

JOSH STEIN
Governor

D. REID WILSON
Secretary

RICHARD E. ROGERS, JR.
Director



NORTH CAROLINA
Environmental Quality

July 29, 2025

CURRITUCK COUNTY WATER DEPARTMENT
ATTN: DONALD I MCREE, JR.
153 COURTHOUSE ROAD, SUITE 204
CURRITUCK, NC 27929

Re: **Partial Final Approval**

Partial Final Approval Date: July 29, 2025

LOTUS RIDGE SUBDIVISION

Serial No.: 23-00910

Water System Name: CURRITUCK COUNTY WATER
SYSTEM

Water System No.: NC0427010

Currituck County

Dear Sir/Madam:

The Department received an Engineer's Certification and an Applicant's Certification specifying the portion of the referenced project that has been completed. The Engineer's Certification describes the project as "**LOTUS RIDGE SUBDIVISION** Phase 1 (Lots 1-24 and 154-177)".

The Engineer's Certification verifies that the portion of the project described above was completed in accordance with the engineering plans and specifications approved under Department Serial Number 23-00910. The Applicant's Certification verifies that an Operation and Maintenance Plan and Emergency Management Plan have been completed and are accessible to the operator at all times and available to the department upon request and that the system will have a certified operator as required by 15A NCAC 18C .1300.

Final approval will be issued upon certifying the remaining portions not covered by this **partial approval**. Note that the "Authorization to Construct" is valid for thirty-six (36) months from the issue date and the remaining construction must be completed within this period in accordance with Rule .0305(a).

The Department has determined that the requirements specified in 15A NCAC 18C .0303(a) and (c) have been met, and therefore, issues this **Partial Final Approval** in accordance with Rule .0309(a).

Sincerely,

A handwritten signature in black ink that reads "Rebecca Sadosky".

Rebecca Sadosky, Ph.D., Chief
Public Water Supply Section
Division of Water Resources, NCDEQ

cc: JAMIE MIDGETTE, P.E., Regional Engineer
Currituck County Health Department
MSA, PC



North Carolina Department of Environmental Quality | Division of Water Resources
512 North Salisbury Street | 1634 Mail Service Center | Raleigh, North Carolina 27699-1634
919.707.9100

C. SCOTT ACEY, P.E.
MSA, PC
5032 ROUSE DRIVE, SUITE 200
VIRGINIA BEACH, VA 23462

LOTUS RIDGE PHASE 1 BOND COMPUTATIONS for LOC

8-1-25

Phase 1:

Sidewalks (per Reliance quote): \$310,432 x 115%	=	\$356,996.80
Pavement Markings (per Coastal Site quote): \$5,520 x 115%	=	\$ 6,348.00
Landscaping (per Coastal quote): \$40,374 x 115%	=	\$ 46,430.10
Street Lights (Prepaid):		0
Playground Equipment: \$43,760.15 x 115% =		<u>\$ 50,324.17</u>
TOTAL:		\$ 460,099.07



Reliance Concrete Contractors, Inc.
 2969 South Military Hwy. Chesapeake, VA 23323
 757-967-9970 off. / 757-487-5190 fax. (SIF AMN 676650 - VDOT cert. # RRR)

PROPOSAL / QUOTATION

PROJECT

LOTUS RIDGE PHASE 1 ALL SIDEWALK

**MOYOCK, NC
 PLAN DATE: 1/24/2024**

QHOC

Contact: **PERRY ARNETTE**
 Phone:
 Fax:
 Email:
 Bid Date:
 Revision: **0**

DESCRIPTION	QTY	COST	UNIT	AMOUNT
4" CONC SIDEWALK NONREINFORCED, BROOM FINISH	6292.00	\$46.00	SY	\$289,432.00
HCR W/TRUNCATED DOMES	15.00	\$1,400.00	EA	\$21,000.00

EXCLUDES: STD EXCLUSIONS LINE 5 BELOW

TERMS AND CONDITIONS:

- Item base bid. Qty's to be determined by actual field measurements upon completion of work.
- Any broken and/or damaged concrete to be repaired on time and material basis.
- All work to be accessible by truck under its own power with no external assistance. All quoted concrete is 3000 psi unless noted otherwise.
- Grade: to be ± or - 0.10'
- Price excludes: permits and bonds, engineering, surveying, layout, independent testing, traffic control, excavation, landscaping, stone under concrete, select fill, (not responsible for unsuitable subgrade, undercut or fill), concrete pumping, concrete sealing, joint sealing and any associated sawcutting, concrete steps, drop inlet/drain box collars, brick pavers, retaining walls, footers, mechanical/electrical pads, dowels and bollards, unless otherwise noted above. ANYTHING NOT ON CIVIL PLANS.
- Prices: Are based on the total of all line items identified above. If 25% or more of items are deleted from total quote, as presented above, the unit prices quoted no longer apply and will need to be re-evaluated. Prices are good for 90 days from proposal date.
- Change Orders: No Changes will be performed until a fully documented change is executed and approved by the Contractor.
- Payment: Will be paid to Reliance Concrete Contractor, Inc. regardless of terms set between the GC and owner. Net 30 days from invoice date, unless otherwise agreed to in writing with Reliance Concrete Contractors, Inc.
- Retainage: All retainage to be paid within 90 days of substantial completion or if job is halted for more than 90 days.
- Service Charge: Purchaser agrees to pay Reliance Concrete Contractors, Inc. a service charge of 1.5% per month, an annual percentage rate of 18%, on any outstanding balance/invoices past due. This service charge is in addition to and not in lieu of any other remedies Reliance Concrete Contractors, Inc. may have provided; however, Reliance Concrete Contractors Inc. reserves the right to require payment in advance.
- Attorneys Fees: Should this account be placed in the hands of an attorney for collections, purchaser agrees to pay an attorney fee of (25%) of the total amount due at the time the account is referred to the attorney. Purchaser further agrees to pay all court costs incurred by RCC, Inc.
- Warranty: Reliance Concrete Contractors, Inc., as Subcontractor on the project, does hereby guarantee that all work, executed under the plans and specifications provided will be free from defects of materials and workmanship for a period of one (1) year, beginning from the date of substantial completion or determined by RCC, Inc. All defects occurring within that period shall be replaced or repaired at no cost to the Owner; ordinary wear or tear and unusual abuse or neglect notwithstanding. See note 2.

TOTAL PROPOSAL COST	\$310,432.00
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Acceptance: The above terms, conditions and descriptions are satisfactory and are hereby accepted. Must sign and return prior to work commencement.

Submitted By: JIM STANTON

Date: 7/16/2025

Accepted by: _____

Date: _____

ESTIMATE

Coastal Site Solutions, LLC
139 Birchwood Ln
Hertford, NC 27944

britt.h.montgomery@gmail.com
+1 (757) 582-4042



Bill to
Perry Arnette
QHOC Homes
417 Caratoke Hwy
Unit D
Moyock, NC 27958

Ship to
Perry Arnette
QHOC Homes
417 Caratoke Hwy
Unit D
Moyock, NC 27958

Estimate details

Job Name: Lotus

Estimate no.: 1461
Estimate date: 07/17/2025

#	Date	Product or service	Description	Qty	Rate	Amount
1.		Striping & Signage	Layout and stripe according to plans including 8 parking blocks and ADA signage	1	\$5,520.00	\$5,520.00
					Total	\$5,520.00

Accepted date

Accepted by

Coastal Landscapes, Inc.

P.O. Box 57038
 Virginia Beach, VA 23457
 757-721-4109 Office
 757-426-8585 Fax

admin@coastallandscapes.hrcox...

Estimate

DATE	Estimate #
7/18/2025	LOTUS TREES

Name / Address
QHOC HOMES 227 CARATOKE HWY UNIT D MOYOCK, NC 27958

Item	Qty	Description	Cost	Total
TREE	218	LOTUS RIDGE MOYOCK, NC PHASE 1 STREET TREES 2" CAL OR 8' HT 15 GAL	140.00	30,520.00
TREE	224	FARM BUFFER TREES SEEDLING (1-3' HT)	8.50	1,904.00
SHRUBS	48	EVERGREEN SHRUBS FOR VEHICULAR USE AREA 3 GAL	25.00	1,200.00
WETLAND P...	500	BMP 1 JOE PYE WEED (OR APPROVED EQUAL) PLUG	4.50	2,250.00
WETLAND P...	500	HALBERDLEAF ROSEMALLOW (OR APPROVED EQUAL) PLUG	4.50	2,250.00
WETLAND P...	500	NARROW PLUME GRASS (OR APPROVED EQUAL) PLUG	4.50	2,250.00
DOES NOT INCLUDE: STABILIZATION GOOSE FENCING FINE/ROUGH GRADING SEED/SOD				
				\$40,374.00

Coastal Landscapes Inc., provides all designs, materials, & labor for landscape. All plant materials are guaranteed for 1 year from install. There is no guarantee on annuals, sod, bulbs, perennials, dogwoods, palms, gardenias or plants provided by owner. Plants that have been subject to extreme climatic conditions (ie. flood, freeze, drought), neglect, improper watering, mechanical or animal damage will void guarantee. Estimates are good for 6 weeks. A 50% deposit is required to be placed on the schedule, the remainder is due at completion. Debtor will be responsible for court costs incurred to collect on account. Homeowner is responsible for marking all private utilities, irrigation systems, & lighting prior to landscape installation. Coastal Landscapes is not responsible for any damages. This bill is personally guaranteed by the under signed. Credit card payments will incur a 4% processing fee.

Signature _____



Estimate

Elite Play Equipment
 8801 Fast Park Drive #301
 Raleigh, NC 27617
 Office Phone: 919-351-6854
 support@eliteplayequipment.com

Estimate Number: E250721932
Estimate Date: 07/21/2025
Payment Terms: Due On Receipt
Estimate Amount: 43,760.15
Created By: Ala Ali

Bill To
 QHOC homes
 456 Pudding Ridge Rd
 Moyock, NC 27958

Ship To
 QHOC homes
 456 Pudding Ridge Rd
 Moyock, NC 27958

Item #	Item Name	Quantity	Unit Price	Taxable	Total
2140	<p>EPS PKP004P Granite Manor System 2-12 in Primary Colors Product Description</p> <p>Get ready to rock and roll with the fabulous and sprawling Granite Manor play structure! Children ages 2 to 12 will delight in running across this large, luxurious play set. Featuring a 36-inch elevated platform connected by stairs to a 48-inch elevated platform, the play set is accessible via Pod Climber or stairs. Key features of the Granite Manor playground system include a Wave Slide and a Double Wave Slide. On the ground level, a Single Drum and Rain Wheel provide creative outlets for children of all ability levels, making the play structure ADA-compliant. A charming pyramid roof covers the Wave Slide platform to give children a shady spot while they wait to shoot down the slide. Safety barrier panels border the play structure, keeping children safe and balanced. And plenty of handrails provide extra stability for children still developing their gross motor skills. The Granite Manor playground system is constructed from powder-coated steel posts, steel decks with a PVC-coated finish, stainless steel hardware, and roto-molded plastics. This heavy-duty play system meets all standards set by IPEMA, ISO, and ASTM. It's also available in a variety of color palettes to meet your individual play set needs. Fast shipping is available in the neutral and primary palettes. Place your order today!</p>	1.00	13,492.00	X	13,492.00
4769	12" Commercial Plastic Border	120.00	12.00	X	1,440.00
4770	IPEMA Certified Playground Wood Mulch	50.00	38.00	X	1,900.00
4771	Product Freight	1.00	4,180.00	X	4,180.00
1220	Elite-PSSI-Installation	1.00	8,600.00	X	8,600.00
4929	Set Of Concrete Cornhole	2.00	1,491.00	X	2,982.00

3191	PB6WBSM - 6' Bench with Back Surface Mount Bench Surface Mount - Color: TBD	8.00	826.00	X	6,608.00
3584	32EXP Trash Receptacle with Dome Bonnet/lid and liner Inground Mount	1.00	750.00	X	750.00
1186	ADA Half Ramp for ADA Entrance	1.00	850.00	X	850.00

Subtotal: \$ 40,802.00
NC Rate: 7.25%
NC Amount: 2,958.15
Estimate Amount \$ 43,760.15

Terms & Conditions:

1. The required area must be clear and have adequate drainage and 2% Slope Maximum
2. Site must be FREE from Underground Utilities, Rock, Roots, Etc.
3. Site must be accessible for Heavy Equipment - 2000 PSF.
4. Area must allow access for 53' Tractor Trailer to deliver surfacing within 100' of designated playground site.
5. Water Source must be available within 200' of designated playground site.
6. An authorized person who will meet the installer on site and designate the proper location and orientation of the playground unit with signature.

NOTE: Locating Private Lines Is the Responsibility of the Customer Obtaining Permits Is the Owner's Responsibility

* Failure to meet any of the above that creates an installation delay will be billed at \$300.00 per hour

March 26, 2025

Construction Payment Invoice



Allied Properties, LLC
227 CARATOKEHWY
MOYOCK, NC 27958

PAID

Dominion Energy Information
Work Request No. 10749575
Point of Contact: Morgen S Hand

Total Amount Due: \$11,742.51
Account No : 250001363598

To avoid delay in the start of your project please pay upon receipt.

Payment Options

U.S. Mail

Include "Account No." on your check and mail payment to: Dominion Energy North Carolina
P.O. Box 26543
Richmond, VA 23290-0001

Authorized Payment Centers

For an Authorized Payment Center near you visit DominionEnergy.com and search "Payment Centers," or call 1-866-366-4357.
Convenience fee of \$1.50 will be charged by a third-party service provider.
All Authorized Payment locations accept cash and money order.
Some locations may accept personal or business checks at their discretion.
Obtain a paper receipt for your records.

Credit Card, Debit Card, Purchasing Card or eCheck*

Pay online at DominionEnergy.com, search "Pay My Bill," or call 1-866-366-4357.

Convenience fee and transaction limits.

- \$14.95 per transaction for non-residential customers (up to \$15,000 per transaction)
- Fee charged by Paymentus Corporation, a third-party vendor.

Retain your payment confirmation number for your records.

*eCheck Option only available over the phone

Please detach and return this payment coupon with your check made payable to Dominion Energy North Carolina.

Construction Payment Coupon

Notification Date: March 26, 2025

Please Pay Upon Receipt
\$11,742.51

Amount Enclosed

[Empty box for amount enclosed]

Account No. 250001363598

Allied Properties, LLC
227 CARATOKEHWY
MOYOCK, NC 27958

Send Payment to:

Dominion Energy North Carolina
P.O. BOX 26543
RICHMOND, VA 23290-0001

222 250001363598 7001174251 7001174251 61

ARTICLES OF INCORPORATION
OF
LOTUS RIDGE HOMEOWNERS ASSOCIATION, INC.

Pursuant to Chapter 55-A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I
CORPORATION NAME

The name of the corporation is Lotus Ridge Homeowners Association, Inc., hereinafter called the "Association."

ARTICLE II
PRINCIPAL OFFICE

The principal office of the Association is located at 227 Caratoke Highway, Moyock, Currituck County, North Carolina 27958.

ARTICLE III
REGISTERED AGENT

C T Corporation System, whose address is 160 Mine Lake Court, Suite 200, Raleigh, Wake County, North Carolina 27615, is hereby appointed the initial registered agent of the Association.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the Members thereof and no part of the Association's net income shall inure to the benefit of any of its Officers, Executive Board members or Members or any other private individual. The purposes and objects of the Association shall be to provide for administration, maintenance, preservation and architectural control of the Lots and Common Elements within that certain tract of property described as

follows: Lying and being in Currituck County, North Carolina, and being more particularly described in the Declaration of Covenants, Conditions, Easements and Restrictions for Flora Farms (the "Declaration") now or hereafter recorded in the Currituck County Registry and such additional land as may be made subject to the Declaration.

In addition, the Association's objects and purposes are to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for this purpose to:

- a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration;
- b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all Licenses, taxes or governmental charges levied or imposed against the property of the Association;
- c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain; convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- d) Borrow money, and in accordance with the terms and conditions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- e) Dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;
- f) Pursuant to Section 47F-3-1 12 of the Planned Community Act and upon approval of the Members as required by the Declaration, to dedicate
- g) or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period (as defined in the Declaration), Declarant (as defined in the Declaration), must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.
- h) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes; provided, however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of members;

- i) Annex additional residential property and Common Elements pursuant to the provisions of the Declaration; and
- (i) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by Jaw may now or hereafter have or exercise, including all powers, rights and privileges set forth in the North Carolina Planned Community Act.

ARTICLE V

MEMBERSHIP

Every person or entity who or which is a record Owner of a fee or undivided fee interest in any Lot which is subject to assessment by the Association, and each Declarant, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who or which hold an interest in a Lot merely as security for the performance of an obligation. Such membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Except as otherwise provided in Article VI below, on all matters on which the membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote allocated to such Lot. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be Members. 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.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A: The Class A Members shall be every person or entity who or which is a record Owner of a fee or undivided fee interest in any Lot which is subject to assessment by the Association, except for a: Declarant during any Declarant Control Period. Class A Members shall be entitled to one (1) vote for each Lot owned. In the event that a Lot is owned by more than one Class A Member, the Owners of such Lot, collectively, shall be allocated not more than one (1) vote and the vote allocated to such Lot shall be cast as such Owners may agree between or among themselves.

Class B: Declarant and any Builders (as that term is defined in the Declaration) shall be the Class B Member and Declarant and any Builders shall be entitled to ten (10) votes for each lot shown on the Master Plan as developed or to be developed as a part of Lotus Ridge which has not been conveyed by a Declarant to a Class A Member. The Class B

membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots developed or to be developed as a part of Flora Farms sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to ten (10) votes for each lot shown on the Master Plan as developed or to be developed as a part of Flora Farms which has not been conveyed by a Declarant to a Class A Member) greater than those of the Class A membership; or,
- (b) twenty-five (25) years from the date the Declaration is recorded in the Office of the Register of Deeds, Currituck County, North Carolina.

