessment in an amount less than the maximum for any annual assessment, unless the same has been previously approved in writing by the Declarant.

21. *Additional Assessments.* Additional assessments may be fixed against any Lot only as provided for in this Declaration or under the Act. Any such assessments shall be due as provided by the Board of Directors in making any such assessment.

22. *Surplus Receipts.* Any surplus of receipts over expenses of the Association for any fiscal year shall be either applied to reduce the assessments necessary to meet the budget adopted by the Association for the next fiscal year or refunded by the Association to each

Owner, and the refund shall be prorated among the Owners (and former Owners), including the Declarant, based upon the portion of the previous fiscal year that each such Owner (or former Owner), including the Declarant, shall have held record title to the Lot, as determined by resolution of the Board of Directors. Notwithstanding the above, the Association shall be entitled to maintain a reserve fund to cover anticipated expenses which shall not be the larger of the following: \$20,000.00 or twenty percent (20%) of its annual budget each year unless otherwise approved by two-thirds (2/3) of the Members of each class in attendance, in person or by proxy, at a meeting of the Association called for that purpose.

23. *Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment of Assessments.*

a. The annual general assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Elements to the Association. The first annual general assessment shall be fixed by the Board of Directors and shall be adjusted according to the number of months remaining in the calendar year. Thereafter, the Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each 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.

b. If additional land is annexed to the Property as herein permitted, the annual assessments for the Lots added to the Property by such annexation shall commence on the first (1st) day of the month following the conveyance to a Class A Member of the first (1st) Lot within the annexed land.

c. 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.

24. *Effect of Nonpayment of Assessments; Remedies of the Association.* Any assessment not paid within thirty (30) days after the due date shall constitute a lien against the Lot. Any unpaid assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum, and shall further be subject to a late charge in an amount equal to the maximum amount allowed by law. The Board of Directors shall have the right to declare the entire balance of the annual assessment and any accrued interest thereon to be immediately due and payable. In addition, the Owner shall be liable for all costs of collecting any such assessment, including reasonable attorney's fee and court costs. All such interest, late charges and costs of collection shall be deemed to be an additional assessment hereunder. The Association may bring an action at law against the Owner personally, who is obligated to pay the same and/or, without waiving any other right, may foreclose the lien in the same manner as the foreclosure of a deed of trust. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Element or abandonment of his Lot.

25. *Subordination of the Lien to Mortgages.* The lien for the assessments provided for herein shall be subordinate to the lien of any mortgage or deed of trust duly recorded prior to the time a Claim of Lien is filed with the Clerk of Court of Carteret County. Sale or transfer of any Lot shall not affect the assessment lien. However, any contract purchaser of a Lot shall be entitled, on written request to the Association, to a statement in writing from the Association setting forth the amount of any unpaid assessments against the Owner of the Lot due the Association and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Lot in excess of the amount set forth in such statement. The sale or transfer of a Lot pursuant to foreclosure or any proceeding in lieu thereof, of a mortgage senior in priority to the assessment lien, shall extinguish the lien of such assessments as to the payments which became 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 any lien therefor.

## ARTICLE SIX

### TOWNHOUSE LOT AND MARINA CONDOMINIUM RESTRICTIONS

The following restrictions and covenants shall apply exclusively to the Townhouse Lots located within the Property.

26. *Architectural Review.* All of the rights and powers (including discretionary rights and powers) reserved by or conferred upon Declarant by this Article Six are invested initially in Declarant alone including any successor or assign to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee as "Declarant", but may be assigned or transferred by Declarant to the Architectural Committee. This right or assignment may be exercised by Declarant from time to time, and may be exercised in whole or in part, and may apply to all or any part of the Property, including any Lot. In any event, the rights and powers of Declarant under this Paragraph 26 shall automatically terminate with respect to Declarant and vest in the Architectural Committee alone upon the earlier to occur of (a) December 31, 2052 or (b) when improvements have initially been constructed on all Lots and the Owners of all such Lots have been issued Certificates of Occupancy by Carteret County for the improvements constructed on the Lots. Whenever "Declarant or Architectural Committee" is used or referred to in this Article Six, it shall apply to the Declarant alone until such time as Declarant shall transfer rights to the Architectural Committee and then shall apply to the Architectural Committee with respect to any such rights transferred to the Architectural Committee.