ARTICLE VII

EXECUTIVE BOARD

The affairs of this Association shall be managed by an Executive Board the members of which need not be Members of the Association as provided for in the Bylaws. During any Declarant Control Period (as defined in the Declaration), Declarant shall have the right to appoint all of the members of the Executive Board. Declarant shall from time to time notify the Association in writing of the names and addresses of the members of the Executive Board appointed by Declarant. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association. The number of members of the first Executive Board shall be three (3). The number of Executive Board members on subsequent Boards shall be as set forth in the Bylaws of the Association. Except as otherwise provided in the Bylaws with respect to filling of vacancies, any members of the Executive Board which a Declarant is not entitled to designate or select shall be elected by the Members of the Association. The names and addresses of the persons who are to act in the capacity of Executive Board members until the election of their successors are:

Names	Addresses
Justin Old	227 Caratoke Highway Moyock, NC 27958
Christine Early	227 Caratoke Highway Moyock, NC 27958

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of voting Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate nonprofit corporation or public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE IX

DURATION OF ASSOCIATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS TO ARTICLES

These Articles of Incorporation may be amended in accordance with the provisions of Sections 55A-10-02 and 55A-10-03 of the North Carolina General Statutes.

ARTICLE XI

INDEMNIFICATION

Every person who is or shall be or shall have been a member of the Executive Board or officer of the Association and his or her personal representative shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed on him or her in connection with or resulting from any' action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been a member of the Executive Board or officer of the Association or any subsidiary or affiliate thereof, except in relation to such matters as to which he or she shall finally be adjudicated in such action, suit or proceeding to have acted in bad faith or to have been liable by reason of willful misconduct in the performance of his or her duty as such member of the Executive Board or officer. For purposes of this provision, ••costs and

expenses" shall include, without limiting the generality thereof, attorneys' fees, damages and reasonable amounts paid in settlement. Nothing contained in these Articles shall be deemed to eliminate or reduce the protection from personal liability granted to members of the Executive Board by the North Carolina Nonprofit Corporation Act and by the Articles of Incorporation of the Association.

ARTICLE XII

INCORPORATOR

The name and address of the incorporator are as follows: Justin M. Old, 227 Caratoke Highway, Moyock, Currituck County, North Carolina 27958.

[Signature on Next Page]

IN WITNESS WHEREOF, I, the undersigned incorporator hereto, set my hand and seal,
this _____ day of _____, 2025

_____(SEAL)
Justin M. Old, Incorporator

BYLAWS
OF
LOTUS RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Lotus Ridge Homeowners Association, Inc., hereinafter referred to as the "Association." The initial principal office of the Association shall be located at 227 Caratoke Highway, Moyock, Currituck County, North Carolina, 27958 but meetings of Members and the meetings of the Executive Board may be held at such places within the State of North Carolina as may be designated by the Executive Board.

ARTICLE II

DEFINITIONS

Section 1. "Additional Property" shall mean and refer to any property located adjacent to the Properties including, without limitation, any portion of the real property described in Exhibit A to the Declaration and incorporated herein by reference. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property.

Section 2. "Appropriate Local Governmental Authority" shall mean and refer to the County of Currituck, North Carolina, or other appropriate local governmental authority having jurisdiction over the Properties.

Section 3. "Association" shall mean and refer to Lotus Ridge Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 4. "Common Elements" shall mean and refer to all real property owned by the Association (whether owned in fee or by way of license or easement), or leased by the Association, other than a Lot, and shall include, without limitation, areas designated by Declarant on plat of the Properties as "Common Elements," "Open Space," "Detention Pond," or similar designations and any private streets located within the Property.

Section 5. "Declarant" shall mean and refer to **Lotus Ridge LLC**, a North Carolina limited liability company. Lotus Ridge LLC may assign, pursuant to an express assignment or conveyance, any rights provided herein for Declarant, including, without limitation, any or all of Declarant's special rights regarding voting, architectural review, obligation to pay assessments, easements, development rights, and those special declarant rights provided for in the Planned Community Act, any or all of which shall be assignable individually, or in any combination, in whole or in part, and which may be apportioned and assigned on a lot-by-lot basis. Any of Declarant's special rights apportioned and assigned on a

lot-by-lot basis may be referred to individually, or in any combination, as a Special Declarant Right or Special Declarant Rights and the assignee thereof shall be a "Declarant" as provided for herein.

Section 6. "Declarant Control Period" shall mean and refer to a period of time commencing on the date the Declaration is recorded in the Registry and expiring on the first to occur of the following events: (a) twenty-five (25) years from the first recording date of the Declaration; or (b) the later of (x) 240 days or (y) the first annual meeting, in each case, after the date on which one hundred (100%) percent of the Lots in all phases of the Properties that may ultimately be subject to the Declaration have been conveyed to Members other than Declarant and any Builder.

Section 7. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Currituck County, North Carolina and any amendments, modifications or supplements thereto. Except as otherwise herein defined, the capitalized terms used herein shall have the meaning set forth in the Declaration.

Section 8. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for single family detached residential purposes or townhome residential purposes and shall include any improvements constructed thereon and "Lots" shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in the Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in the Declaration.

Section 9. "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

Section 10. "Member" shall mean and refer to every person or entity who or which holds Membership with voting rights in the Association.

Section 11. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Planned Community Act" shall mean and refer to the provisions of Chapter 47F of the General Statutes of North Carolina.

Section 13. "Properties" shall mean and refer to the Phase IA Property (as that term is defined in the Declaration) and other property hereafter made subject to the terms, covenants and conditions of the Declaration, as amended from time to time.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. All Owners and Declarant shall be Members of the Association. The voting rights of the Members shall be as provided by the Declaration. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine. The President of the Association shall have the authority to require, upon giving at least ten (10) day's written notice, that such multiple Owners of a Lot file a Certificate with the Secretary of the Association, signed by all of the Owners, designating the person entitled to cast the vote for such Lot. Such Certificate shall be valid until revoked by a subsequent Certificate. If such Certificate is not filed when required, the vote of such Owners shall not be considered in determining the requirements for a quorum or for any other purpose.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the Common Elements as provided in the Declaration. Any Owner may delegate such Owner's right of enjoyment to the Common Elements and facilities to the members of such Owner's family, to Owner's tenants, or to contract purchasers who reside on the Property.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter at such time and place as the Executive Board may prescribe.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Executive Board, or upon written request of the Members who are entitled to vote ten percent (10%) of all the votes of the Membership of the Association.

Section 3. Remote Participation In Meetings And Meetings Held Solely By Remote Participation. Members may participate in meetings remotely and meetings may be held solely by remote participation provided the provisions of Section 55A-7-09 the North Carolina General Statutes are met.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each

Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice of meetings may also be set by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member. Such notice shall specify the place, (if the meeting is not solely by remote participation) day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by Member before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the Membership of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of Member's Lot.

Section 6. Parliamentary Rules. Roberts Rules of Order (latest edition), or such other similar publication as may be approved by the Executive Board, shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

ARTICLE V

EXECUTIVE BOARD: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by an Executive Board the members of which, during the Period of Declarant Control, need not be Members of the Association. During the Period of Declarant Control, the Executive Board shall consist of a minimum of three (3) persons. Following the expiration of the Period of Declarant Control, the Executive Board shall consist of five (5) persons, all of whom must be Members.

Section 2. Term of Office. At the first annual meeting at which the Members are entitled to elect all of the members of the Executive Board, at least two-thirds of the members of the Executive Board shall be elected for a term of two (2) years and the remaining members of the Executive Board shall be elected for a term of one (1) year; and at each annual meeting thereafter the Executive Board members shall be elected for a term of two (2) years.

Section 3. Removal: Filling Vacancies. Any Executive Board member elected by the Members of the Association may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Vacancies in the Executive Board may be filled until the date of the next Annual Meeting of the Association or until a Special Meeting of the Members of the Association called for such purpose by the remaining Executive Board members, except that should any vacancy in the Executive Board be created by the removal or resignation of any person

appointed by a Declarant to serve as a member of the Executive Board, such vacancy shall be filled by a Declarant appointing, by written instrument delivered to any Officer of the Association, such successor so appointed shall fill the vacated Executive Board position for the unexpired term thereof.

Section 4. Compensation. No Executive Board member shall receive compensation for any service such Member may render to the Association. However, any Executive Board member may be reimbursed for such Member's actual expenses incurred in the performance of such Member's duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any member of the Executive Board or to a business, business associate, or relative of a member of the Executive Board except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

Section 5. Action Taken Without a Meeting. The Executive Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Executive Board members. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board members.

ARTICLE VI

NOMINATION AND ELECTION OF EXECUTIVE BOARD MEMBERS

Section 1. Appointment. Declarant from time-to-time shall appoint the members of the Executive Board which it shall be entitled to appoint in accordance with the provisions of the Declaration by written instrument presented to an Officer of the Association. Each of said individuals so appointed by a Declarant shall be deemed and considered for all purposes an Executive Board member, and shall thenceforth perform the offices and duties of such Executive Board member until the Executive Board member's successor shall have been appointed or elected in accordance with the provisions of these Bylaws. Any Executive Board member designated by and selected by a Declarant need not be a Member of the Association.

Section 2. Nomination. Nomination for the election of any Executive Board member Declarant is not entitled to appoint pursuant to the terms of the Declaration shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting to serve until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 3. Election. All Executive Board members whom Declarant shall not be entitled to designate and select under the terms and provisions of the Declaration shall be elected by a plurality of the votes cast at the Annual Meeting of the Members of the Association. All Executive Board members selected by the Members of the Association shall be Members of the Association

or employees, shareholders, members or partners of a corporate, limited liability company or partnership Member of the Association. At such election the Members of the Association or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Association shall publish the names and addresses of all members of the Executive Board within thirty (30) days after a Member is either elected or appointed to the Executive Board.

ARTICLE VII

MEETINGS OF EXECUTIVE BOARD MEMBERS

Section 1. Regular Meetings. Regular meetings of the Executive Board shall be held at such time and place and with such notice as shall be determined by resolution of a majority of the Executive Board members. At regular intervals, the Executive Board shall provide Members an opportunity to attend a portion of the regular meetings of the Executive Board and to speak to the Executive Board about their issues and concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Section 2. Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two Executive Board members, after not less than three (3) days' notice to each Executive Board member.

Section 3. Remote Participation In Meetings. Meetings of the Executive Board may be held by remote participation and parties may participate remotely in meetings of the Executive Board provided the provisions of Section 55A-8-20 of the North Carolina General Statutes are met.

Section 4. Quorum. A majority of the number of Executive Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Executive Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers. In addition to the powers enumerated in the Declaration and the Association's Articles of Incorporation, the Executive Board shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof.

(b) after notice and an opportunity to be heard, suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the

Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

(d) declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board.

(e) contract for the benefit of the Properties and to delegate to such contractors, including a managing agent, all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Executive Board or Membership of the Association. The undertakings and contracts authorized by the initial Executive Board (including contracts for the management of Lotus Ridge) shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the Membership after the recording of the Declaration, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with the Declaration, the Articles of Incorporation and these Bylaws; and provided further that, any undertaking or contract entered into by the Association at a time before a Declarant has transferred control of the Association to Lot Owners shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other party(ies) thereto.

(f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Executive Board to:

(a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or any special meeting when such statement is requested in writing by the Members entitled to cast at least one-fourth (1/4) of the votes of the Membership of the Association.

(b) supervise all Officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period (provided, however, that failure of any Owner to receive such notice shall in no way affect the obligation of such Owner to pay annual assessments); and

(3) in the discretion of the Executive Board, foreclose the lien against any property, pursuant to Section 4F-3-116 of the North Carolina General Statutes, for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain insurance covering the Association, its Executive Board members, Officers, agents and employees as required in Article XII of the Declaration

(t) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) cause the Common Elements to be maintained in accordance with the provisions of the Declaration.

(h) maintain any dedicated streets within the Properties which are not accepted for dedication by an appropriate governmental authority.

(i) maintain such properties and perform such services as set out in the Declaration.

G) if and when appropriate pursuant to and as provided for in Article VII of the Declaration, cause the exterior of the Lots and the dwellings located thereon to be maintained.

(k) provide, within thirty (30) days after adoption of any proposed budget for the Association, all Owners with a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Owners in the Association or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

The duties set forth in Sections 2(a), (b) as to hired agents and employees of the Association, but not Officers, (c)(2), (d), (e), (g), (h), (i) and (j) may be delegated to a managing agent in whole or in part.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of the Association shall be a president and one vice-president, who shall at all times be members of the Executive Board, a secretary, assistant secretary, and a treasurer, and such other Officers as the Board may from time to time by resolution create, including additional vice-presidents who need not be members of the Executive Board. The Association shall publish the names and addresses of all Officers within thirty (30) days of such Officers being elected by the Executive Board.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Executive Board following each annual meeting of the Members.

Section 3. Term: Compensation. The Officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve. No Officer shall receive compensation for services rendered in such capacity to the Association; provided, however, that an Officer may be reimbursed for actual expenses incurred in the performance of such duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any Officer or member of the Executive Board or to a business, business associate, or relative of an Officer or member of the Executive Board except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

Section 4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer replaced.

Section 7. Duties. The duties of the Officers are as follows:

(a) President. The president shall preside at all meetings of the Executive Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of such Officer's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of such Officer by the Board.

(c) Secretary and Assistant Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Association together with their addresses, and shall perform such other duties as required by the Board. The assistant secretary shall assist the secretary and act in the place and stead of the secretary in the event of such Officer's absence.

(d) Treasurer. Unless an outside management company has been contracted, the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit or compilation of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE X

COMMITTEES

The Executive Board may appoint an Architectural Review Committee, as provided in the Declaration, and shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Executive Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, and any Institutional Lender, as that term is defined in the Declaration, including records of meetings of the Association and the Executive Board. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. All financial and other records, including records of meetings of the Association and the Executive Board, shall be made reasonably available for examination by any member and the member's authorized agents. The Executive Board shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. The Executive Board shall also make an annual income and expense statement and balance sheet available to any Member at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. The Executive Board, upon written request, shall furnish a Member or the Member's authorized agent a statement setting forth the amount of unpaid assessments and other

charges against a Lot. The statement shall be furnished within ten (10) days after receipt of the request and is binding on the Association, the Executive Board and every Member.

ARTICLE XII

CORPORATE SEAL

The Association may adopt a corporate seal which shall have a seal in circular form having within its circumference the words: Lotus Ridge Homeowners Association, Inc., North Carolina.

ARTICLE XIII

AMENDMENTS

These Bylaws may be amended in any manner provided for in Chapter 55A of the North Carolina Non Profit Corporation Act. No amendment purporting to revoke or curtail any right herein conferred to a Declarant shall be effective unless executed by Declarant and no amendment relating to the maintenance or ownership of any permanent storm water control measures shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV

CONFLICTS

In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; In case of any conflict between the Declaration and these Bylaws, the Declaration shall control; In case of a conflict between the Articles and the Declaration, the Declaration shall control.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Lotus Ridge Homeowners Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted at a meeting of the Executive Board thereof, held on the _____ day of _____, 2025.

Lotus Ridge Homeowners Association, Inc.

BY: _____

Secretary

**DECLARATION
OF
COVENANTS, CONDITIONS, EASEMENTS AND
RESTRICTIONS FOR
LOTUS RIDGE**

**THIS DOCUMENT REGULATES OR PROHIBITS THE
DISPLAY OF POLITICAL SIGNS.**

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**DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS FOR
LOTUS RIDGE**

This Declaration of Covenants, Conditions, Easements and Restrictions for Lotus Ridge ("Declaration") is made this _____ day of _____, 2025 by **LOTUS RIDGE, LLC**, a North Carolina limited liability company ("Declarant").

RECITALS:

Declarant is the owner in fee simple of certain property in the County of Currituck, State of North Carolina, which is more particularly described as follows (the "Phase I Property"):

BEING ALL of that property shown on the plat entitled "Lotus Ridge Phase I" (the "Phase I Plat") recorded in Book _____, Pages, _____, in the Office of the Register of Deeds of Currituck County, North Carolina, being identified and designated as Lots through, inclusive, ".", "", and "", said property referred to herein as the "Phase I Property".

It is the intent of Declarant to develop Lotus Ridge as a planned residential community as the same is referred to in Section 47B-3(14)a of the Marketable Title Act which may consist of single-family detached residences, and hereby to cause the above- described property and future Lots and phases, if any, of Lotus Ridge to be subjected to this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. It is the intent of Declarant that the provisions of this Declaration in all respects conform to and comply with the requirements set forth in the North Carolina Planned Community Act (the "Planned Community Act"). To the extent any provision contained herein does not conform to or comply with the Planned Community Act, the provisions of the Planned Community Act shall control.

ARTICLE I

DEFINITIONS

Section 1.1 "Additional Property" shall mean and refer to any property located adjacent or near to the Properties including, without limitation, any portion of the real property described in Exhibit A attached hereto and incorporated herein by reference. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as, ditches, canals, ponds, lakes, rivers and streams, shall be deemed not to separate otherwise adjacent property.

Section 1.2 "Appropriate Local Governmental Authority" shall mean and refer to the County of Currituck, North Carolina, or other appropriate local governmental authority having jurisdiction over the Properties.

Section 1.3 "Association" shall mean and refer to Lotus Ridge Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 1.4 "Builder" means any Person who purchases one (1) or more Lots from Declarant for the purpose of constructing dwellings thereon for later sale to consumers in said Builder's ordinary course of business. Any Person shall cease to be considered a Builder with respect to a Lot immediately upon occupancy of and residing in the dwelling on such Lot for residential purposes, notwithstanding that such person originally was recognized as a Builder.

Section 1.5 "CBU" shall mean and refer to mail receptacle equipment for centralized mail delivery which will be provided in a location within the Properties.

Section 1.6 "Common Elements" shall mean and refer to all real property owned by the Association (whether owned in fee or by way of license or easement), or leased by the Association, other than a Lot, and shall include, without limitation, areas designated by Declarant on any plat of the Properties as "Common Elements," "Open Space," "Detention Pond," or similar designations and any private streets located within the Property.

Section 1.7 "Declarant" shall mean and refer to Lotus Ridge, LLC, a North Carolina limited liability company. Lotus Ridge, LLC may assign, pursuant to an express assignment or conveyance, any rights provided herein for Declarant, including, without limitation, any or all of Declarant's special rights regarding voting, architectural review, obligation to pay assessments and exemptions therefrom, easements, development rights, and those special declarant rights provided for in the Planned Community Act, any or all of which shall be assignable individually, or in any combination, in whole or in part, and which may be apportioned and assigned on a lot- by-lot basis. Any of Declarant's special rights apportioned and assigned on a lot-by-lot basis may be referred to individually, or in any combination, as a Special Declarant Right or Special Declarant Rights and the assignee thereof shall be a "Declarant" as provided for herein.