a. No Structure shall be erected, placed, repaired or maintained on any Lot, nor shall the exterior appearance (including the color thereof) of any Structure on a Lot be changed or altered from the original appearance thereof, nor shall the natural state of any area of a Lot be disturbed or altered, nor shall any work be commenced or performed which may result in a change in the exterior appearance of any such Structure, until plans and specifications showing the nature, kind, shape, dimensions, materials, floor plans, color

scheme, location, exterior plans and details, exterior lighting plans, paving plans and location, landscaping details and proposed topographical changes, together with estimated cost of said work and the proposed construction schedule therefore, and together with a designation of the party or parties to perform the work, have been submitted to and approved in writing by Declarant (or Architectural Committee after the rights and powers with respect thereto have been transferred to it by Declarant as herein provided). Such plans shall be submitted by certified mail to the Association address. In the event the Declarant (or the Architectural Committee) fails to approve or disapprove such design and location in writing within sixty (60) days after said plans and specifications have been fully and completely submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

b. *Committee Criteria.* The Declarant (or Architectural Committee) shall consider such plans and specifications for approval upon the basis of, among other things, the harmony of external design and location in relation to surrounding Structures and topography, the nature and durability of the materials, quality of workmanship, choice of colors and materials, grade elevations and/or drainage, the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted, including, without limiting the foregoing, such factors as background, experience, skill, quality of workmanship, financial ability, etc. In reviewing the plans, the Declarant (or Architectural Committee) may also consider factors of public health and safety, the effect the proposed work will have on the use, enjoyment and value of surrounding properties, and/or the outlook or view of other neighboring properties and the suitability of the proposed improvements or alterations with the general aesthetic values of the surrounding area.

c. *Disapproval of Plans.* In any case where the Declarant (or Architectural Committee) shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon special conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Declarant (or Architectural Committee) shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Declarant (or Architectural Committee) is final and binding.

d. *Approval of Plans.* The applicant shall submit for approval two (2) sets of plans and specifications. Upon approval by the Declarant (or Architectural Committee), one copy of such plans and specifications shall be retained by the Declarant (or Architectural Committee), and the other bearing the approval of Declarant (or Architectural Committee) in writing shall be returned to the applicant.

e. *Non-approved Structures.* If any structure shall be altered, erected, placed or maintained upon any part of a Lot or any new use commenced on any part of a Lot, in violation of the provisions hereof, such Structure or new use shall be removed or

discontinued, and such use shall be terminated so as to extinguish such violation. If within fifteen (15) days after notice from Declarant (or Architectural Committee) of such violation, the Owner of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal or termination of the same, the Declarant (or the Association upon recommendation of the Architectural Committee) shall have the right to apply to a court of competent jurisdiction for an order directing the Owner to remove or discontinue such Structure or new use, and if the Owner shall fail to do so, authorizing the Declarant or the Association, through its agents and employees, to enter upon the Lot and to take such steps as it deems necessary to extinguish such violation, and the cost thereof shall be a binding, personal obligation of the Owner of the Lot and an additional assessment upon the Lot.

f. *Completion of Construction.* Upon completion of construction of any Structure in accordance with the provisions hereof, the Declarant (or Architectural Committee), upon request of the applicant shall issue a Certificate of Compliance in form suitable for recording with the Register of Deeds of Carteret County, identifying such Structure and the Lot (or other part of the Property) on which such Structure is placed, and stating that the Structure has been completed pursuant to the terms hereof. Preparation and recording of such Certificate shall be at the expense of the applicant. Any Certificate of Completion issued pursuant hereto shall be *prima facie* evidence of the facts therein stated, and as to any purchaser or encumbrancer in good faith, and for value, or as to any title insurer, such Certificate shall be conclusive evidence that all Structures on the Lot noted in such Certificate comply with the provisions hereof.

g. *Committee Compensation.* The members of the Architectural Committee shall serve without compensation unless specifically approved by the Members.

h. *Architectural Rules.* The Declarant (or Architectural Committee), to the extent of its functions hereunder and the rights specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration.

i. *Conditional Approvals.* In granting any permit, authorization, or approval, as herein provided, the Declarant (or Architectural Committee) may impose any appropriate conditions or limitations thereon as they shall deem advisable under the circumstances of each case.

j. *Interpretations and Exculpation of Liability.* Declarant (or the Architectural Committee) will be the interpreter of the provisions of this Declaration with respect to all matters involving aesthetics. Its decisions in such matters shall be final if reasonably consistent with the intent of this Declaration. In any and all events, neither Declarant nor the Architectural Committee will be liable for any decisions, action or inaction taken pursuant to this Article Six, including, but not limited to any matters concerning aesthetics and/or the administration, interpretation, application and enforcement of the provisions of this Article Six.

27. *Marina Condominium.* The following restrictions and covenants shall apply exclusively to the Marina Condominium located within the Property.

(a) Declarant will construct a Marina consisting of boat slips that are condominiums. The Marina HOA will own the strip of land identified as "1 'strip along entire bulkhead to be deeded to Marina Association" as shown on the Plat. The Marina HOA and the condominium unit owners as well as all Townhouse lot owners may park in any areas designated as parking, subject to the commercial use limitations as designated in (b) below.

(b) Certain slips may be designated as "commercial" and may be used to operate charter boats, for fishing or tours or rental of other recreational items and such use will not be a violation of these master covenants. No commercial fishing vessels or trawler type vessels that are not chartered out to the public will be allowed. The particular slips to be designated as commercial to be shown on the Marina Condominium Declaration. Declarant may decide that part or all of such slips designated as commercial may be removed from the commercial designation. The parking for slips designated as commercial shall be limited to certain spaces designated on Plat filed with Inlet Cove Marina Condominium, but such use shall be nonexclusive. The designated parking areas are subject to reasonable rules and modification of spaces to be adopted by the Master Association to prevent excessive parking issues that may occur due to such use. Guests or invitees of these commercial slips shall not be entitled to use of the common recreational facilities of the Association, such as pools. Such guests or invitees will have dedicated bathroom facilities.

(c) Maintenance of the bulkhead shall be a common expense of Association, even though it may be upon land owned by Inlet Cove Marina Condominium Owners, as it provides protection for the community. Should a lot or slip owner cause damage to the bulkhead, they shall be responsible for such repairs and can be assessed for failure to pay such damage.

## **ARTICLE SEVEN** **RULES AND RESTRICTIONS**

28. *Rules.* In order to assure the peaceful and orderly use and enjoyment of the Property, the Board of Directors may from time to time adopt, modify and revoke in whole or in part, such reasonable rules and regulations, to apply equally to Owners, governing the conduct of persons on or use of the Common Elements, as the Association may deem necessary. All such rules shall be binding upon all Owners, occupants and visitors to the Property. The Association may impose a fine, suspend voting or infringe upon any other rights of an Owner or other occupant for violation of the rules, non-compliance with applicable law, if any, and any violations of this Declaration.



**ARTICLE EIGHT**  
**FORCE MAJEURE**

29. Whenever herein a time period is provided for the Declarant to do or perform, or within which the Declarant may do or perform any act or thing, including but not limited to, the time of the "Development Period" as defined hereinabove, in the event the Declarant is delayed or hindered in or prevented from doing or performing such act or thing by reason of strikes, labor troubles, inability to procure labor or materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, acts of God, fire, or other casualty or reason of a similar or dissimilar nature beyond the reasonable control of the Declarant, then performance of such act or thing shall be excused for the period of the delay and the period for the performance of such act or thing shall be extended for a period equivalent to the period of such delay. In no event shall the extensions of time permitted herein extend beyond twenty (20) years from the date of recordation of this Declaration with the Register of Deeds of Carteret County.

**ARTICLE NINE**  
**PERMIT: TRANSFER, RESPONSIBILITIES AND COVENANTS**

30. *Transfer to and Acceptance by Association.* Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities required to be located upon the Property to the standards required by the Permit. Upon completion of the initial construction of the Stormwater Management Facilities, Declarant shall transfer the Permit and Declarant's responsibilities under the Permit to the Association and the Association shall accept such transfer. The Association shall accept the transfer from Declarant of the applicable Permit and responsibilities under the Permit. Transfers of any such Permit shall occur on or about the date the North Carolina Department of Environmental Quality allows the transfer of the Permit to occur, or, a later date elected by Declarant in Declarant's sole discretion.

Prior to any such transfer of the Permit, the Stormwater Management Facilities for the Property shall be certified to the Association and the State of North Carolina, either by state inspection or by a licensed engineer, as being in compliance with the applicable Permit prior to such assignment or transfer.

31. *Association Indemnification.* The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant in the defense of any action against Declarant as the responsible party under the Permit from and after the date Declarant tenders transfer of its responsibilities under the Permit. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant in the defense of any action against Declarant as holder of the Permit from and after the date Declarant tenders transfer of the Permit to the

Association following the approval of such transfer by the North Carolina Department of Environment Environmental Quality and the certification of compliance as set forth above. Further, Declarant may bring an action for specific performance of the obligations of the Association pursuant to this Section.

32. *Administration of Permit.* From and after the transfer of Declarant's responsibilities under the Permit and from and after transfer of the Permit from Declarant to the Association, the oversight, supervision, management and administration of the Permit shall be the sole responsibility of the Association. The Association's duties with respect to the Permit shall be carried out in accordance with the terms and conditions of the Association Documents, and the Permit.

33. *Easement for Upkeep and Enforcement.* The Association hereby is granted and conveyed an easement over, under and upon each Lot for the purpose of access to and Upkeep of all Stormwater Management Facilities and to enforce all requirements of the Permit.

34. The covenants set forth in this Section may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Energy, Mineral, and Land Resources.

35. Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division of Energy, Mineral, and Land Resources.

## **ARTICLE TEN** **ANNEXATION**

36. *Additional Property.* Additional Lots/Units and/or Common Elements may be annexed into the Development with the consent of two-thirds (2/3) of the Members, excluding the Declarant.

Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots and Common Area. The fact that real property is included on the Development Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan. Notwithstanding the above, during the Declarant Control Period as defined herein, Declarant may amend this Declaration to provide for:

a. easement rights of access only across the road of the existing subdivision should Declarant decide to acquire and develop adjacent property without the consent or joinder of the Members. Should access easement rights be granted, they will not materially interfere with the reasonable enjoyment of the existing Inlet Cove Master subdivision and any such

use will require maintenance obligations and payment of a prorata share of expenses for the access road upon any such users.

b. the addition of acquired property adjacent to the development and to add such property to the Master Association, which may include the addition of new residences and reconfiguring of common areas, including parking, such addition to be limited to property located on the north side of the Basin.

37. *Recording.* Any annexation made to the Property pursuant to this article, shall be done and become effective upon recording of an amendment to this Declaration by the Association in the Office of the Register of Deeds of Carteret County, specifying the additional lands to be annexed into and made a part of the Development.

### **ARTICLE ELEVEN** **GENERAL PROVISIONS**

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

39. *Variances.* Declarant and later, the Association, shall have the right to grant variances from the terms of this Declaration upon a specific finding that the variance will not harm the appearance of the Property and will not be harmful to property values within the Property. The granting of any such variance shall be in writing signed by the Declarant or the Association as the case may be in a format that is recordable with the Register of Deeds of Carteret County, North Carolina. Any variance granted shall not be deemed as a waiver or release as to the applicability of the restriction to the remaining Lots on the Property.

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

41. *Amendment.*

a. Except as otherwise provided herein, the covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. Subject to (b) and (c) below, this Declaration may be amended at any time by the owners as follows:

Unless a higher percentage or different voting requirement is specified herein or by Legal

Requirements, the Declaration may be amended only by (i) the written agreement or consent of those Members, or the affirmative vote at a meeting of the Association of those Members, by sixty-seven percent (67%) or more of the total number of votes in attendance at a special meeting or by proxy, and (ii) during the Development Period, with the written consent of Declarant.

b. Written notice of an annual or special meeting of the Association at which any proposed amendment to the Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days and not more than sixty (60) days in advance of the date of such meeting. Any amendment so approved must be recorded.

c. Until the conclusion of the Development Period of the Property, no amendment may alter or affect any rights granted hereunder to the Declarant, without the prior written consent of the Declarant. Notwithstanding the foregoing and only as may be otherwise specifically provided for herein, no amendment affecting assessments, any property right, the right of any Owner to have, use or enjoy any easement or to use and enjoy the Common Element, or the vested right of any party secured by a mortgage or deed of trust shall be valid or of any effect unless such amendment has been approved in writing by such party having such right or interest.

During the Development Period, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots/Units; (iii) required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make or purchase Mortgage loans on the Lots/Units; (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Lots/Units; or (v) otherwise necessary to satisfy the requirements of any governmental agency for approval of this Declaration or (vi) to correct typographical or grammatical errors. However, any such amendment shall not adversely affect the title to any Lot/Unit unless the affected Owner shall consent thereto in writing.

42. *Notices.* All notices required or provided for in this Declaration shall be in writing and hand delivered or sent by United States mail. If hand delivered, the notices shall be sent to the addresses shown below and shall be deemed to have been given on the date hand delivered to the address of the party to whom the Notice is sent. If United States mails are used, the notices shall be sent to the addresses shown below, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given on the date deposited in the United States mails. Notice shall be addressed as follows:

To Declarant: RIDCO Corp.

To the Registered Agent of the corporation at his/her address as listed with the Secretary of State of North Carolina

To the Association: To the Registered Agent of the Association at his/her address as listed with the Secretary of State of North Carolina.

To Owner/Members: To the last known address of Owner/Member as shown on the records of the Association at the time of such mailing, and if there is no such address, then to the Lot, Unit or Boat Slip of such Owner/Member.

Any person shall the right to designate a different address for the receipt of notices other than set forth above, provided the person's new address is contained in a written notice given to the Declarant during the Development Period and to the Association.

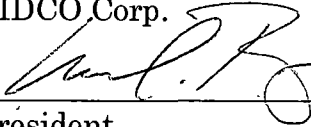
43. *Right of Entry.* Violation or breach of any provision herein contained shall give Declarant or the Association, to the extent that any of them may have a right of enforcement thereover, their respective agents, legal representatives, heirs, successors and assigns, in addition to all other remedies, the right (but not the obligation), after five (5) days' notice to the Owner of the Lot, to apply to a court of competent jurisdiction for an order granting the Declarant or the Association the right to enter upon the Lot or the land as to which such violation or breach exists, and to abate and remove, at the expense of the Owner thereof, any Structure or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof; and said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal, except that if any agent of Declarant or the Association shall be responsible for actually committing a trespass by behavior going beyond the intent of the authority conferred by this Section, in such event neither Declarant nor the Association shall be responsible for the unauthorized acts of such agent(s). Nothing herein contained shall be deemed to affect or limit the rights of Owners of the Lots when entitled to do so, to enforce the covenants by appropriate juridical proceedings. No provision herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

44. *Remedies.* Damages may not be deemed adequate compensation for any breach or violation for any provision hereof, so that any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction, preliminary or final, as well as any other available relief either at law or in equity.