Section 1.8 "Declarant Control Period" shall mean and refer to a period of time commencing on the date this Declaration is recorded in the Registry and expiring on the first to occur of the following events: (a) twenty-five years from the first recording date of this Declaration; or (b) the later of (x) 240 days or (y) the first annual meeting, in each case, after the date on which one hundred (100%) percent of the Lots in all phases of the Properties that may ultimately be subject to this Declaration have been conveyed to Members other than Declarant and any Builder.

Section 1.9 "Emergency Escape and Rescue Easement Area" means any areas designated on any site plan or subdivision plat of the Properties for emergency ingress and egress required to comply with Section R310 of the North Carolina Residential Code.

Section 1.10 "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for single family detached residential purposes and shall include any improvements constructed thereon and "Lots" shall refer to more than one lot or all such lots collectively, as the case may be. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

Section 1.11 "Maintain", "Maintenance", "Maintaining", or any similar term used herein is defined to include any one or more of the following, as the context requires: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

Section 1.12 "Major Builder" shall refer to any Builder who at any one time owns or has contracted to purchase ten (10) or more Lots that exist or can be created on the Properties.

Section 1.13 "Marketable Title Act" shall mean and refer to the provisions of Chapter 47B of the General Statutes of North Carolina.

Section 1.14 "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

Section 1.15 "Member" shall mean and refer to every person or entity who or which holds Membership with voting rights in the Association.

Section 1.16 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.17 "Person" shall mean and refer any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental entity, or other entity.

Section 1.18 "Planned Community Act" shall mean and refer to the provisions of Chapter 47F of the General Statutes of North Carolina.

Section 1.19 "Properties" shall mean and refer to the Phase I Property and other property hereafter made subject to the terms, covenants and conditions of this Declaration, as amended from time to time.

Section 1.20 "Registry" shall mean and refer to the Office of the Register of Deeds of Currituck County, North Carolina.

Section 1.21 "Restore," "Restoration." "Restoring" or any similar term used in this Declaration includes any one or more of the following, as the context requires: debris removal, alteration, reconstruction, installation, inspection, examination, repair, replacement, repainting, restoration of an improvement lost or damaged by fire or other casualty, deterioration or obsolescence, or any taking by condemnation or eminent domain proceedings.

Section 1.22 "Stormwater Control Facilities" shall mean one or more of the following devices and measures, together with associated private drainage easements utilized for conveyance and/or impoundment of stormwater (however identified on a plat or in a document) that serves the Property and which are located outside of public street rights-of-way and drainage easements accepted into public use by the Appropriate Local Governmental Authority, including, but not limited to, conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wet ponds, dry detention basins, wetlands, permanently protected undisturbed open space areas or similarly designated areas, bio-retention areas, retention or detention ponds, and other devices and measures, necessary to collect, convey, store, and control stormwater runoff and pollutants for more than one (1) Lot in the Properties.

ARTICLE II

PROPERTY RIGHTS

Section 2.1 Amenities Which May Be Located in the Common Elements

Declarant hereafter may construct or cause to be constructed (but shall not be obligated to construct) walkways, a dog park, or parks and a garden area or areas, passive recreational areas, bocce ball court, multi-use field, playground, and other facilities on a portion of or within the Common Elements. Other improvements that may be Common Elements include, but shall not be limited to, driveways, patios, roadways, private streets, private sanitary sewer lines, retaining walls, streetlights located on private streets, CBUs, fencing, lift stations, pump stations, erosion control and Stormwater Control Facilities. Declarant has no obligation or responsibility to construct or supply any such Common Elements, and no party shall be entitled to rely upon any statement contained in this Declaration as a representation or warranty as to the extent of the Common Elements to be owned, leased by, or dedicated to the Association. During the Declarant Control Period, Declarant shall retain the right to add to, delete from, and modify any of the Common Elements. During Declarant Control Period, Declarant shall have the right to require the exclusive (or, at the discretion of Declarant, non-exclusive) use of all or certain portions of any Common Elements for events promoting the sale of lots or homes in Lotus Ridge; provided, however, no such use by Declarant shall unreasonably interfere with or obstruct ingress, egress and regress to or from the Lots.

Notwithstanding the foregoing, the Declarant shall not add to, delete from or modify any of the Common Elements without the prior written approval of any Major Builder who has a right to purchase any Lot, which shall not be unreasonably withheld, conditioned or delayed. However, the Declarant shall have the express right to add to the Common Elements any Common Elements designated as such on any subsequently recorded subdivision plats of the Properties. Except for those areas which are required to be conveyed to the Appropriate Local Governmental Authority, the Common Elements shall be conveyed to the Association, subject to this Declaration, drainage, greenway, utility, conservation and other easements, restrictions, reservations, conditions, limitations, and declarations of record at the time of conveyance, zoning, land use regulations and survey matters and the lien of real property taxes not yet due and payable. Title to Common Elements shall be conveyed to the Association at such time as may be determined by Declarant in its sole discretion, or when required by the Act or other governmental authority. The Association shall accept all Common Elements deeded to it and/or dedicated to it, including any improvements installed thereon by Declarant, without setoff, condition, or qualification of any nature, whether or not the conveyance or dedication occurs prior to the time of the conveyance of the first Lot within the applicable phase of the Properties. The Association shall be responsible for the maintenance of all Common Elements (whether or not conveyed or to be conveyed to the Association) in a continuous and satisfactory manner provided, however, Declarant, in its sole discretion may elect, but shall not be obligated, to Maintain such Common Elements in such manner as Declarant deems reasonable prior to its conveyance of such Common Element(s) to the Association.

The conveyance or transfer of Common Elements shall be by a general warranty deed in a completed and well-maintained condition. Subject to any rights it may have under the Planned Community Act, the Association shall be deemed to have assumed and agreed to pay all continuing obligations and services and similar contracts relating to the ownership, maintenance and operation of the Common Element and other obligations relating to the Common Element imposed herein.

Pursuant to rules and regulations from time to time promulgated by the Association, upon request and after such notice as the rules and regulations may require, the Association, in the sole discretion of the Executive Board of the Association ("Executive Board") or its designee, may allow a Member of the Association exclusive use of all or certain portions of any Common Elements for private events for a period not to exceed twenty four (24) hours and upon such terms and conditions as the Executive Board may determine. Such rules and regulations may require that fees and/or deposits be paid to the Association in connection with such exclusive private use. Any damage to the Common Elements or any improvements located thereon during any such private event and any liability incurred by the Association as a result thereof not covered by insurance maintained by the Association (including any deductible) shall be the personal obligation of the Member or Members (joint and several) reserving the Common Elements and if not paid within thirty (30) days of written demand therefor shall be subject to collection by the Association in accordance with the provisions of Article V hereof.

Section 2.2 Rules and Regulations.

The Executive Board may establish reasonable rules and regulations concerning the use of the Common Elements and improvements located thereon, or any portion of the Properties, including, without limitation, the CBUs. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Articles V and XIII hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all Owners prior to the effective date thereof. All such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board at a meeting duly called for such purpose; provided, however, during the Declarant Control Period, Declarant must also consent to such action.

Section 2.3 Owners Easements of Enjoyment of Common Elements.

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

- (a) the easements herein reserved by Declarant or created in favor of the Association, including, without limitation, the easements set forth in Article X hereof;
- (b) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any facility situated upon the Common Elements;

(c) the right of the Association to suspend the voting rights by the Owner(s) of any Lot for any period during which any assessment against such Lot remains unpaid and for any period during which such Lot or any Owner or occupant thereof is in violation of the terms of this Declaration or the published rules and regulations of the Association and for a period not to exceed sixty (60) days after any such violation;

(d) the right of the Association to dedicate or transfer easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;

(e) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Owners consenting to such dedication or transfer; provided, however, during the Declarant Control Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(t) the right of the Association to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which regulations may further restrict the use of the Common Elements, and specifically including the right to make permanent and temporary assignments of parking spaces and to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways within or abutting the Properties which rules and regulations may restrict or prohibit on street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Executive Board;

(g) the right of the Association to borrow money for the purpose of improving the Common Elements and facilities thereon and, with the assent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association, mortgage, pledge, deed in trust, or hypothecate any or all the Common Elements as security for money borrowed or debts incurred (any such mortgage shall be effective

if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Owners has been obtained and documented in the Minute Book or similar record of the Association); provided, however, during the Declarant Control Period, Declarant must also consent to such action, and further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and

(h) the right of the Association to convey to Declarant portions of the Common Elements for the purpose of correcting erroneous conveyances of Common Elements or eliminating unintentional encroachments of dwellings or other improvements onto portions of the Common Elements or for the purpose of enhancing the utility of the Common Elements to be retained by the Association; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.

Section 2.4 Delegation of Use.

Any Owner may delegate, in accordance with the Bylaws, such Owner's rights of enjoyment of the Common Elements and facilities to the members of such Owner's family, tenants or contract purchasers who reside on the Lot of such Owner.

Section 2.5 Leases of Lots.

"Leasing" is defined as regular, exclusive occupancy of a Lot or dwelling by any person or persons other than the Owner for which the owner receives any consideration or benefit, including but not limited to a fee, service fee, gratuity or emolument. Lots or dwellings may be rented only in their entirety; no fraction or portion may be rented. All leases shall be in writing and shall be for an initial term of no less than twelve (12) months. A lease with an initial term of twelve (12) months that subsequently renews on a month-to-month basis with the same tenant shall be deemed to comply with the previous sentence. The Lot Owner, as may be required by the Executive Board, shall give notice of any lease, together with such additional information to the Executive Board within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, Bylaws, and the rules and regulations. The Executive Board may adopt reasonable rules regulating leasing and subleasing.

Every Owner shall cause all occupants of their Lot to comply with the Declaration, Bylaws, any applicable Supplemental Declaration, and the rules and regulations adopted pursuant to the foregoing, and shall be responsible for all violations and losses to the Common Elements caused by such occupants, notwithstanding the fact that such occupants of a Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules regulations adopted pursuant to the foregoing.

ARTICLE III

OBLIGATIONS REGARDING STORMWATER CONTROL FACILITIES

Section 3.1 Stormwater Control Facilities.

The Properties include certain Stormwater Control Facilities, the maintenance of which is the perpetual responsibility of the Association. The Association shall Maintain and operate the Stormwater Control Facilities so as to preserve and continue its function in controlling stormwater quality and quantity at the degree or amount of function for which the Stormwater Control Facilities were designed. Stormwater Control Facilities must be Maintained by the Association in accordance with all requirements of the Appropriate Local Governmental Authority. Nothing in the remaining provisions of this Declaration or any subsequent modifications of this Declaration may reduce the Association's or Lot Owner's obligations with regard to the Stormwater Control Facilities. Such additional provisions may increase the obligations or provide for additional enforcement options.

Section 3.2 Stormwater Control Facilities to Remain with Association: Lot Owners' Liability.

To the extent not prohibited by law, Declarant shall convey to the Association, and the Association shall accept, the Stormwater Control Facilities and all permits and governmental approvals related thereto, and the Stormwater Control Facilities shall remain the property of the Association and may not be conveyed by the Association. In the event the Association ceases to exist or is unable to or fails to perform its obligations under this Declaration, all Owners shall be jointly and severally liable to fulfill the Association's obligations to Maintain the Stormwater Control Facilities as required by this Declaration and the Appropriate Local Governmental Authority. Such Lot Owners shall have the right of contribution from other Owners with each Lot's pro rata share being calculated as Lot Owners' proportional obligations are otherwise defined in this Declaration.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 4.1 Membership.

Every person or entity who or which is a record Owner of a fee or undivided fee interest in any Lot which is subject to assessment by the Association, and each Declarant, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who or which hold an interest in a Lot merely as security for the performance of an obligation. Such membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Except as otherwise provided in Section 4.2 below, on all matters on which the membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote allocated to such Lot. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be

Members. 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.

Section 4.2 Classes of Membership.

The Association shall have two classes of voting membership:

Class A: The Class A Members shall be every person or entity who or which is a record Owner of a fee or undivided fee interest in any Lot which is subject to assessment by the Association, except for Declarant during any Declarant Control Period and any Builders. Class A Members shall be entitled to one (1) vote for each Lot owned. In the event that a Lot is owned by more than one Class A Member, the Owners of such Lot, collectively, shall be allocated not more than one (1) vote and the vote allocated to such Lot shall be cast as such Owners may agree between or among themselves.

Class B: Declarant and any Builders shall be the Class B Members. The Declarant shall be entitled to ten (10) votes for each lot shown on the Master Plan now or in the future as developed or to be developed as a part of Lotus Ridge which has not been conveyed by Declarant to a Class A Member or a Builder. Builders shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots developed or to be developed as a part of Lotus Ridge sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to ten (10) votes for each lot shown on the Master Plan as developed or to be developed as a part of Lotus Ridge which has not been conveyed by Declarant to a Class A Member) greater than those of the Class A membership; or,
- (b) Twenty-five (25) years from the date this Declaration is recorded in the Registry.

Section 4.3 Declarant's Right to Representation on the Executive Board of the Association.

During the Declarant Control Period: (a) Declarant shall have the right to designate and select all of the members of the Executive Board and appoint all officers of the Association; and (b) Declarant shall have the right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Properties. Following the expiration of Declarant

Control Period, the Executive Board shall consist of five (5) members. Except as otherwise provided in the Bylaws with respect to filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

Section 4.4 Management of the Association.

The Association shall have the power to hire a management company to operate the day to day affairs of the Association, and the fees, costs and expenses of the management company shall be a common expense and included in the assessments. During the Declarant Control Period, the Declarant shall have the authority to hire a management company on behalf of the Association.

ARTICLE V

COVENANT FOR MAINTENANCE AND ASSESSMENTS

Section 5.1 Creation of the Lien and Personal Obligation of Assessments.

Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, whether or not it shall be so expressed in such Owner's deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest, and late fees, costs and reasonable attorneys' fees; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of any ad valorem taxes levied against the Common Elements; and (ii) a pro rata share of any assessments for public improvements to or for the benefit of the Common Elements, or Stormwater Control Facilities, if the Association shall default in the payment of them for a period of six (6) months. Declarant shall not be obligated to pay any annual or special assessments (collectively, "Assessments"). In lieu of any obligation to pay Assessments, during the Declarant Control Period, Declarant may, but is not obligated to, pay funds to the Association in the amount of any operating deficit not later than thirty (30) days following the end of the calendar year in which the operating deficit occurred. All Assessments and charges provided for herein, together with interest, and late fees, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court of Currituck County, North Carolina. Each such Assessment and charge, together with interest, any late fees, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them. Notwithstanding the foregoing, Declarant or its successors or affiliates may exempt any Builder for all or any portion of any of the above assessments and charges in its contract with such Builder or otherwise.

Section 5.2 Purpose of Assessments.

(a) The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Properties and Owners in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements or the Lots, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision; the payment of any taxes and assessments assessed against the Common Elements; the payment of any assessments assessed against the Common Elements and any improvements thereupon; the maintenance of open spaces and private streets located within the Common Elements which have not been accepted for maintenance by a public authority, road medians and islands (including medians and islands located in any dedicated rights of way within the Properties), any drives and parking areas within the Common Elements; the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of any Stormwater Control Facilities located within the Common Elements; the maintenance and repair of the sanitary sewer lines located within the Common Elements that are not Maintained by a public authority; the performance of any other maintenance or repair obligation of the Association under this Declaration; the erection, maintenance and repair of signs, entranceways, landscaping, landscape buffers, retaining walls and lighting within easements provided therefor or in the Common Elements; the cost of operating, Maintaining and repairing any street or signage lights erected by the Association or Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefor within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; certain maintenance of that portion of yards of any Lots lying within a landscaping or sign easement; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise. Notwithstanding the foregoing, Assessments shall not be used to reimburse the Declarant for any cost to acquire or develop the Properties or to reimburse the Declarant for its development obligations.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Lots, Common Elements and those other portions of the Properties which the Association may be obligated to Maintain. Such reserve fund is to be established out of regular assessments for common expenses.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the

Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus,

including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer such Owner's membership interest therein, except as an appurtenance to such Owner's Lot. When any Owner shall cease to be a Member of the Association by reason of such Owner's divestment of ownership of such Owner's Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

Section 5.3 Adoption of Budgets and Fixing of Annual Assessments.

At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish annual budgets and fix the amounts of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any such budget, the Executive Board shall provide to all of the Owners a summary of such budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) days and not more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at such meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 5.4 Special Assessments for Capital Improvements.

In addition to the periodic assessment authorized by this Article, the Executive Board may levy in any assessment period of special assessment, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, or for other purposes deemed appropriate by the Association. The due date or dates of any special assessment under this Article shall be fixed in a resolution of the Executive Board authorizing such assessment. The special assessment may be payable in installments extending beyond the fiscal year in which the special assessment is approved, if the Executive Board so determines.

Section 5.5 Rates of Annual Assessments.

Except for Lots owned by Declarant and other Owners exempt from Assessments, both annual and special Assessments must be fixed at a uniform rate for all Lots and may be collected on any basis determined by the Executive Board. The Declarant may elect, in its absolute discretion, to pay assessments on Lots owned by it and to loan to the Association a sum equal to the difference between the gross assessments received by the Association from Declarant and all Class A members and the total expenses

incurred by the Association with respect to its obligations hereunder (so as to make up the deficit between revenues and expenses in the annual budget of the Association).

Section 5.6 Date and Commencement of Annual Assessments: Due Dates.

Except as to Owners exempt from Assessments, the annual assessments provided for herein shall commence as to a Lot on the first day of the calendar month following the date such Lot is conveyed to an Owner other than Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board may be payable in monthly, quarterly, semi-annual or annual installments. 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.

Section 5.7 Working Capital Assessments.

In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot containing a completed residence to a purchaser other than Declarant or Builder, the purchaser(s) thereof shall pay to the Association the amount of \$1,500.00 for such Lot (the "Working Capital Assessment"). The Executive Board shall have the right, in its sole discretion, to increase the amount of the Working Capital Assessment from time-to-time. Such amount shall not be payable on subsequent sales of such Lot. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to help insure that the Association will have sufficient monies available to meet its initial operational needs, unforeseen expenditures or long-term capital improvements and repairs to the Common Elements. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration and the Bylaws of the Association.

Section 5.8 Budget Line Items for Stormwater Control Facilities.

The Assessments of the Association shall include amounts for upkeep and reconstruction of the Stormwater Control Facilities, and charges for these purposes shall be included in the assessments charged to Lots from the time that Lots are charged Assessments for other common purposes.

Section 5.9 Effect of Nonpayment of Assessments; Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate from time-to-time established by the Executive Board not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board (but which shall not exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any assessment unpaid), for assessments not paid within ten (10) days after the due date.

In any case when an assessment against a Lot is payable in installments, upon default in the timely payment of any two (2) consecutive installments, the maturity of the remaining total unpaid installments

for the balance of the then calendar year may be accelerated, at the option of the Executive Board, and the entire balance of the annual assessment be declared due and payable in full and service of notice to such effect upon the defaulting Lot Owner shall be sent to the Lot Owner's address of record with the Association, the Executive Board or the managing agent.

In addition, after notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner that real estate deeds of trust and mortgages may be foreclosed under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes, and in any suit for the foreclosure of such lien, the Association shall be entitled to interest, any late fees, costs and reasonable attorneys' fees, subject to the limitations set forth in this paragraph. Notwithstanding any of the foregoing, the Association may not foreclose an assessment lien under power of sale if the debt securing the lien consists solely of fines imposed by the Association, interest on unpaid fines, or attorneys' fees incurred by the Association solely associated with fines imposed by the Association, but such a lien may be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. An Owner may not be required to pay attorneys' fees and court costs until the Owner is notified in writing of the Association's intent to seek payment of attorneys' fees and court costs. The notice must be sent by first-class mail to the property address and, if different, the mailing address for the Owner in the Association's records. The notice shall (i) set out the outstanding balance due as of the date of the notice, (ii) state that the Owner has fifteen (15) days from the mailing of the notice to pay the outstanding balance without the attorneys' fees and court costs, and (iii) inform the Owner of the opportunity to contact a representative of the Association to discuss a payment schedule for the outstanding balance and provide the Owner the name and telephone number of such representative. If the Owner pays the outstanding balance within this period, then the Owner shall have no obligation to pay the attorneys' fees and court costs. If the Owner does not contest the collection of debt and enforcement of a lien after the expiration of the fifteen (15) day period, then reasonable attorneys' fees and any trustees commission collectively charged to the Owner shall not exceed One Thousand Two Hundred Dollars (\$1,200.00), or such higher amount as may be allowed pursuant to Section 47F-3-116(f)(12) of the Planned Community Act, not including costs or expenses incurred. The collection of debt and enforcement of a lien remains uncontested as long as the Owner does not dispute, contest, or raise any objection, defense, offset or counterclaims as to the amount or validity of the debt and lien asserted or the Association's right to collect the debt and enforce the lien. The attorneys' fee limitation shall not apply to judicial foreclosures. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Elements or abandonment of such Owner's Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

Section 5.10 Effect of Default in Payment of Ad Valorem Taxes or Assessments for Stormwater Control Facilities or Other Public Improvements by Association.

Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Elements or assessments for Stormwater Control Facilities or public improvements to the Common Elements, each Owner subject to Assessments shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Owners subject to Assessments. If such sum is not paid by any such Owner within thirty (30) days following receipt of notice to the Owner of the amount due, then such sum, upon appropriate action by the taxing or assessing governmental authority as herein provided, shall become a continuing lien on the Lot of the then Owner, such Owner's heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner as provided herein.

Section 5.11 Priority of Lien.

The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Office of the Clerk of Superior Court of Currituck County, North Carolina, in the manner provided herein, which claim shall state the description of the Lot encumbered thereby, the name of the record Owner(s), the amount due and the date when due and the name and address of the Association. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of Hen, it shall be satisfied of record.

Section 5.12 Exempt Property.

All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the Assessments created herein. In addition, Declarant or its successors or affiliates may exempt any Builder for all or any portion of any of the Assessments and charges in its contract with such Builder or otherwise agreed to in writing by such parties. Except as expressly provided herein, including the Declarant exemption in Section 5.1 above, no other land or improvements devoted to dwelling use shall be exempt from such Assessments.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 6.1 Improvements.

No improvements, alteration, repair, change in paint or siding color, excavation, change in grade, planting, landscaping, exterior decorations and ornamentation in excess of five feet (5') in height (including, without limitation, yard ornaments, figurines, statues, bird baths, houses and feeders, and similar items), or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by Declarant to an Owner other than Declarant, shall be commenced, erected or maintained upon any Lot

and no building, fence wall, residence or other structure shall be commenced, erected, maintained, improved, or altered on any Lot, or removed (all or any of the foregoing hereinafter referred to as a "Modification"), from any Lot until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board or by an architectural committee composed of three (3) or more representatives appointed by the Executive Board ("Architectural Review Committee"). Notwithstanding the foregoing, landscaping improvements within any Lot consisting of plant materials native to the area and commonly used in residential landscaping and exterior decorations and ornamentation and similar items no more than five feet (5') in height which do not interfere with the sight lines of motorists at intersections of the streets and/or driveways located within the Properties shall not require approval by the Executive Board or the Architectural Review Committee. In addition, temporary seasonal exterior decorations shall not require the prior approval of the Executive Board or the Architectural Review Committee, but if any such decorations are determined, in the sole discretion of the Executive Board or the Architectural Review Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the Executive Board or the Architectural Review Committee may require that such decorations promptly and permanently be removed. Any seasonal exterior decorations shall be removed within thirty (30) days after the end of the holiday or season for which made. In the event that an Owner neglects or fails to remove any such decorations at the request of the Executive Board or the Architectural Review Committee, the Association may provide such removal at such Owner's expense. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times for such purpose, and the cost of such removal shall be added to and become a part of the assessment to which such Lot is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Properties, including the Lots, as Declarant chooses, so long as the development follows the general plan of development of the Properties from time to time approved by the Appropriate Local Governmental Authority. Accordingly, nothing herein shall require that Declarant seek or obtain the approval of the Executive Board or the Architectural Review Committee for improvements erected on the Properties by or at the direction of Declarant. In addition, for so long as Declarant owns any Lot or has the right to annex any Additional Property pursuant to Section 13.4(b), Article XIII hereof, Declarant may approve any plans and specifications rejected by the Executive Board or the Architectural Review Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant comport with the general plan of development of the Properties from time to time approved by the Appropriate Local Governmental Authority. Such approval by Declarant shall operate and have the same effect as approval by the Executive Board or the Architectural Review Committee. No approval obtained pursuant to this Section shall constitute a representation on the part of the party(s) issuing approval that the proposed Modification complies with any municipal building codes or other governmental requirements. Compliance with such requirements shall be the sole responsibility of the Owner making the proposed modification.

Section 6.2 Procedures.

(a) Any person desiring to make any improvement, alteration or change described in Section 6.1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Executive Board or the Architectural Review Committee which shall evaluate such plans and specification in light of the purposes of this Article. The Executive Board or the Architectural Review Committee shall have a period of thirty (30) days from receipt of a request for approval of plans and specifications within which to approve or disapprove them. In the event of disapproval, reasons shall be provided in writing for such disapproval. In the event the Executive Board or Architectural Review Committee does not respond within said thirty (30) day period, the submission shall be deemed disapproved.

(b) Upon approval by the Executive Board or the Architectural Review Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Executive Board or the Architectural Review Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the Executive Board's or the Architectural Review Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval. As a condition to the granting of approval of any request made under this Article, the Association may require that the Owner(s) requesting such change be liable for any cost of Maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner(s) shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner(s), and any subsequent Owner(s) of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, are deemed to covenant and agree that the cost of Maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth herein, and subject to the lien rights described herein.

(c) Neither Declarant, nor any other member of the Executive Board or Architectural Review Committee, shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Executive Board or Architectural Review Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration nor for any approvals or permits requested from any governmental or other entity. Every person who

submits plans or specifications for approval agrees, by submission of such plans and specifications, and every Owner of any Lot agrees, that such Owner will not bring any action or suit against Declarant, or any Member of the Executive Board or Architectural Review Committee, to recover any such damage.

Section 6.3 Builder Exemption.

Notwithstanding the foregoing, as to any Builder, Declarant or its successors or affiliates may provide, in a contract with the Builder or otherwise, a partial or blanket exemption from the provisions of this Article or partial or blanket approval of construction activities, site plans, general housing styles or finishes which may then be constructed or performed on any Lot without the need for additional written approvals of, or the submission of, specifications, exterior color and finish, landscape plan, site development or any other matter otherwise required for submission or payment of any fees to the Architectural Review Committee or the Association. Once granted, such partial or blanket approval shall be irrevocable and binding on the Architectural Review Committee and Association as to any Lots owned by Builder or subject to any contract to purchase or option to purchase of Builder. Once blanket approval is granted, a Builder shall not be obligated to provide any further submittals nor obtain any other approvals from, or pay any fees to, the Association, Declarant, Executive Board or Architectural Review Committee.

ARTICLE VII

EXTERIOR

MAINTENANCE

Section 7.1 Common Elements Maintenance.

The Association shall Maintain the Common Elements in a state of good condition and repair. Without limiting the foregoing, the Association shall Maintain any private streets, retaining walls, private utility facilities, lake and any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Elements. In the event the Association is dissolved or otherwise defaults on its obligation to Maintain any such drainage or erosion control device, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

To the extent that the Association has any duty to plow snow, each Owner acknowledges, understands and agrees on behalf of the Owner, the Owner's heirs, successors and assigns and any visitors of Owner, and all occupants, that the Association's responsibility to plow snow shall not be construed as an assumption of the obligation to remove all snow. The Association, in its sole discretion, shall determine the need for snow plowing. The Association shall have no responsibility to remove ice except on any hard-surfaced areas of any Common Elements. Each Owner and occupant shall report any unnatural accumulations of snow to the Association in writing including email. The Association, its directors, agents,

contractors and assigns, shall not be liable for any injury caused as a result of snow or ice, unless in breach of the duty as set forth herein. All Owners, occupants and visitors assume all risk of using sidewalks, roads and Common Elements after snowfall or ice accumulation has occurred and shall indemnify and hold the Association harmless from and against any injuries or damages related to the same.

Section 7.2 Exterior Maintenance to be Performed by Owners.

Each Owner shall be responsible for the exterior maintenance of such Owner's dwelling and Lot and accessory buildings located on the Lot, such as detached garages, sheds and pools, including, without limitation, the following: painting, replacement and care of roofs, gutters, downspouts, exterior building surfaces, lawn, trees, shrubs, landscaping, driveways, steps, walks and other exterior improvements. Each Owner shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all utility lines, fixtures, and/or their connections required to provide water, light, power, telephone, sewage, and sanitary service to such Owner's Lot that are not publicly maintained.

In the event that an Owner neglects or fails to Maintain such Owner's improved Lot and/or the exterior of such Owner's dwelling or accessory buildings in a manner consistent with other improved Lots and dwellings or accessory buildings within the Properties or fails to Maintain such Owner's improved Lot in a safe condition and free of debris, the Association may provide such exterior maintenance; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether an Owner has neglected or failed to Maintain such Owner's Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the Executive Board of the Association, in its sole discretion. In the event the Association performs such exterior maintenance, repair or replacement, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

Section 7.3 Easement to Perform Exterior Maintenance.

In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

ARTICLE VIII

RESTRICTIONS

Section 8.1 Land Use and Building Type.

No Lot shall be used except for residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached, single-family dwelling not to exceed two and one half stories in height, an optional attached private garage for not more than three

(3) cars, and one (1) permanent accessory building incidental to the residential use of the Lot. Any such accessory building is subject to review by the Architectural Review Committee as required in Article VI. The garage space attached to the dwelling is not to be considered living space and is to be utilized as non-habitable space only. Notwithstanding the foregoing, a portion of the garage space in a dwelling may be utilized to construct or be converted to a bathroom. No Owner or other occupant of the dwelling shall reside in such garage space. Notwithstanding the foregoing, Declarant and Builders shall have the right to maintain (i) one or more sales offices and one or more model homes in dwellings located on Lots owned or leased by such Declarant or Builder for the promotion and sales of Lots and dwellings within the Properties or Additional Property, and (ii) one or more temporary trailers and other temporary structures on any Lot owned by such Declarant or Builder or on the Common Elements to facilitate the construction of improvements within the Properties or Additional Property.

Section 8.2 Driveways.

Paved or concrete driveways are required for each dwelling.

Section 8.3 Motor Vehicles.

No boat, marine craft, hovercraft, aircraft, trailer, camper, truck with greater than three ton payload or motorized van used for commercial purposes (as distinguished from a van used as a passenger car) shall be parked within the right of way of any public or private street adjacent to any Lot or on any Lot, except that any of the above may be parked completely inside a garage. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance, or repair of a residence in the immediate vicinity of the parking area. No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, and pick-up trucks with less than three-ton payload that are in operable condition and have current license plates and inspection stickers. No inoperative motor vehicle may be parked or stored on any Lot or any public or private street or other area within the Properties for a period in excess of forty eight (48) hours. No motor vehicle of any sort may be parked in yards or on sidewalks for any period of time. Recreational vehicles such as all-terrain vehicles (ATVs), four-wheelers, side-by-sides, and motorcycles (except those registered for operation on public streets) may not be operated within the Properties. The Association may adopt, at any time, further rules and regulations relating and pertaining to the parking of vehicles. This Section 8.3 shall not apply to Declarant or any Builder.

Section 8.4 Keeping of Animals.

No animals, livestock or poultry of any kind shall be kept or maintained on the Common Elements or on any Lot or in any dwelling except not more than a total of four (4) dogs, cats or other normal household pets per Lot which may be kept or maintained, provided that they are not kept or maintained for commercial purposes, and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and Appropriate Local Governmental Authorities relating thereto, and (ii) such rules and regulations pertaining thereto as the Executive Board may adopt from time to time. The foregoing numerical limit shall not apply to fish kept in aquariums.

Section 8.5 Nuisances.

No noxious or offensive activity shall be conducted upon any Lot or the Common Elements, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No activities will be engaged in by any Owner that would negatively impact the sales and marketing of Properties by Declarant and Builders. In the event that any Owner or any other person conducts obnoxious or offensive activity upon any Lot of the Common Elements, or does anything thereon which may be or may become an annoyance or nuisance to the neighborhood, a written complaint can be filed by a Lot Owner with the Association. If, after investigation, the complaint is deemed legitimate by the Association, the Association will make a written request to the Owner of the Lot upon which the activity is being conducted that the obnoxious or offensive activity be stopped immediately. If the activity continues for two days after this written notice is issued by the Association, any complaining Lot Owner or the Association, at its discretion, can pursue judicial relief against the offending Lot Owner or the offending person. All Lot Owners expressly waive any claims against Declarant related to any obnoxious or offensive activity conducted upon any Lot or relating to anything done upon any Lot which may be or may become an annoyance or nuisance to the neighborhood, except to the extent that the alleged obnoxious or offensive activity is conducted by Declarant or Declarant's agent. No Lot or other area within Properties shall be used as a dumping ground for rubbish or as a site for the accumulation of unsightly materials of any kind, including, without limitation, broken or rusty equipment and discarded appliances and furniture. No outdoor clotheslines shall be permitted. No sign shall be placed or allowed to remain on any Lot except for: (i) one (1) "For Sale" sign, (ii) one other temporary sign to advertise a yard sale or other temporary activity on the Lot and such other temporary sign shall not be permitted to remain on any Lot for more than seventy two (72) consecutive hours; and (iii) not more than two (2) "political signs" per Lot as defined in 47F-3-121 of the Planned Community Act, the maximum dimensions of any such sign shall not exceed 24 inches by 24 inches. Political signs may not be displayed on a Lot earlier than 45 days before the applicable election and must be removed not later than 7 days after the election day. No sign deemed by the Association, the Architectural Committee, or Declarant to be a nuisance or a detriment to the Properties or the Additional Property shall be permitted to be erected or to remain on any Lot. Notwithstanding the foregoing, Declarant and Builders shall have the right to erect and maintain signs, banners, flags, and conduct promotional activities within the Common Elements or on any Lot owned or leased by such Declarant or Builder for the purpose of advertising and promoting the sale of such lots.

Section 8.6 Outside Antennas and Solar Panels.

No exterior antenna satellite dishes or similar equipment shall be installed on any Lot, Common Element or improvement thereon, unless such antennae, satellite dishes and similar equipment are approved by the Architectural Review Committee and conform to the conditions and requirements imposed pursuant to Article VI. Such conditions and restrictions shall be reasonable, and approval shall not be unreasonably denied or delayed. No radio or shortwave broadcasting operations of any kind shall be permitted to operate on any Common Elements or any Lot. The Declarant may erect an antenna or a master antenna or a cable television antenna or similar facility for the use of all the Owners, and Declarant grants and hereby reserves easements for such purposes. Notwithstanding the foregoing, to facilitate

compliance with The Telecommunications Act of 1996, the following provisions apply to installation of DBS, MDS, ITFS, and LMDC dishes less than one (1) meter in diameter, and TVBS antennas: (a) no payment of any fee shall be required as a condition of installation; and (b) any installation must be placed on the Lot in a location which is not visible from any street, unless such placement would: (i) unreasonably delay or prevent installation, maintenance or use; (ii) unreasonably increase the cost of installation, maintenance or use; or (iii) preclude reception of an acceptable quality signal. No solar panels or other equipment shall be installed on a Lot that, after installation, are visible by a person on the ground: (1) on the facade of a structure that faces areas open to common or public access; (2) on a roof surface that slopes downward toward the same areas open to common or public access that the facade of the structure faces; or (3) within the area set off by a line running across the facade of the structure extending to the property boundaries on either side of the facade, and those areas of common or public access faced by the structure.

Section 8.7 Mobile Homes. Manufactured Homes, Etc.

No mobile home, manufactured home, modular home, trailer, or other like structure shall be located or installed on any Lot. As used in this Section, mobile home, manufactured home or modular home shall mean a structure, assembled in whole or in part in a location other than on the Lot itself, transportable in one or more sections, any section of which, during transport, is four feet (4') or more in width and ten feet (10') or more in length, which may or may not be built on a permanent chassis and which is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. Notwithstanding the foregoing, Declarant, Builders or contractors may maintain temporary improvements (such as a sales office and/or construction trailer) on any Lot during the Declarant Control Period.

Section 8.8 Fences.