45. *Headings.* The headings or titles herein are for convenience of reference only and shall not affect the meaning or interpretation of the contents of this Declaration.

(The remainder of this page intentionally left blank)

IN WITNESS WHEREOF, the undersigned, being the members of the Declarant herein, have hereunder set their hand and seal, the day and year first above written.

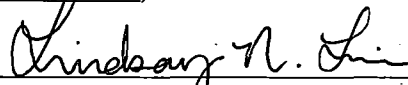
RIDCO Corp.  
By:  (SEAL)  
President

STATE OF NORTH CAROLINA

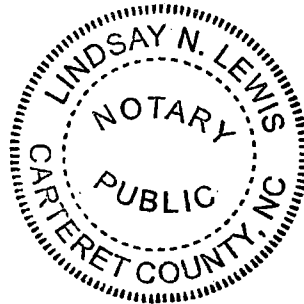
COUNTY OF CARTERET

I, a Notary Public of the County and State above, do hereby certify that Walter Douglas Brady personally came before me this day and acknowledged that they are President of RIDCO CORP., a North Carolina corporation, and that by authority duly given and as the act of said corporation, they signed the foregoing instrument.

This the 31st day of October, 2022.

  
Notary Public

My commission expires: 8/3/2027



First Bank, a banking corporation ("Lender") is the holder of the beneficial interest under that certain deed of trust dated given by Declarant for the use and benefit of Lender, covering all or portions of the Property, and recorded in Book 1718, Page 154, Book 1731, Page 302 and additional deeds of trust for construction loans on individual buildings located in Inlet Cove in the office of the Register of Deeds of Carteret County, North Carolina (said deed of trust, together with all amendments, modifications, extensions and supplements thereto and any and all other documents given to or made by the Declarant in connection with said deed of trust are hereinafter collectively called the "Security Agreement"). Lender hereby joins in the execution of this Declaration to consent to the terms hereof, and to all restrictions, covenants, terms, easements, obligations and other matters set forth in this Declaration, as the same may hereafter be amended, modified, supplemented, or changed.

First Bank

by: [Signature]

Name and title Kirsten Foyles, SVP

STATE OF N.C.

COUNTY OF Chatham

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document:

Kirsten Foyles, SVP

\_\_\_\_\_ name(s) (and title, if appropriate) of principal(s).

Date: 11/1/2022

[Signature]  
Official Signature of Notary

Amy R. Armstrong  
Notary's printed or typed name.

My Commission expires: July 4, 2025

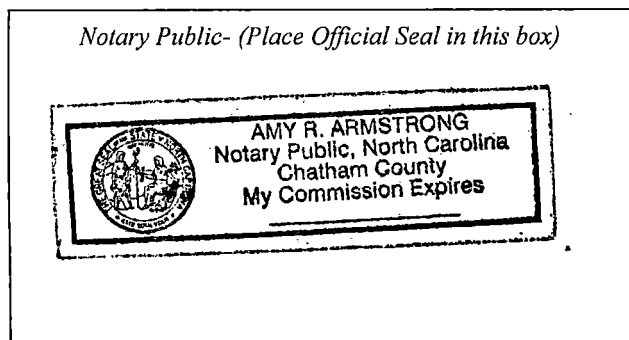


EXHIBIT A  
[Property Description]

That certain real property located in the Town of Morehead City, Carteret County, North Carolina, which is all of the property as shown as "Inlet Cove Townhomes, Units 1 thru 61", as shown on that plat entitled "Inlet Cove Townhomes-Units 1 thru 61" dated 12/21/20 and prepared by The Cullipher Group, P.A. and recorded in Plat Book 34 at Page 206 (File #34206), as amended and revised by that plat recorded in Plat Book 34 at Page 520 (File #34520) recorded in Carteret County Registry, (hereinafter "Plat"). The entire townhouse project consists of 61 townhouse lots and a possible 122 Condominium Boat Slips.



## Exhibit A-1

## Additional Property

Being all or any real property that either is contiguous to any boundary of the Properties or is located within one (1) miles of any boundary of the Properties as such boundaries are constituted at the time of the annexation of such real property to this Declaration.

EXHIBIT B  
BY-LAWS OF  
INLET COVE PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I - OFFICES

The office and principal place of business of the Corporation shall be located as shown on the Articles of Incorporation. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may from time to time determine.

ARTICLE II – MEMBERS

The Members of the Corporation shall be those persons or entities which meet the requirements for membership in the Corporation as set out in the Declaration of Covenants, Restrictions and Covenants Running with the Land recorded in Deed Book \_\_\_\_\_ page \_\_\_\_, as amended, Carteret County, North Carolina Registry, (hereinafter referred to as the "Declaration").