Construction of fences, walls and other enclosures on Lots shall be subject to review by the Architectural Review Committee as required in Article VI of this Declaration. Except for fences used by Declarant or Builders (e.g., silt fences for construction), no fence on any Lot shall be permitted to extend nearer to any front street than the midpoint of the side of the residence located on that Lot; and no portion of any fence erected on any Lot may exceed six (6) feet in height. Fences shall be white vinyl stockade or picket style. In no event shall a fence or other enclosure extend (i) into any easement, drainage swale, or any area in which the grade change is more than one foot over a distance often (10) feet in any direction, or (ii) beyond a Lot into the dedicated Common Elements. Chain link fences are not permitted. Notwithstanding the foregoing, Declarant, its successors and assigns, and the Association shall have the right to erect chain link fences and any other type of fences and enclosures within the Common Elements without the approval of the Architectural Review Committee, and such fences and other enclosures shall become a part of the Common Elements to be Maintained by the Association.

Section 8.9 Miscellaneous.

(a) Patio and deck areas are to be kept neat with only patio furniture, outdoor grills and/or house plants located thereon.

(b) No additions, including without limitation ornaments, edging material, sports equipment or play equipment, are allowed within the Common Elements except as provided by Declarant.

ARTICLE IX

SPECIALIZED MULTIPLE MAILBOX INSTALLATIONS

There will be provided on the Properties specialized multiple mailbox installations ("CBUs") consisting of clusters of locked boxes serving multiple postal patrons and mounted on pedestals for framework meeting United States Postal Service requirements. The CBUs will be located within the Common Elements. The CBUs will meet requirements of the United States Postal Service and the North Carolina Department of Transportation, or the Appropriate Local Governmental Authority. The CBUs, and the area in which they are located, including any parking areas, will be Common Elements, will be Maintained by the Association, and shall be subject to such rules and regulations relating to the use thereof as from time to time shall be promulgated by the Association. Use of the CBUs also shall be subject to the rules and regulations of the United States Postal Service related to CBUs.

ARTICLE X

EASEMENTS

Section 10.1 Utilities.

Easements for drainage, installation and maintenance of utilities (including cable television service), and Stormwater Control Facilities and other drainage facilities, and street trees and pedestrian access are reserved for the benefit of the Declarant and the Association as indicated on recorded plats of the Properties, including the Phase IA Plat. In addition, Declarant reserves, for itself and the Association, additional easements and rights-of-way for the installation and maintenance of utilities (including cable television service) and drainage facilities over the rear TEN (10) feet of all Lots and over each side FIVE (5) feet of all Lots. Within these easements no structures, planting or other material shall be placed or permitted to remain which may (i) interfere with the installation and maintenance of utilities, or (ii) which may change the direction of flow of drainage channels in the drainage easements, (iii) or which may obstruct or retard the flow of water through drainage channels in the easements (collectively, "Detrimental Easement Conditions"). Fences may be installed within said easements provided their installation and or existence does not cause or result in Detrimental Easement Conditions. An easement is hereby established for the benefit of the Appropriate Governmental Authority (and any other person or firm providing services to the Properties under agreement with or at the direction of the Association) over all Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across

the Common Elements such additional easements as are necessary or desirable for the providing of services or utilities to the Common Elements or Lots.

Section 10.2 Signs.

Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of the Lots designated as "sign easements" on plats of the Properties, now or hereafter recorded, to erect, Maintain, replace and repair subdivision signs and landscaping and/or lighting surrounding the same and all such easements shall be part of the Common Elements. The Association shall Maintain all subdivision signs and landscaping and lighting surrounding the same now or hereafter erected within the Common Elements. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article V hereof. Further, Declarant (during the Declarant Control Period) and Builders shall have (i) the right to erect within the Common Elements additional subdivision signs and landscaping and lighting surrounding the same to be Maintained by the Association as herein provided and (ii) the right to erect within the Common Elements signs, banners and flags advertising the sale and promotion of Lots or any portion of the Additional Property.

Section 10.3 Emergency Access Easement.

A non-exclusive, perpetual right of access over all Lots and Common Elements (including private streets, if any) on the Property is established for the benefit of governmental entities for installing, removing and reading utility meters, Maintaining and replacing utility facilities and lines, and acting for other purposes consistent with public safety and welfare, including law enforcement, fire protection, animal control, emergency services, garbage collection and public or private mail and package delivery. In order to conform to Section R310 of the North Carolina Residential Code, each owner, guest and law enforcement, fire and safety personnel, shall have a permanent and perpetual right of way and easement over any Emergency Escape and Rescue Easement Area for ingress and egress to access the public right of way for emergency purposes.

Section 10.4 Easements Reserved by Declarant.

Declarant hereby reserves such easements on, across and over the Common Elements and Lots as shall be reasonably necessary for (i) the exercise by Declarant of any right herein reserved, including, without limitation, the right to make any improvements to the Common Elements, and the exercise of Declarant's rights, should Declarant elect, to annex the Additional Property, as hereinafter defined and (ii) the development by Declarant of the Additional Property, should Declarant elect not to annex the Additional Property, including without limitation, easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Properties and easements for the use of all utility lines, fixtures and/or their connections located within the Common Elements for the purpose of providing water, light, power, natural gas, telephone, cable television or other communication service, sewage and any other sanitary service or utility service to the Additional Property.

Section 10.5 Encroachments.

In the event that any improvements on a Lot shall encroach upon any Common Elements or upon any other Lot as a result of the initial improvements constructed by Declarant or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Elements into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE XI

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

Section 11.1 Entities Constituting Institutional Lenders.

"Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

Section 11.2 Obligation of Association to Institutional Lenders.

So long as any Institutional Lender shall hold any first lien upon any Lot and shall have given notice to the Association as set forth in Section 11.3 of this Article, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the Membership to be held for the purpose of considering any proposed amendment to this Declaration or the Articles of Incorporation or Bylaws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self- management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To be given notice by the Association of any proposed alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.

(t) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

Section 11.3 Requirements of Institutional Lender.

Whenever any Institutional Lender desires to avail itself of the provisions of this Declaration, it shall furnish written notice thereof to the Association by certified mail at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE XII

INSURANCE

Section 12.1 Insurance by Owners

Each Owner of a Lot other than a Builder shall maintain: (1) property insurance on its Lot and dwelling insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, wind and hail, and flood; and the total amount of such insurance after application of any deductibles shall be not less than one hundred percent (100%) of the Restoration Costs of the insured property at the time the insurance is purchased and at each renewal date; (2) liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Lot and improvements thereon; and (3) insurance insuring personal property, additional living expense, and any other coverage obtainable to the extent and in the amount such Owner deems necessary to protect his own interest. If the insurance described in this Subsection is not reasonably available, the Owner promptly shall cause notice of that fact to be hand delivered or sent by United States certified mail, return receipt requested, to the Association.

Any improvement on a Lot for which insurance is required under this Section which is damaged or destroyed shall be Restored promptly by the Owner of such Lot unless: (1) Restoration would be illegal under any State or local health or safety statute or ordinance; or (2) the Owners of all Lots so damaged or destroyed decide not to Restore. Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of structures located on their Lot, the Executive Board may impose requirements regarding the standards for rebuilding or reconstructing structures on the

Lot and the standards for returning the Lots to its natural state. In the event the structures are not rebuilt or reconstructed, the affected portion of the Properties shall be cleared of all debris and ruins and maintained by Owner, as applicable, in a neat and attractive, landscaped condition. Any rebuilding or reconstruction of any residential structures shall be in conformance with this Declaration and all applicable laws.

Section 12.2 Insurance by the Association

The Association shall obtain and maintain insurance coverage required by the Planned Community Act and, unless prohibited by the Planned Community Act, obtain and maintain insurance covering the following, the cost of which will be a Common Expense, as determined by the Executive Board:

(a) A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundations, excavations, streets and parking facilities) of the Common Elements owned by the Association (including all building service and related equipment) with an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement. Such insurance policy must protect against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief and windstorm. If coverage is available, the policy may include coverage for water damage.

(b) General liability insurance covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements. The coverage amount for such insurance shall be required by the Board, but with a minimum combined single limit liability of not less than \$2,000,000 for each accident or occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(c) If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the Officers or Executive Board members of the Association can and do directly receive or disburse the monies of the Association), the Executive Board shall maintain fidelity coverage against dishonest acts by the Association's Officers, Executive Board members, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any defense based on the exclusion of persons who

serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association and to any Institutional Lender who has given the notice required under Article XI of the Declaration.

(d) If the insurance described in this Section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Owners.

(e) Insurance policies carried pursuant to this Section shall provide that: (1) each Owner is an insured person under the policy to the extent of the Owner's insurable interest; (2) the insurer waives its right to subrogation under the policy against any Owner; (3) no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and (4) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(f) Any loss covered by the property policy under this Section shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee. The insurance trustee or the Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. The proceeds shall be disbursed first for the Restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely Restored, or the Association is dissolved.

(g) An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

(h) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. Such policy shall provide the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and to each Owner, mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(i) Any portion of the Properties for which insurance is required under this Section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (1) the Association has been dissolved; (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (3) the Members decide not to rebuild by an eighty percent (80%) vote. The cost of repair or replacement in excess of insurance proceeds and reserves

is a Common Expense. If any portion of the Common Elements is not repaired or replaced: (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Properties; and (2) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the Common Expense liabilities of all Owners. Notwithstanding the provisions of this subsection, Section 47F-2-118 of the Planned Community Act governs the distribution of insurance proceeds if the Association is terminated.

Section 12.3 Other Insurance to be maintained by the Association.

If the Association contracts with another Person to receive and disburse the monies of the Association, then such Person shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in such amount as the Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar term.

To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect the Board and officers of the Association from personal liability arising in connection with their duties and responsibilities in such capacities on behalf of the Association.

The Association shall maintain workers compensation with respect to its employees, if any, as required by law. The Association may obtain insurance against such other risks as the Executive Board shall deem appropriate.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 Enforcement.

The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws, and all rules and regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) 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, the Bylaws, and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal

control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws, or the published rules and regulations of the Association, by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$100.00 for each violation, and without further hearing, for each day more than five (5) days after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article V of this Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in this Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of this Declaration, the Bylaws, or rules and regulations of the Association. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board to determine if an Owner is responsible for damages to any Common Elements or the Association is responsible for damages to any Lot. An Owner may appeal the decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within fifteen (15) days after the date of the decision. The Executive Board may affirm, vacate, or modify the prior decision of the adjudicatory body. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. Liability may be assessed for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute 7A-210. When such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory

hearing or as otherwise provided by law shall be assessments secured by lien under Section 47F-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) Adjudicatory proceedings pursuant to subparagraphs (b), (c) and (d) of this Section 13.1 may be held before the Executive Board or an adjudicatory panel appointed by the Executive Board. The Executive Board and any adjudicatory panel appointed by the Executive Board shall accord to the party charged pursuant to subparagraphs (b), (c) and/or (d) above notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. Any adjudicatory panel appointed by the Executive Board shall be composed of Members of the Association who are not officers of the Association or members of the Executive Board. An Owner may appeal the decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within fifteen (15) days after the date of the decision. The Executive Board may affirm, vacate, or modify the prior decision of the adjudicatory body.

(t) In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

(g) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(h) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of this Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(i) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above-mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

Section 13.2 Severability.

Invalidation of any one of the covenants or restrictions contained herein by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

Section 13.3 Amendment.

The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated as hereinafter provided. This Declaration may be amended with the consent of the Owners entitled to cast at least sixty seven percent (67%) of the votes of the Association; and terminated with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, during Declarant Control Period, this Declaration may not be amended or terminated without Declarant's consent; no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant; and no amendment relating to the maintenance or ownership of any Stormwater Control Facilities shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection.

Any amendment, except amendments that Declarant is authorized to make unilaterally, must (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Member and Declarant approval has been obtained and is evidenced by written or electronic acknowledgment(s) signed by the Owners approving the amendment and, if required, Declarant, and that such acknowledgments have been made a part of the minute book or similar record of the Association, but such attestation will not be necessary if the requisite number of Members and, if required, Declarant, have executed such amendment; and (3) be properly recorded in the Registry. For the purpose of this Section, additions of Additional Property or withdrawals of Property by Declarant pursuant to Section 13.4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of any Stormwater Control Facilities.

Notwithstanding the foregoing, Declarant may at any time unilaterally amend this Declaration to terminate or restrict any right reserved hereunder by Declarant. Further, notwithstanding the provisions of this Section 13.3, during the Declarant Control Period, the Declarant may unilaterally amend this Declaration to (i) make any changes required by any private or governmental insurer of residential mortgage loans in order to obtain the approvals necessary for purchasers of Lots to obtain financing insured by any of the foregoing mortgage insurers, or (ii) to make any changes deemed by Declarant to be necessary to carry out and effectuate the orderly development of the Properties as intended by Declarant and to be consistent with the Master Plan and (iii) to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in this Declaration with respect to an objectively verifiable fact.

Section 13.4 Annexation and Withdrawal of Property.

(a) Except as provided in the following Subsection (b), additional residential property and Common Elements may be annexed to the Properties only with the consent of the Owners entitled to cast two-thirds (2/3) of the votes of each class of Members of the Association,

who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant Control Period, Declarant must also consent to such action.

(b) All or any portion of the Additional Property may be annexed by Declarant without the consent of Owners within twenty-five (25) years of the date of recordation of this instrument. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, such Declarant may make such complementary additions and/or modifications of the covenants, easements and restrictions contained in this Declaration (including, without limitation, those contained in Section 2 of Article VIII hereof) as may be necessary or desirable, in the sole judgment of Declarant, to reflect the different character, if any, of the added properties and as are not inconsistent with the Master Plan, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

(c) Withdrawal of Property. Declarant reserves the right to amend this Declaration during Declarant Control Period for the purpose of removing any portion of the Properties then owned by Declarant or the Association from the provisions of this Declaration. Any such withdrawal shall be accomplished by the filing for record of an Amendment to this Declaration describing the property removed and shall be effective upon filing for record in the Registry unless a later effective date is provided therein. Such Amendment shall be executed by Declarant and the owner(s) of the property being removed and shall not require the vote or consent of any other Owner or Member.

Section 13.5 Provision Regarding Major Builders.

Notwithstanding anything contained in this Declaration, the Articles of Incorporation or the Bylaws of the Association to the contrary, no amendment shall be made to the Declaration, the Articles of Incorporation, the Bylaws of the Association or any rules and regulations promulgated thereunder which would materially or adversely affect a Major Builder or a Lot owned by a Major Builder without the prior written consent of such Major Builder, which consent shall not be unreasonably, withheld, conditioned or delayed.

Section 13.6 Amplification.

The provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association, but no such amplification shall alter or amend any of the rights or obligations of the

Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration, on the one hand, and the Articles of Incorporation and Bylaws of the Association, on the other, be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

Section 13.7 Declarant Contracts.

No provision of this Declaration shall relieve Declarant of its contractual obligations.

Section 13.8 Litigation.

The Association may not commence any litigation, arbitration, legal action, or any other legal proceeding against any non-Owner, any Builder or Declarant, unless two-thirds (2/3) of the Members vote to approve such proceeding.

Section 13.9 Exculpation of Declarant.

No member, officer, director, agent or employee of the Declarant shall have any personal liability whatsoever with respect to any provision of this Declaration, the Bylaws, the Articles of Incorporation, provisions of the Planned Community Act applicable to the Declarant or any obligation or liability arising therefrom or in connection therewith. Such exculpation of liability shall be absolute and without any exception whatsoever.

SIGNATURES AND NOTARIES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has caused this Declaration to be executed as of the date first above written.

Lotus Ridge, LLC,
a North Carolina limited liability company

By: _____(SEAL)

Justin M. Old, Manager

STATE OF NORTH CAROLINA

COUNTY OF CURRITUCK

I _____ a Notary Public do hereby certify that Justin M. Old, Manager of QHOC Holding, LLC, a North Carolina limited liability company, Member of North-South Development Group, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of North-South Development Group, LLC.

Witness my hand and officially stamp or seal with this _____ day of _____, 2025.

Notary Public's Signature

Notary Public's Printed Name

ID #: _____

My commission expires: _____

EXHIBIT A

ADDITIONAL PROPERTY

Any real property located within two miles of the Property initially subjected to this Declaration.



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

JOSH STEIN
GOVERNOR

J.R. "JOEY" HOPKINS
SECRETARY

July 30, 2025

Quality Homes of Currituck
417-D Caratoke Highway
Moyock, NC 27958

Attn: Mr. Perry Arnette

Subject: Pavement Certification
Lotus Ridge Subdivision
Currituck County

Dear Mr. Arnette:

We have received the attached test report, dated July 28, 2025, from ECS Southeast, LLC for the construction of roads in the Lotus Ridge Subdivision – Phase 1. This pavement section was designed with 6" of Aggregate Base Course and 2" of asphalt surface course.

Based upon our review, these courses are in general conformance with the Minimum Design and Construction Criteria for Subdivision Roads.

The above mentioned roads will be eligible for petitioning the addition to the State System of Maintained Roads upon satisfying all other applicable minimum NCDOT criteria.

Sincerely,

Caitlin A. Spear, PE
District Engineer

Attachments



July 28, 2025

Mr. Perry Arnette
Quality Homes of Currituck
417-D Caratoke Highway
Moyock, NC 27958

ECS Proposal No. 22:36258

Reference: Paving Letter
Lotus Ridge Subdivision
Moyock, North Carolina

Dear Mr. Arnette:

As requested, ECS Southeast, LLC (ECS) visited the site on various occasions to test the subbase and asphalt for the referenced subdivision. ECS observed the roadway construction for portions of Poppy, Pema, and Sadra and all of Padma Street and tested the subbase and asphalt placement.

The roadway section for these areas consists of a minimum of 6 inches of ABC stone and 2 inches of surface mix asphalt (Type S-9.5B). The project requires that the subbase and asphalt be tested for quality assurance to see that it generally meets NCDOT standards. This letter report contains the results of the subbase and asphalt quality assurance testing. This includes thickness, density, asphalt gradation, and asphalt content.

For this project ECS has performed the following:

- NCDOT current testing for Vulcan materials Jack Quarry was reviewed for Modified Proctor Testing and sieve analysis (HICAMS 1055412). The laboratory test results indicate that the imported ABC materials were in general accordance with NCDOT requirements.
- Compaction testing was performed and indicated that the ABC materials were compacted to meet the requirement of an average of 98% of the Modified Proctor. The thickness of the stone was checked and verified to be at or greater than the 6- inch requirement. The results of this testing are attached to this report.
- Compaction testing was performed for the asphalt placement. The compaction results indicated that the asphalt compaction met or exceeded 90% of the maximum specific gravity supplied by the asphalt supplier.
- Coring operations were performed at 3 locations within the roadway alignment. The cores were taken at random locations determined by the ECS representative.
- Laboratory testing procedures were performed on the core specimens and included thickness and bulk specific gravity. Additionally, testing was performed to confirm the asphalt content and the asphalt gradation. These were performed in general accordance with NCDOT testing procedures. The following Table 1 contains the results of the coring including the thickness and specific gravity results. Table 2 contains the results of the asphalt content testing. Results of the asphalt gradation are attached to this report.



Table 1 – Asphalt Laboratory Test Results

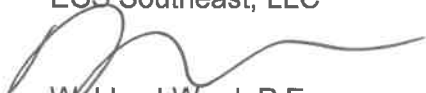
Sample #	Asphalt Type	Thickness	Specific Gravity	Percent Compaction (min. 90%)
C-1	S-9.5B	2.25	2.173	90.9
C-2	S-9.5B	1.75	2.164	90.6
C-3	S-9.5B	4.0	2.157	90.3
Average	S-9.5B			90.6

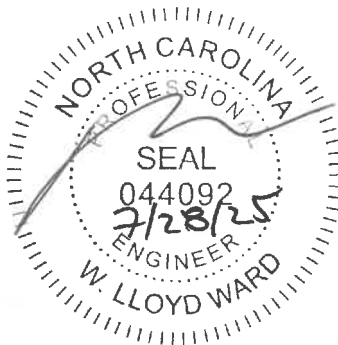
Table 2 – Asphalt Content Test Results

Sample #	Sample Location	Asphalt Content
Sample #1	Bulk Sample	6.3%

Based on our observations and test results, it is our engineering opinion that the subbase and asphalt were placed in general accordance with NCDOT standards. We appreciate being of service to you on this project. Should you need additional information or assistance, please do not hesitate to contact our office.

Respectfully,
ECS Southeast, LLC


W. Lloyd Ward, P.E.
Principal Engineer




Wade Wetherington, E.I.
Project Manager



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

LETTER OF TRANSMITTAL

June 16, 2025
Quality Home Builders of Currituck
1643 Merrimac Trail Suite A
Williamsburg, VA 23185
ATTN: Mr. Lloyd Ward

RE: **Lotus Ridge Subdivision**
ECS Job # **22:36258**
Permits:
Location: **456 Puddin Ridge Rd**
Moyock, NC 27958

Field Reports For your use As requested

CC:

ENCL: Field Report # 2 6/13/2025 ABC Stone

Kris J. Stamm
Office Manager, Principal

Wade A. Wetherington, E.I.
Project Manager

Disclaimer

1. This report (and any attachments) shall not be reproduced except in full without prior written approval of ECS.
2. The information in this report relates only to the activities performed on the report date.
3. Where appropriate, this report includes statements as to compliance with applicable project drawings, and specifications for the activities, performed on this report date.
4. Incomplete or non-conforming work will be reported for future resolution.
5. The results of samples and/or specimens obtained or prepared for subsequent laboratory testing will be presented in separate reports/documents.



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

FIELD REPORT

Project **Lotus Ridge Subdivision**
Location **Moyock, NC**
Client **Quality Home Builders of Currituck**
Contractor **None Listed**

Project No. **22:36258**
Report No. **2**
Day & Date **Friday 6/13/2025**
Weather **80 °/ Cloudy**
On-Site Time **1.50**
Lab Time **0.00**
Travel Time* **1.00**
Total **2.50**
Re Obs Time **0.00**

Remarks **ABC Stone**

Trip Charges*	Tolls/Parking*	Mileage* 45	Time of Arrival	Departure
Chargeable Items			9:30A	11:00A

* Travel time and mileage will be billed in accordance with the contract.

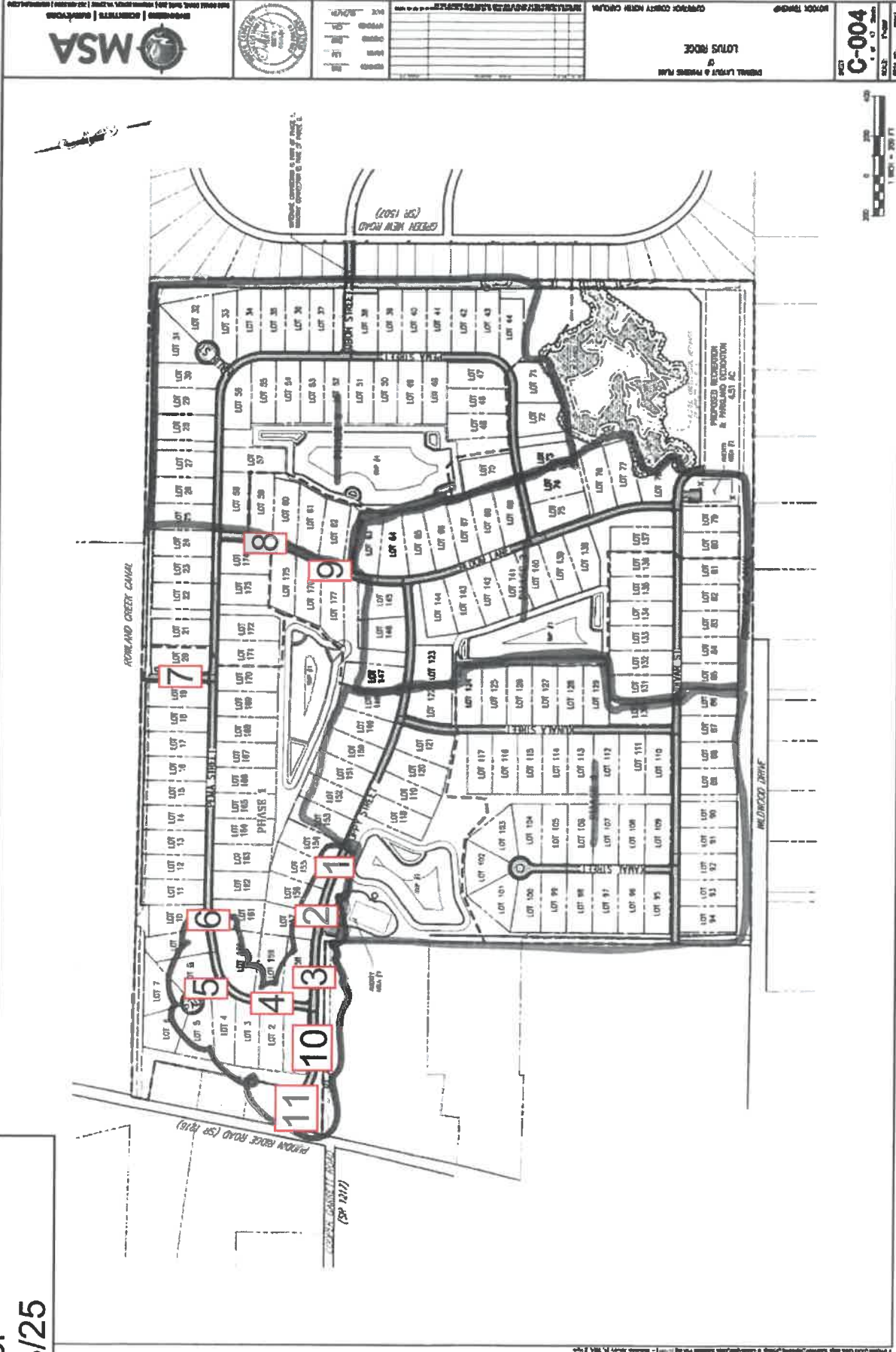
Summary of Services Performed (field test data, locations, elevations & depths are estimates) & Individuals Contacted.

The undersigned arrived on site, as requested, to check the compaction of ABC stone for the Drive Lane. Please see the attached sketch for the approximate density test locations.

Utilizing the Nuclear Density Gauge test method (ASTM D-6938) to check the compaction of ABC stone; test results indicated that the compacted material, at the areas and depths tested, met the project requirements of 98% of the maximum dry density.

At the density test locations, the thickness of the ABC stone was measured to be at least 6 inches.

Project: Lotus Ridge
 Title: Density Locations
 Proj. No: 36258
 By: C. Noel
 Date: 6/13/25



Density locations are labeled by number



506 W. 13th Street
 Greenville NC,
 27834 (252)-215-
 2257

STONE DENSITY REPORT

Job Name: Lotus Ridge **Job Number:** 36258
Location: Moyock **Technician:** Chris Noel
Contractor: **Date:** 6/13/2025

TEST #	Lot #	ELEVATION	IN-PLACE WET DENSITY	IN-PLACE Dry DENSITY pcf	COMP %	Moisture %	Spec	REMARKS PASS/FAIL
1		0	142.2	135.9	98.4%	4.6%	98%	PASS
2		0	141.5	135.8	98.3%	4.2%	98%	PASS
3		0	141.5	137.5	99.6%	2.9%	98%	PASS
4		0	140.4	137.2	99.3%	2.3%	98%	PASS
5		0	140.3	136.1	98.6%	3.1%	98%	PASS
6		0	141.8	137.6	99.6%	3.1%	98%	PASS
7		0	141.3	136.6	98.9%	3.5%	98%	PASS
8		0	140.9	135.5	98.1%	4.0%	98%	PASS
9		0	142.3	137.1	99.3%	3.8%	98%	PASS
10		0	140.6	136.0	98.5%	3.4%	98%	PASS
11		0	140.4	136.7	99.0%	2.7%	98%	PASS
Material Mark	Description	Optimum Moisture	MAXIMUM Dry UNIT WEIGHT (pcf)		Location			
A	ABC Stone	5.4	138.1		Drive Lane			



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

LETTER OF TRANSMITTAL

June 09, 2025
Quality Home Builders of Currituck
1643 Merrimac Trail Suite A
Williamsburg, VA 23185
ATTN: Mr. Lloyd Ward

RE: **Lotus Ridge Subdivision**
ECS Job # **22:36258**
Permits:
Location: **456 Puddin Ridge Rd**
Moyock, NC 27958

Field Reports For your use As requested

CC:

ENCL: Field Report # 1 6/5/2025 ABC Stone

Kris J. Stamm
Office Manager, Principal

Wade A. Wetherington, E.I.
Project Manager

Disclaimer

1. This report (and any attachments) shall not be reproduced except in full without prior written approval of ECS.
2. The information in this report relates only to the activities performed on the report date.
3. Where appropriate, this report includes statements as to compliance with applicable project drawings, and specifications for the activities, performed on this report date.
4. Incomplete or non-conforming work will be reported for future resolution.
5. The results of samples and/or specimens obtained or prepared for subsequent laboratory testing will be presented in separate reports/documents.



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

FIELD REPORT

Project **Lotus Ridge Subdivision**
Location **Moyock, NC**
Client **Quality Home Builders of Currituck**
Contractor **None Listed**

Project No. **22:36258**
Report No. **1**
Day & Date **Thursday 6/5/2025**
Weather **75 °/ Cloudy**
On-Site Time **1.00**
Lab Time **0.00**
Travel Time* **2.00**
Total **3.00**
Re Obs Time **0.00**

Remarks **ABC Stone**

Trip Charges*	Tolls/Parking*	Mileage*	114	Time of Arrival	Departure
Chargeable Items	5000			1:30P	2:30P

* Travel time and mileage will be billed in accordance with the contract.

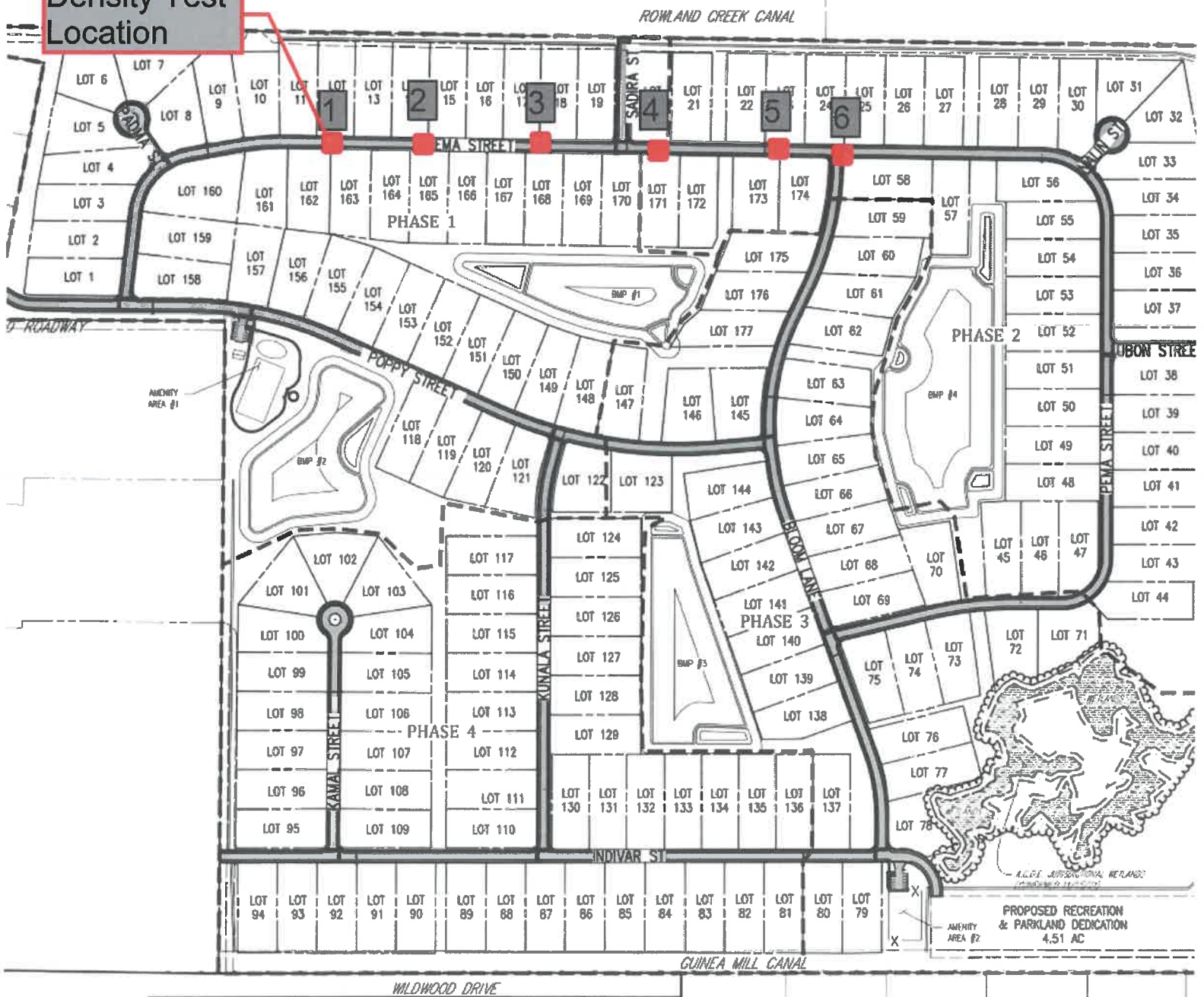
Summary of Services Performed (field test data, locations, elevations & depths are estimates) & Individuals Contacted.

The undersigned arrived on site, as requested, to check the compaction of ABC stone for the Pema Street. Please see the attached sketch for the approximate density test locations.

Utilizing the Nuclear Density Gauge test method (ASTM D-6938) to check the compaction of ABC stone; test results indicated that the compacted material, at the areas and depths tested, met the project requirements of 98% of the maximum dry density as obtained in our laboratory using the Modified Proctor method (ASTM D-1557).

At the density test locations, the thickness of the ABC stone was measured to be at least 8 inches.

Density Test
Location





Field Compaction Summary, ASTM D-6938

Date: 6/5/2025

Project Name: Lotus Ridge Subdivision

Project No: 22:36258

ECS Southeast, LLC

Client: Quality Home Builders of Currituck

Test Method ASTM D-6938			
Nuclear Gauge No. 19			
Make	Troxler	Density Std	2179
Model	3440	Moisture Std	723
Ser. No.	1671		

Contractor:

Technician: Adorian N Bell

Sample No.		Description			Proctor Method				Uncorrected Max. Density			Uncorrected Optimum Moisture Content			
DS4-1		ABC Stone			Modified Proctor Method (ASTM D-1557)				138.1			5.4			
Test No.	Lot No.	Test Mode	Probe Depth (in.)	Station / Location	Lift / Elev	Sample No.	% Oversize	Corrected Max. Density	Corrected Optimum Moisture Content (%)	Wet Density (pcf)	Dry Density (pcf)	Moisture Content (%)	Percent Comp. (%)	P / F	Comments
1		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	142.8	138.5	3.1	100.3	P	
2		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	141.7	136.6	3.7	98.9	P	
3		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	141.2	136.0	3.8	98.5	P	
4		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	140.9	135.7	3.8	98.3	P	
5		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	140.7	135.4	3.9	98.0	P	
6		DT	4	Drive Lane	0	DS4-1	0.00	138.1	5.4	141.3	136.2	3.7	98.6	P	



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

LETTER OF TRANSMITTAL

July 15, 2025
Quality Home Builders of Currituck
1643 Merrimac Trail Suite A
Williamsburg, VA 23185
ATTN: Mr. Lloyd Ward

RE: **Lotus Ridge Subdivision**
ECS Job # **22:36258**
Permits:
Location: **456 Puddin Ridge Rd**
Moyock, NC 27958

Field Reports For your use As requested

CC:

ENCL: Field Report # 3 7/14/2025 Asphalt Cores

Kris J. Stamm
Office Manager, Principal

Wade A. Wetherington, E.I.
Project Manager

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4. Incomplete or non-conforming work will be reported for future resolution.
5. The results of samples and/or specimens obtained or prepared for subsequent laboratory testing will be presented in separate reports/documents.