ARTICLE III – MEETING OF MEMBERS

SECTION 1 – Annual Meetings

The annual meeting of the Members of the Corporation shall be held at a date and time selected by the Board of Directors which shall be within five (5) months after the close of the fiscal year of the Corporation. The annual meeting shall be held for the purposes of electing directors and transacting such other business as may properly come before the meeting.

SECTION 2 – Special Meetings

Special meetings of the Members may be called at any time by the Board of Directors or by the President, and special meetings shall be called by the President or the Secretary at the written request of twenty percent (20%) of the Members, or as otherwise required under the provisions of the laws of the State of North Carolina ("Corporation Law").

SECTION 3 – Place of Meetings

All meetings of the Members shall be held at the principal office of the Corporation or at such other places as shall be designated in the notices or waivers of notice of such meetings.

SECTION 4 – Notice of Meetings

(a) Written notice of each meeting of the Members, whether annual or special, stating the time and place where it is to be held, shall be served either personally or by mail, not less than ten (10) or more than fifty (50) days before the meeting, upon each member of record entitled to vote at such meeting and to any other person to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If mailed, such notice shall

be directed to each such Member at his address as it appears on the membership records of the Corporation, unless he shall have previously filed with the Secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to (i) any person who may become a Member of record after the mailing of such notice and prior to the meeting, (ii) any Member who attends such meeting, in person or by proxy, or (iii) any Member who, in person or by proxy submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of members need not be given, unless otherwise required by statute.

#### SECTION 5 – Quorum

(a) Except as otherwise provided herein, by statute or in the Articles of Incorporation (such Articles and any amendments thereof being hereinafter collectively referred to as the “Articles of Incorporation”), at all meetings of the Members of the Corporation, the presence at the commencement of such meetings in person or by proxy of one-third (1/3) of the Members of the Corporation in good standing and entitled to vote shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any Member after the commencement of a meeting shall have no effect on the existence of a quorum after a quorum has been established at such meeting.

(b) Despite the absence of a quorum at any annual or special meeting of the members, those in attendance and entitled to vote thereon may, by majority vote, adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called if a quorum had been present. No meeting may be adjourned for longer than forty-eight (48) hours.

#### SECTION 6 – Voting

(a) Except as otherwise provided by statute or by the Articles of Incorporation, any corporate action, other than the election of directors to be taken by vote of the Members, shall be authorized by a majority of votes cast at a meeting of Members entitled to vote thereon.

(b) Except as otherwise provided by statute or by the Articles of Incorporation, a Member shall be entitled to one (1) vote for each Lot owned; provided, however, when more than one person holds an interest in a Lot, all such persons shall be members and the vote for such Lot shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(c) Each Member entitled to vote or to express consent or dissent without a meeting may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the member himself or by his Attorney-in-fact thereunto duly authorized in writing. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person(s) executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

(d) Any resolution in writing signed by all of the Members entitled to vote thereon shall be and constitute action by such Members to the effect therein expressed, with the same force and effect as if the same had been duly passed by unanimous vote at a duly called meeting of Members, and such resolutions so signed shall be inserted in the Minute Book of the Corporation under its proper date.

#### ARTICLE IV – BOARD OF DIRECTORS

##### SECTION 1 – Number, Election and Term of Office

(a) Purpose, Number and Term of Office. The Board of Directors shall initially consist of (1) initial member of the Board of Directors as named in the Articles of Incorporation of the Association. The business and affairs of the Association shall be managed by the Board of Directors and upon resignation of the above member, the Board shall consist of three (3) individuals, who shall be entitled to act on behalf of the Association. Subsequently, the Board of Directors shall be appointed by the Declarant until such time as the period of Declarant control of the Association has terminated pursuant to the provisions of the Declaration. At the first meeting of the membership of the Association following the termination of the period of Declarant control of the Association, the members of the Board of Directors shall be elected by the membership of the Association and those persons who receive the highest number of votes at a meeting at which a quorum is present shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor. All Directors elected by the membership of the Association must be Lot owners.

(b) Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation, shall be elected by a plurality of the votes cast at a meeting of the Members entitled to vote in the election. It shall be a qualification to be a Director that such person also be a Member of the Corporation.

(c) Each director shall hold office until the annual meeting of the Members next succeeding his election and until his successor is elected and qualified, or until his prior death, resignation or removal.

(d) Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Corporation. The Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but no less than the number of vacancies that are to be filled. Such nominations shall be contained in the Notice of the Annual Meeting provided to the Members.

##### SECTION 2 – Duties and Powers

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation and may exercise all powers of the Corporation, except as are in the

Declaration, Articles of Incorporation or by statute expressly conferred upon or reserved to the Members.