ECS Southeast, LLC
6714 Netherlands Drive
Wilmington, NC 28405
T 910.686.9114
F 910.686.9666

FIELD REPORT

Project Lotus Ridge Subdivision
Location Moyock, NC
Client Quality Home Builders of Currituck
Contractor None Listed

Project No. 22:36258
Report No. 3
Day & Date Monday 7/14/2025
Weather 85 °/ Sunny
On-Site Time 1.75
Lab Time 0.00
Travel Time* 2.50
Total 4.25
Re Obs Time 0.00

Remarks Asphalt Cores

Trip Charges*	Tolls/Parking*	Mileage* 120	Time of Arrival	Departure
Chargeable Items			10:15A	12:00P

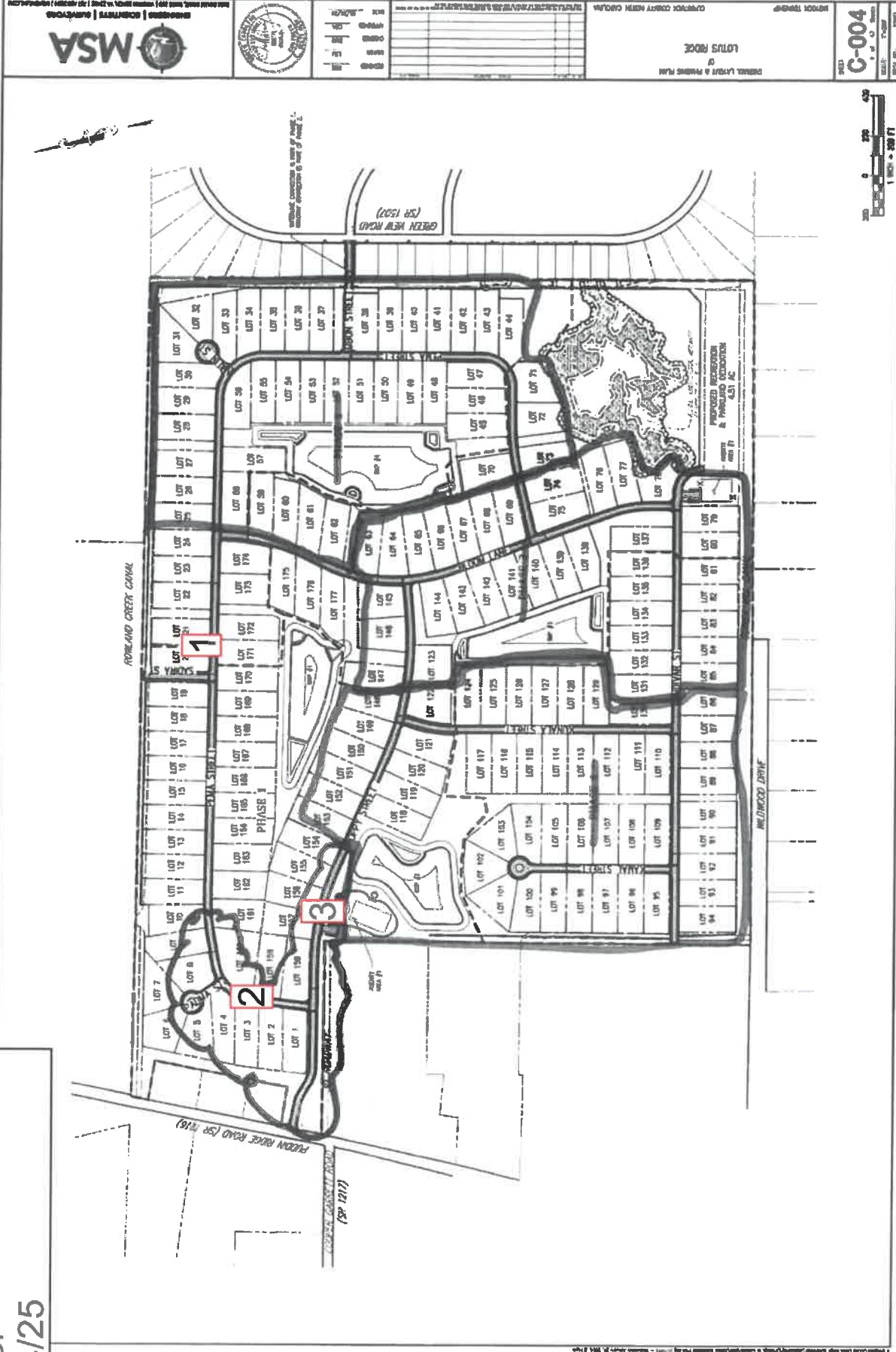
* Travel time and mileage will be billed in accordance with the contract.

Summary of Services Performed (field test data, locations, elevations & depths are estimates) & Individuals Contacted.

The undersigned arrived on site, as requested, to cut a total of (3), 6" diameter cores for thickness measurement and specific gravity testing. The cores were returned to the ECS laboratory for testing. Please see the attached sketch for the approximate core locations.

Prior to leaving the site, the undersigned patched the asphalt core locations.

Project: Lotus Ridge
 Title: Asphalt Core Locations
 Proj. No: 36258
 By: C. Noel
 Date: 7/14/25



Asphalt Core locations are labeled by
 number

PROJECT NUMBER: 22-36258 PROJECT NAME: Lotus Ridge
 DATE: 28-Jul-25 SAMPLE ID: SM 9.5B

GYRATORY COMPACTION (AASHTO T-312)																		
Sample No.	Nini	Ndes	IN AIR	IN SSD	IN WATER	Gmb @ Ndes (meas.)	Gmb @ Ndes (est.)	Sample Vol. (cm ³) @ Nini	Sample Vol. (cm ³) @ Ndes	CORR. FACTOR	Gmb @ Nini (meas.)	Gmb @ Nini (est.)	Gmm (meas.)	VTM @ Ndes				
Averages																		
BULK DENSITY OF CORES (AASHTO T-166)																		
Sample No.	HEIGHT (IN.)	IN AIR	IN SSD	IN WATER	IN WATER	IN Gs	DENSITY (PCF)	H2O AB-SORB. (%)	VOIDS (%)	COMPACTION (%)	Agg. Absorbition (%) Aggregate Gs P _{0.075} / AC _{eff} VMA @ Ndes VFA @ Ndes %Gmm @ Ndes							
Averages																		
GRADATION (AASHTO T-30)																		
Stieve (mm)	WEIGHT (g)	RETAIN (%)	PASS (%)	AASHTO M-323 J.M.F.	ASPHALT CONTENT BY IGNITION (AASHTO T-308) Pan (g): 3067.5 Asphalt & Pan, Initial (g): 4957.1 Asphalt (g): 1889.6 Asphalt & Pan, Final (g): 4838.6 Aggregate (g): 1771.1 Asphalt Content (g): 118.5 Correction Factor: 0.0 Asphalt Content, % (A.C.): 6.3 Corrected Asphalt Content, % (A.C.): 6.3 MIX TARGETS Gmb: _____ Gmm: _____ A.C., %: _____ Mix Design No. _____													
50.0	0.0	100.0	100.0															
37.5	0.0	100.0	100.0															
25.0	0.0	100.0	100.0															
19.0	0	0.0	100.0	100 Min.														
12.5	8.9	0.5	99.5	90 - 100														
9.5	89.7	5.1	94.9	90 Max.														
4.75	782.1	44.2	55.8															
2.36	1121.3	63.3	36.7	29 - 58														
1.18	1303.8	73.6	26.4															
0.60	1437.5	81.2	18.8															
0.30	1439.8	81.3	18.7															
0.15	1617.3	91.3	8.7															
0.075	1665.4	94.0	6.0	2 - 10														
Pan																		
MAXIMUM THEORETICAL SPECIFIC GRAVITY (AASHTO T-209) RICE Bowl, Empty (g): _____ Asphalt, RICE Bowl, & Water (g): _____ Asphalt & RICE Bowl (g): _____ RICE Bowl & Water (g): _____ Asphalt (g): _____ WATER TEMPERATURE (C): _____ SPECIFIC GRAVITY (Gmm): _____ (PCF): _____ NOTES: _____																		



Subdivider Maintenance Responsibility and Reserve Fund Creation Affidavit

Contact Information

Currituck County
Planning and Inspections Department
153 Courthouse Road, Suite 110
Currituck, NC 27929

Phone: 252-232-3055

Website: <http://www.currituckcountync.gov/planning-zoning/>

Affidavit

I, Justin Old, subdivider of Lotus Ridge

(Subdivision Name) certify that:

- I am responsible for maintenance of all common areas, common features, and private infrastructure until at least 75% of lot sales within the subdivision.
- I have established a reserve fund to support the continued maintenance and upkeep of common areas, common features, and private infrastructure. The fund has been established at Towne Bank (Banking Institution).
- I shall establish the Homeowner's/Property Owner's Association (hereinafter "association") prior to the sale of the first lot.
- It is solely my responsibility to notify the County upon 100% lot sales within the subdivision.
- The County is not responsible or liable for maintenance of any common areas, common features, or private infrastructure within the subdivision.

I understand that maintenance responsibility of common areas, common features, and private infrastructure shall not be transferred from the subdivider to the association until ALL of the following occur:

- At least 75% of the total number of lots in the subdivision are sold.
- The subdivider commissions a report prepared by a licensed engineer indicating that all common areas, common features, and infrastructure elements comply with the minimum standards in the Unified Development Ordinance and the County Code of Ordinances.
- County staff reviews the report prepared by a registered engineer.
- The reserve fund contains a minimum balance equal to: a) 10% of the road construction costs for streets not maintained by NCDOT at the time of transfer (gravel base and asphalt only); b) 10% of construction costs of common features and private infrastructure, excluding sidewalks and street trees; c) liability insurance and taxes for two years; and, d) facilities, stormwater, and landscaping maintenance costs for two years. The reserve fund balance shall be \$ See attached (attach cost breakdown sheet). In the event the association has not collected sufficient assessment funds from the lot owners in the subdivision to meet the minimum balance of \$ See attached in the reserve fund, the subdivider shall be responsible for the difference needed to meet the minimum balance requirements.

[Signature]
Signature

Date

Notary Certificate

Currituck County, North Carolina

I, Kelley W Boldt, a Notary Public for Currituck
County, North Carolina, do hereby certify that Justin Old
personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 24 day of July, 2025



Kelley W Boldt
Notary Signature

My commission expires: Nov 17, 2028

ATTACHMENT "A"

Lotus Ridge Reserve Fund Calculations for Phase 1

A. Temporary Reserve Fund Calculation (Roadways):

Phase 1:

Stone Base Course Construction Cost (Countryscapes): 2423 tons @ \$35.62/tn =	\$ 86,304.64
Asphalt Surface Course Construction Cost (C&L Concrete): 1,776.12 tons @ 132.00/tn=	<u>\$234,447.84</u>
Total Roadway Costs Phase 1:	\$320,752.48

Temporary Fund Amount: 10% of \$320,752.48= \$ 8,045.25

B. Permanent Reserve Fund Calculation:

1. Annual Cost of Common Area Maintenance (Schultz):	\$19,800.00
2. Annual Cost of Stormwater Maintenance (Dragonfly):	\$ 9,000.00
3. Annual Cost of Common Area Insurance (PHLY):	<u>\$ 3,000.00</u>

TOTAL: \$31,800.00

Permanent Reserve Fund Amount: 2 x \$31,800 = \$63,600.00

Countryscapes Landscaping, Inc.

366 North Gregory Road
Shawboro, N. C.
27973

Phone 252-338-2479 countryscapesclay@hotmail.com
Fax 252-331-2380
Cell 252-202-7072 Gary Cartwright
Cell 252-202-6645 Clay Cartwright

Lotus Ridge Phase 1 cost of stone is \$86,304.64. 2,423 tons was put in place for roads at a cost of \$35.62 per ton.

Clay Cartwright
Vice President
Countryscapes Landscaping, Inc.



Schultz Lawnsapes
 115 N County Drive
 Waverly, VA 23890

PROPOSAL

Proposal Number 1351
 Date 06/27/25
 Sales Rep Daniel McKenney

Customer Address

Jessica Campanello
 Goodman Management Group
 1052 Caratoke Highway
 Moyock, NC 27958

Property Address

Lotus Ridge
 456-498 Puddin Ridge Road
 Moyock, VA 27958

2025-2026 Maintenance Contract - Fixed Payment

THIS AGREEMENT is made this June 27, 2025, by and between Goodman Management Group, whose principal place of business is located at 1052 Caratoke Highway, , NC 27958 and Schultz Lawnsapes, a Waverly, VA business.

Jessica Campanello ("The Client"), desires to have landscape and grounds maintenance services performed at 456-498 Puddin Ridge Road, Moyock VA, 27958 to be provided by Schultz Lawnsapes (The "Contractor").

TERM OF AGREEMENT: The term of this Agreement shall commence on August 1, 2025 and shall continue until July 31, 2026 unless sooner terminated by either party with 30 day written notice.

Description	Amount
<p><i>Routine Maintenance Services</i></p> <p><u>Mow, Trim, Blow, Weed Control</u></p> <p>MAINTENANCE SERVICE VISIT</p> <p>MOWING AND TRIMMING</p> <ul style="list-style-type: none"> • Contractually accessible area turf will be mowed to a height of (2 1/2" to 4") two and one-half to four inches depending on turf type. • Mowing will take place every 7-10 seven to ten days or as conditions dictate. Mowing will begin in April each year and will continue to the end of October. • Minor trash and debris will be removed from turf areas prior to mowing. • Mulching blades will be utilized on mowers, when applicable, to help reduce green waste and return beneficial organic material to soil. • Excess grass clippings will be removed, when present, from lawn areas, walks and curbs after each mowing. • Grass around all common area trees, shrubs, buildings, fences, light poles, and any other obstructions will be trimmed with a line trimmer. • Weeding of shrub and tree beds will be performed during turf mowing visits to control obvious weed growth. • Mulched areas and shrub beds will be kept free and clear of excess clippings. • Appropriate non-selective pre-emergent and post-emergent shall be applied to sidewalks and curbs to prevent growth 	<p>\$13,280.00</p>

<p>of grass and weeds in these areas, as necessary.</p> <p>Edging</p> <ul style="list-style-type: none"> Contractually accessible area sidewalks and curbs shall be edged with every other mowing using a machine incorporating a blade and/or string. Dirt and debris resulting from edging shall be blown or swept after operations. <p>NOTES</p> <p>Schultz reserves the right to limit the use of mowing machinery and/or string line trimmers within (12") twelve-inch width proximity of houses, siding, IN AC units, utility equipment, utility meters, fragile fixtures, sign poles, light poles, personal items, etc. that might be damaged during the use of said equipment.</p> <p>DETAIL</p> <ul style="list-style-type: none"> Minor trash and debris will be removed from contractually accessible areas. Weeding of shrub and tree beds will be performed during visits to control obvious weed growth. Color beds will be maintained during each site visit, to include weeding and pinching of plants. 	
<p><u>Off Season Lawn Care Service</u></p> <p>Off season lawncare to include hard surface blowing, leaf control, weed control, and debris and trash pick up. Standard scheduling of services is once a month from November to March unless otherwise stated in contract occurrences.</p>	<p>\$1,000.00</p>
<p><i>Turf Applications</i></p>	
<p><u>Turf Application Round 1</u></p> <p>Apply in a single application, pre-emergent crabgrass control.</p> <ul style="list-style-type: none"> Pre-emergent Crabgrass Control - Pre-emergent herbicide will be used to control annual grasses, such as crabgrass and goosegrass. Fertilizer- 0.5 lb. of nitrogen per 1,000 sq.ft . 	<p>\$400.00</p>
<p><u>Turf Application Round 2</u></p> <p>Apply in a single application, pre-emergent crabgrass control.</p> <ul style="list-style-type: none"> Pre-emergent Crabgrass Control - Pre-emergent herbicide will be used to control annual grasses, such as crabgrass and goosegrass. Fertilizer- 0.5 lb. of nitrogen per 1,000 sq.ft . 	<p>\$400.00</p>
<p><u>Turf Application Round 3</u></p> <p>Apply in spot treatment applications; a broadleaf weed control (as needed).</p> <ul style="list-style-type: none"> Broadleaf Weed Control- Broadleaf weeds will be controlled by using a post-emergent weed control. 	<p>\$350.00</p>
<p><u>Turf Application Round 4</u></p> <p>Apply in spot treatment applications; a broadleaf weed control (as needed).</p> <ul style="list-style-type: none"> Broadleaf Weed Control- Broadleaf weeds will be controlled by using a post-emergent weed control. 	<p>\$350.00</p>

<p><u>Turf Application Round 5</u></p> <p>Fertilizer - Will be a granular product that will deliver approximately 1.1 lbs. of nitrogen/1,000 sq.ft. of controlled release fertilizer.</p>	\$420.00
<p><u>Aeration Only</u></p> <ul style="list-style-type: none"> • Contractually accessible lawn turf shall be core aerated one (1) time per year with a mechanical aerator to relieve compaction, permit penetration of moisture and nutrients, and to provide a proper oxygen-soil relationship. • Aeration shall be performed during September and October. 	\$165.00
<p>Bed and Shrub Maintenance</p>	
<p><u>Spring Mulch Installation</u></p> <ul style="list-style-type: none"> • Mulch shall be top grade, double-shredded hardwood, free of all major debris. • Mulch shall be applied, as needed, to all previously mulched common area tree rings and shrub beds once each spring to maintain an average depth of (2") two inches of total organic material. • Mulching excludes all wooded buffer zones, naturalized areas, and mature pine trees. • Applied mulch will not encroach on tree and shrub collars. • Certain groundcover & perennial beds may be excluded from the mulching process to allow the plants to fill the intended space. 	\$1,800.00
<p><u>Bed Edging</u></p> <p>Contractually mulched areas shall be edged one time in the Spring creating a definite edge between turf and bed/tree ring. There shall be no encroachment of turf into mulched areas and no spillover of mulch into turf areas. Carving excludes all wooded buffer zones, naturalized areas, and mature pine trees.</p>	\$160.00
<p><u>Pruning</u></p> <p>Pruning shall only be performed by skilled plantsmen, knowledgeable of the growth habit of the specified plants, and using hand pruners, loppers, pole pruners, and shears. Tools shall be kept clean and sharp. Pruning shall be done for the purpose of enhancing the inherent growth characteristics of each plant species, removing limbs which interfere with pedestrians, and removing dead or diseased wood. Cuts shall be clean and flush, without tears or stubs. Pruning shall be done up to (3) three times each year per the contract.</p> <p>Evergreen Shrubs:</p> <ul style="list-style-type: none"> • Pruning procedures shall vary depending on the plant species and whether the planting is a hedge or informal group. • Informal mass plantings shall be maintained at varying heights and spread and may receive minimal attention. The object will be to present a full, natural plant form, characteristic of the species. <p>Deciduous Shrubs:</p> <ul style="list-style-type: none"> • Deciduous shrubs shall be pruned to control suckers and leggy growth; and remove dead or diseased wood. They shall be allowed to develop their characteristic form, height, and spread within the confines of their allotted space. If there are no space restrictions, deciduous shrubs shall receive minimal attention. <p>Regenerative Pruning:</p> <ul style="list-style-type: none"> • Regenerative shrub pruning (major thinning, removal of mature canes, and reduction in overall size) is available at additional cost and is not included within the scope of work. 	\$1,250.00
<p><u>Tree Pruning</u></p> <ul style="list-style-type: none"> • Conifer and Broadleaf Evergreen Trees: • A primary objective is to retain the lower branches to the ground for the purpose of shading and cooling the root system, creating a concealed leaf dropping zone and provide a mowing limit. A secondary objective is that of aesthetics, to enhance the appearance and to remove dead or diseased wood. 	\$225.00

- Deciduous Trees:

- Trees shall be selectively pruned one time per year. Pruning shall consist of removal of small interior branches, crossed or rubbing branches, suckers, waterspouts, dead or diseased wood; partially exposing the branching structure, encouraging an open airy appearance.