By way of illustration, but not limitation, the powers of the Board of Directors shall include the following:

- i. Adopt rules and regulations governing the use of the common properties and amenities, the personal conduct of members and their guests thereon, and establish penalties for the infraction thereof not to exceed \$150.00 per incident;
- ii. Suspend the voting rights and right of use of the recreational facilities of a Member, during any period in which such Member shall be in default in the payment of any assessment levied by the Corporation; and to suspend such rights, after notice and hearing, for infraction of published rules and regulations for a period no longer than forty-five (45) days;
- iii. Declare the office of a member of the Board of Directors to be vacant in the event such member of the Board shall be absent from three (3) consecutive regular meetings of the Board;
- iv. To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties; provided, that any contract for professional management must contain a clause requiring not more than ninety (90) days' termination notice;
- v. Procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the members the same for their pro rata portion of such expense;
- vi. Impose and receive any payments, fees, or charges for the maintenance, use, or operation of the common properties and amenities on the members;
- vii. Exercise all other powers that may be exercised in this State by legal entities of the same type as the Corporation;
- viii. Exercise any other powers necessary and proper for the governance and operation of the Corporation;
- ix. To have and to exercise any and all powers, rights and privileges, whether implicit or explicit, provided: (1) to owners' associations under Chapter 47F of the North Carolina General Statutes, (2) to a corporation organized under the Non-Profit Corporation Law of the State of North Carolina existing now or as may hereafter be provided and (3) to the Corporation under the Declaration;.
- x. Notwithstanding any other provision herein, the Board of Directors is unilaterally authorized, on behalf of the Association, to submit any dispute with or claim against the owner(s) of any Lot(s) to voluntary arbitration pursuant to any arbitration program then in effect in a court of competent jurisdiction in Carteret County, North Carolina. A Lot owner shall have no right to require arbitration if the Association does not agree.

### SECTION 3 – Annual and Regular Meetings; Notice

- (a) A regular annual meeting of the Board of directors shall be held immediately following the annual meeting of the Members, which shall be at the place of such annual meeting of Members.
- (b) The Board of Directors from time to time may provide by resolution for the holding of such other regular meetings of the Board of Directors and may fix the time and place thereof.
- (c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, which notice shall be given in the manner set forth in paragraph (b) of Section 4 of this Article III with respect to special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

### SECTION 4 – Special Meetings; Notice

- (a) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors at such time and place as may be specified in the respective notices or waivers of notice thereof.
- (b) Notice of special meetings shall be mailed directly to each director, shall be addressed to him at his residence or usual place of business at least two (2) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegram, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held. A notice or waiver of notice, except as required in Section 8 or Section 10 of this Article III, need not specify the purpose of the meeting.
- (c) Notice of any special meeting shall not be required to be given to any director who shall attend such meeting without protesting prior thereto or at its commencement the lack of notice to him, or to any director who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

### SECTION 5 – Chairman

At all meetings of the Board of Directors, the Chairman of the Board, if any and if present, shall preside. If there shall be no Chairman or if he shall be absent, the President shall preside, and in his absence, a Chairman chosen by the Directors present shall preside.

### SECTION 6 – Quorum and Adjournments

- (a) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation or by these By-Laws.

(b) A majority of the directors present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice until a quorum shall be present.

#### SECTION 7 – Manner of Acting

(a) At all meetings of the Board of Directors, each director present shall have one (1) vote.

(b) Except as otherwise provided by statute, by the Articles of Incorporation or by these By-Laws, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized in writing by all or the directors entitled to vote thereon and filed with the minutes of the Corporation shall be the act of the Board of Directors, with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

#### SECTION 8 – Vacancies

Any vacancy in the Board of Directors occurring by reason of an increase in the number of directors or by reason of the death, resignation, disqualification, removal (unless a vacancy be filled by the members at the meeting at which the removal was effected) or inability to act of any director, or otherwise, shall be filled for the unexpired portion of the term by a majority vote of the remaining directors even if less than a quorum, at any regular meeting or special meeting of the Board of Directors called for that purpose.

#### SECTION 9 – Resignation

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 10 – Removal

Any director may be removed with or without cause at any time by the members at a special meeting of the members called for that purpose, and any director may be removed for cause by action of the Board.

#### SECTION 11 – Salary

No stated salary shall be paid to directors, as such, for their services; provided that by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; and provided further, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

#### SECTION 12 – Contracts

(a) No contract or other transaction between this Corporation and any other Corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way, by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of, such other Corporation, provided that such facts are disclosed or made known to the Board of Directors.

(b) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided further that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such director at the meeting at which the action is taken. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section 12 shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory, or otherwise) applicable thereto.

### SECTION 13 – Committees and Adjudicatory Panel

**COMMITTEES:** The Board of Directors, by resolution adopted by a majority of the entire Board, may from time to time designate from among its members an executive committee and such other committees and alternate members thereof as they deem desirable, each consisting of three or more members, which committees shall have such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board.

### ADJUDICATORY PANEL

Section 1. Appointment of Adjudicatory Panel. The Board of Directors shall, not less than annually, appoint an Adjudicatory Panel of three (3) individuals, all of whom shall be residents of the subdivision. Members of the Board shall be eligible to serve as members of the Adjudicatory Panel. Members of the Panel shall be appointed to one-year terms, and each member shall sit until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 2. Hearings. In the event that a fine is assessed against a unit owner by the Board of Directors pursuant to these By Laws, the Adjudicatory Panel shall provide to the lot owner so fined notice of the violation and an opportunity to be heard regarding the alleged violation and the assessed fine. If within ten (10) days of receipt of the notice the owner requests in writing a hearing, the Adjudicatory Panel shall hear the matter within twenty (20) days of the date of the written request. Three (3) members of the Panel shall constitute a quorum for the purpose of conducting a hearing. Following such a hearing, the Adjudicatory Panel shall confirm, deny or modify the fine imposed by the Board and shall notify the Lot owner of its decision. The decision of the Panel with regard to the fine shall be final.



## ARTICLE V – OFFICERS

### SECTION 1 – Number, Qualification, Election and Term of Office

- (a) The officers of the Corporation shall consist of a President, Secretary, Treasurer and such other officers, including a Chairman of the Board of Directors and one or more Vice-Presidents, as the Board of Directors may from time to time deem advisable. The Chairman of the Board of Directors is required to be a director of the Corporation. Any other officer may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person, except for the offices of President and Secretary.
- (b) The Board of Directors shall elect the officers of the Corporation at the regular annual meeting of the Board following the annual meeting of the members.
- (c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election and until his successor shall have been elected and qualified, or until his death, resignation or removal.

### SECTION 2 – Resignation

Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

### SECTION 3 – Removal

Any officer may be removed, either with or without cause, and a successor elected by the Board of Directors at any time.

### SECTION 4 – Vacancies

A vacancy in any office by reason of death, resignation, inability to act, disqualification, or any other cause, may at any time be filled for the unexpired portion of the term by the Board of Directors.

### SECTION 5 – Duties of Officers

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may be set forth in these By-Laws or as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

### SECTION 6 – Sureties and Bonds

In case the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a bond in such sum, and with such surety or sureties as the Board of Directors

may direct, conditioned upon the faithful performance of his duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

#### ARTICLE VI – FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

#### ARTICLE VII – CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

#### ARTICLE VIII – INDEMNIFICATION

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

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

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

#### ARTICLE IX – AMENDMENTS

##### SECTION 1 – By Members

All By-Laws of the Corporation shall be subject to alteration or repeal, and new By-Laws may be made, by a majority vote of the Members at the time entitled to vote in the election of directors.

##### SECTION 2 – By Directors

The Board of Directors shall have the power to make, adopt, alter, amend and repeal, from time to time, by-laws of the Corporation; provided, however, that the Members entitled to vote with respect thereto in Section 1 of this Article IX may alter, amend or repeal by-laws made by the Board of Directors. Notwithstanding the above, the Board of Directors shall have no power to change the quorum for meetings of Members or of the Board of Directors or to change any provisions of the By-Laws with respect to the removal of Directors or the filling of vacancies in the Board resulting from the removal by the Members. If any By-Law regulating an impending election of Directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of Members for the election of Directors, the By-Law(s) so adopted, amended or repealed, together with a concise statement of the changes made.

#### ARTICLE X – PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

No Director, Officer or employee of or member of a committee of or person connected with the Corporation, or any other private individual, shall receive at any time any of the earnings or pecuniary profit from the operations of the Corporation. This shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution or winding up of the affairs of the Corporation, whether voluntary or involuntary. The assets of the Corporation, after all debts have been satisfied, shall be distributed, transferred, conveyed, delivered and paid over, in such amounts as the Board may determine or as may be determined by a Court of competent jurisdiction, exclusively to charitable, religious, scientific, literary, or educational organizations that would then qualify under the applicable provisions of the Internal Revenue Code and its Regulations as they now exist or may hereafter be amended, relating to Charitable Organizations

#### ARTICLE XI – MISCELLANEOUS

Capitalized terms and words used in these By-Laws shall have the same meaning as attached to them in the Declaration unless the context clearly requires otherwise and then in such case the meaning shall be their common and ordinary meaning or, in alternate thereto, as the context would otherwise require in order to give meaning and effect to such terms and words.

THE UNDERSIGNED certifies that the foregoing By-Laws have been adopted as the By-Laws of the Corporation in the accordance with the requirements of the Corporation Law.

This the \_\_\_\_\_ day of November, 2022.

\_\_\_\_\_  
(SEAL)

Initial Member of Board of Directors