NOTE: Tree pruning excludes wooded buffer and naturalized areas. Tree pruning to a height of (10') ten feet from ground level and no greater than 3" diameter in pedestrian pathways, drive lanes, and parking lots are covered under these specifications.

Subtotal:	\$19,800.00
Estimated Tax:	\$0.00
Total:	\$19,800.00

CONTRACT SUMMARY

SERVICES	OCCURS	PRICE EACH	EXT. PRICE	SALES TAX	TOTAL PRICE
Mow, Trim, Blow, Weed Control	32	\$415.00	\$13,280.00	\$0.00	\$13,280.00
Off Season Lawn Care Service	5	\$200.00	\$1,000.00	\$0.00	\$1,000.00
Turf Application Round 1	1	\$400.00	\$400.00	\$0.00	\$400.00
Turf Application Round 2	1	\$400.00	\$400.00	\$0.00	\$400.00
Turf Application Round 3	1	\$350.00	\$350.00	\$0.00	\$350.00
Turf Application Round 4	1	\$350.00	\$350.00	\$0.00	\$350.00
Turf Application Round 5	1	\$420.00	\$420.00	\$0.00	\$420.00
Aeration Only	1	\$165.00	\$165.00	\$0.00	\$165.00
Spring Mulch Installation	1	\$1,800.00	\$1,800.00	\$0.00	\$1,800.00
Bed Edging	1	\$160.00	\$160.00	\$0.00	\$160.00
Pruning	2	\$625.00	\$1,250.00	\$0.00	\$1,250.00
Tree Pruning	1	\$225.00	\$225.00	\$0.00	\$225.00
			\$19,800.00	\$0.00	\$19,800.00

PAYMENT SCHEDULE

SCHEDULE	PRICE	SALES TAX	TOTAL PRICE
August	\$1,650.00	\$0.00	\$1,650.00
September	\$1,650.00	\$0.00	\$1,650.00
October	\$1,650.00	\$0.00	\$1,650.00
November	\$1,650.00	\$0.00	\$1,650.00
December	\$1,650.00	\$0.00	\$1,650.00
January	\$1,650.00	\$0.00	\$1,650.00
February	\$1,650.00	\$0.00	\$1,650.00
March	\$1,650.00	\$0.00	\$1,650.00
April	\$1,650.00	\$0.00	\$1,650.00
May	\$1,650.00	\$0.00	\$1,650.00
June	\$1,650.00	\$0.00	\$1,650.00
July	\$1,650.00	\$0.00	\$1,650.00
\$19,800.00		\$0.00	\$19,800.00

TERMS AND CONDITIONS

Assignment:

No assignment, transfer of right, obligation, claim or relief under this Agreement may be made by either Contractor or Client without prior written consent of the other party. Any assignment or transfer made in violation of the requirements of this paragraph shall be void and unenforceable.

Relationship of Parties:

The legal relationship of the Contractor to the Client with respect to the services rendered pursuant hereto shall be that of an independent contractor and not that of an agent or employee.

Default:

If Contractor fails to fully perform in a timely and proper manner its obligations under this Agreement, or violates any of the covenants, agreements or stipulations of this Agreement and Contractor fails to cure any such default within 10 days after receipt of written notice from Client specifying the acts or omissions which constitute a default hereunder, Client shall have the right to terminate this Agreement for cause by providing Contractor with not less than 10 days prior written notice which specifies the termination date. In the event of termination for cause, the Client shall pay the Contractor in accordance with this Agreement for all services performed to the effective date of termination. In the event Client fails to make payment for any services provided pursuant to this Agreement within the payment terms of this Agreement, Contractor may, but shall not be obligated to, suspend services until all past due amounts have been paid in full.

Payment Terms:

Payment for service(s) is due within 30 days upon receipt of monthly invoices or based on applicable terms mutually agreed to. Late charges on past due amounts shall accrue at the rate of one and one half percent (1½%) per month, beginning on the first day following the due date of the invoice. In the event that payment is not timely and Contractor must commence collection efforts, Contractor reserves the right to suspend services until past due amounts are paid in full. If collection measures become necessary, the Client agrees to pay all of Contractor's related costs, including but not limited to reasonable attorney's fees and court costs, whether or not suit is filed. Client agrees that if sales tax is, or becomes applicable to the services or any portion(s) thereof, that Client shall pay these taxes in addition to the fees specified in the Landscape Management Agreement. Sales tax as listed on the Landscape Management Agreement is an estimate based on applicable jurisdictions at the time the Agreement was produced, therefore Client understands and agrees that any subsequent change in rates will be reflected on future invoices on the effective date of any tax rate changes. All payments should be mailed to:

Schultz Lawscapes, Inc.
115 N. County Drive
Waverly, VA 23890
C/O Accounts Receivable

Choice of Law:

This Agreement shall be governed by the laws of the State of Virginia. Venue for any action brought under this Agreement will be in Sussex County, Virginia.

Insurance:

Contractor shall secure and maintain, throughout the performance of services under this Agreement, General liability, Employers Liability, Auto Liability & Umbrella Liability coverage, as specified below.

- a. Worker's Compensation Insurance with statutory limits;
- b. Employer's Liability Insurance with limits of not less than \$1,000,000;
- c. Commercial General Liability Insurance with combined single limits of not less than \$1,000,000 per occurrence/\$2,000,000 annual aggregate;
- d. Comprehensive Automobile Liability Insurance, including owned, non-owned and hired vehicles, with combined single limits of not less than \$1,000,000.
- e. Umbrella Coverage of at least \$5,000,000 per occurrence/\$5,000,000 annual aggregate

Insurance shall be placed with insurance companies rated, at a minimum, "A" by Best Key Rating Guide. If required by Client, Contractor shall furnish to the Client Certificates of Insurance verifying that such insurance has been obtained. Such Certificates of Insurance shall incorporate a commitment to provide written notice to the client at least thirty (30) days prior to any cancellation, non-renewal or material modification of the policies. If the Client or Indemnities are damaged by failure of the Contractor to purchase and maintain the required insurance coverage and limits of liability, the Contractor shall bear all reasonable costs, expenses and damages incurred by the Client or Indemnities arising out of such failure to purchase and maintain the required insurance coverage and/or limits of liability.

Withholdings and Licenses:

Contractor and Client agree that Schultz Lawscapes is an independent contractor and, as such, shall assume liability for its own withholding taxes, social security taxes, unemployment taxes, licenses, and insurance pertaining to its employees or operations. Contractor is required to maintain all applicable licenses and permits within the cities, counties, and states of operation.

Indemnification:

Contractor agrees to indemnify, defend, and hold harmless the Client/Owner, together with their respective subsidiaries, assigns, employees, and representatives (herein collectively and individually referred to as the "Indemnitees") from and against any and all claims, losses, liabilities, judgments, costs and expenses and damages and injuries to third parties arising out of or caused by the negligent act, error, omission or intentional wrongdoing of the Contractor, Contractor's subcontractors or their respective agents, employees or representatives which arise from the performance of Contractor's operations hereunder or otherwise while present on the property for the purpose of rendering services pursuant to this Agreement. The Contractor's obligations with respect to indemnification hereunder shall remain effective notwithstanding completion of the services or the termination of an applicable Agreement. The indemnity rights and obligations identified in these specifications shall be, and are the only indemnity rights and obligations between the parties, in law or equity, arising out of or related to Contractor's services under this Agreement or any claims asserted in relation thereto.

Limitation of Liability:

Except for the indemnification provision applicable to claims by third parties against Client, Contractor's total and cumulative liability to Client for any and all claims, losses, costs, expenses and damages, whether in contract, tort or any other theory of recovery, shall in no event exceed the amount Client has paid to Contractor for services under this Agreement during the calendar year in which the claim first accrued. In no event shall Contractor be liable for incidental, consequential, special or punitive damages.

Risk of Loss:

Contractor shall not be responsible for delays or losses caused or attributable, in whole or in part, to circumstances beyond its reasonable control, including but not limited to, acts of God, governmental restrictions or requirements, severe or unusual weather, natural catastrophes, vandalism or acts of third persons. Client assumes the full risk of loss attributable to all such occurrences, including but not limited to, the repair or replacement of landscaping.

Nonwaiver:

No delay or omission by Contractor in exercising any right under this Agreement, and no partial exercise of any right under this Agreement, shall operate as a waiver of such right or of any other right under this Agreement as provided for by law or equity. No purported waiver of any right shall be effective unless in writing signed by an authorized representative of Contractor and no waiver on one occasion shall be construed as a bar to or waiver of any such right on any other occasion. All rights of Contractor under this Agreement, at law or in equity, are cumulative and the exercise of one shall not be construed as a bar to or waiver of any other.

THE TERMS AND CONDITIONS ABOVE AND THE EXHIBITS ATTACHED HERETO CONSTITUTE PART OF THIS AGREEMENT.

6/27/2025

Daniel McKenney
Schultz Lawscapes

Date

Client Signature
Lotus Ridge

Date



Proposal #28592

Date: 7/3/2025

Customer:

Jessica Campanello
 Goodman Management Group
 249 Central Park Avenue
 Suite 300-61
 Virginia Beach, VA 23462

On behalf of: Lotus Ridge - Hereinafter collectively referred to as "Client" or "Owner."

Property:

Lotus Ridge
 Poppy Street
 Moyock, NC 27958

Pond Maintenance (4 Ponds)

Dragonfly Pond Works is an environmental service company specializing in stormwater management, including pond and lake maintenance. Since 2006, Dragonfly has performed both routine maintenance and repairs on lakes, ponds, wetlands, sand filters, stormwater basins, bioretention devices, underground detention facilities, and many other types of stormwater systems. Our Team services aquatic systems throughout the Mid-Atlantic and Southeast, from Maryland to Florida.

We offer a wide range of water management services. Our specialized lake, pond, and stormwater maintenance crews will keep your system compliant, healthy, and functioning as intended. Detailed reports follow every service to help keep you aware of any potential issues before they worsen and become significant problems. Dragonfly's experienced construction and repair specialists will build, transform, or restore your aquatic space with low-impact, cost-effective solutions. Our practices work in harmony with nature, but also within your budget.

Fixed Payment Services

Description of Services	Frequency	Cost per Occ.	Annual Cost
Maintenance Service			
Annual Maintenance	12	\$750.00	\$9,000.00
Annual Maintenance Price			\$9,000.00

Total Contract Price \$9,000.00

Payment Schedule

Schedule	Price	Sales Tax	Total Price
September	\$750.00	\$0.00	\$750.00
October	\$750.00	\$0.00	\$750.00
November	\$750.00	\$0.00	\$750.00
December	\$750.00	\$0.00	\$750.00
January	\$750.00	\$0.00	\$750.00
February	\$750.00	\$0.00	\$750.00
March	\$750.00	\$0.00	\$750.00
April	\$750.00	\$0.00	\$750.00
May	\$750.00	\$0.00	\$750.00
June	\$750.00	\$0.00	\$750.00
July	\$750.00	\$0.00	\$750.00
August	\$750.00	\$0.00	\$750.00
	\$9,000.00	\$0.00	\$9,000.00

Annual Maintenance

Standard maintenance program includes:

- Treatment of nuisance vegetation in basin as needed and as permitted by municipality
- Control of unwanted vegetation on inlets, outlets, and spillway structures
- Maintenance of beneficial littoral plants and 3' shoreline buffer where applicable, including treatment and removal of woody saplings from the buffer area
- Hand removal of accumulated silt from inlet and outlets, up to one 5-gallon bucket per visit
- Removal of trash from basin
- Cleaning and inspecting drain, weirs, and riser
- Visual inspection and documentation of inlet and outlet pipe condition
- Hand re-arranging of riprap at inlet and outlet where applicable (does not include severe blowouts or installation of new rip rap)
- Monitoring for potentially harmful wildlife activity
- Monitoring conditions favorable to mosquito habitats and recommend solutions
- Visual inspection and photo documentation of condition of pond and pond components
- **Sand filters:** treatment of unwanted vegetation in filter bed and raking of sand surface layer
- **Level spreaders:** Removal of sediment and organic debris along spreader lip and gravel verge
- **Bioretentions:** Rake and distribute existing mulch as needed; blow leaves from filter bed in the fall
- Professional recommendations related to the operation, appearance, safety and/or compliance of the pond or lake

Terms & Conditions

TERMS & CONDITIONS:

1. **OFFER.** This proposal constitutes an offer by Dragonfly Pond Works, LLC to perform the services described in the proposal (the "Work") for Client in accordance with these terms and conditions. The proposal, including these terms and conditions and all other documents incorporated by reference shall, when accepted by Client, constitute the entire agreement of the parties regarding the Work. This proposal is good for a period of 90 days from Proposal Date.
2. **ACCESS AND AUTHORIZATION.** Client shall provide Dragonfly Pond Works with all necessary access to the area(s) in which the Work is to be performed. Unless otherwise specified, Client warrants that it has obtained (or will obtain prior to performance of the Work) all necessary permits, licenses, consents and authorizations required in connection with the performance of the Work. Delays related to Client's (1) change in schedule, (2) failure to provide access to the property, and/or (3) failure to obtain required documentation may result in additional fees charged to the Client. Client shall maintain property insurance at or above the limits and coverage that are in place at the time of executing this agreement.
3. **STRUCTURES AND UTILITIES.** In the execution of the Work, Dragonfly Pond Works will take reasonable precautions to avoid damage to subterranean structures, roads, sidewalks and utilities. Any repairs to structures not specified or included on the repair scope and/or not accurately located and called out by the Client will be billed back to the Client on a time and materials basis plus a 15% fee. Any stumps, culverts, rocks or other obstacle will not be removed during project execution without a written change order signed by the Client and an authorized representative of Dragonfly Pond Works, which shall include the cost of removal and associated replacement and an extension of the project completion deadline, if applicable.
4. **WARRANTY.** Dragonfly Pond Works will perform the Work in a competent, professional manner in accordance with the customary standards of performance of the industry. Unless specifically set forth in this Agreement, Dragonfly Pond Works does not warrant or represent that the Work or any products will achieve any specific result, outcome, or performance. Client recognizes that subsurface conditions may vary from those encountered at the location where borings, surveys or explorations are made by Dragonfly Pond Works and that the data interpretations and recommendations of Dragonfly Pond Works' personnel are based solely on the information available to them. Dragonfly Pond Works is not licensed to provide professional engineering and/or surveying opinions on the appropriate scope of work necessary to achieve a particular result. Dragonfly Pond Works encourages Client to retain a licensed engineer and/or surveyor to assess Client's needs and approve of the scope of work set forth herein. If Client declines to retain a licensed engineer and/or surveyor, Client assumes that risk that the scope of work contained herein will not achieve the desired results. If equipment is supplied as part of this agreement, Client agrees that Dragonfly Pond Works will not be liable for any claims due to defective equipment or materials manufactured by third parties other than Dragonfly Pond Works.
5. **RELATIONSHIP OF THE PARTIES.** In performing the Work, Dragonfly Pond Works shall be acting in the capacity of an independent contractor to Client, and nothing herein shall be deemed to create a partnership, agency, joint venture or any other relationship between the parties.
6. **INDEMNIFICATION.** Client agrees to indemnify and hold Dragonfly Pond Works harmless from and against any and all damages, claims, delays, or costs (including court costs and attorneys' fees) associated with or arising out of the Work to the fullest extent permitted by law, except to the extent any damages, claims, delays, or costs are ruled by a Court (or, if applicable, an arbitrator with jurisdiction over Dragonfly Pond Works) to have been caused by the negligence of Dragonfly Pond Works.
7. **FORCE MAJEURE.** Neither party shall be liable to the other party for its failure or delay in performing its obligations hereunder due to any contingency beyond such party's reasonable control, including, without limitation, acts of God; fires; floods; wars; acts of war; sabotage; accidents; labor disputes or shortages; changes or interpretations of governmental laws, ordinances, rules and regulations; inability to obtain power, material, equipment or transportation; and any other similar or dissimilar contingency.
8. **CHANGE ORDERS.** Client may, upon written notice to Dragonfly Pond Works, request Dragonfly Pond Works to make changes in the scope of the Work. Dragonfly Pond Works shall

thereupon use reasonable efforts to make such changes provided that if any requested changes cause an increase in the cost or time required for Dragonfly Pond Works' performance and delivery, Client shall execute an agreement, in form and substance satisfactory to Dragonfly Pond Works, providing for an equitable adjustment in the compensation payable for the Work and the time for its performance and delivery. This includes additional costs as related to unforeseen permits, fees and changes in required coverages.

9. **NON-SOLICITATION OF EMPLOYEES.** During the term of this agreement, and for a period of two (2) years thereafter, neither party shall, directly or indirectly, for such party's own benefit or for the benefit of others, solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have performed services under this agreement, without the other party's express written consent.
10. **COMPENSATION.** Client shall pay Dragonfly Pond Works for the Work in the amounts and at the times and in the manner set forth in the proposal.
11. **PAYMENT TERMS.** Dragonfly Pond Works expects prompt payment for its Work. Toward that end, payment terms are as follows: the client will be billed in equal payments on the 15th day of the service month. An interest charge of 5% per month shall be applied to all balances over 30 days old. Dragonfly Pond Works and Client understand and agree that the prevailing party in a dispute, whether in a court of competent jurisdiction or in arbitration, shall be entitled to recovery of all costs, including attorney's fees, collection fees, interest and court costs and/or arbitration fees. Dragonfly Pond Works accepts checks, ACH, and credit card payments. Any fees incurred by Dragonfly in the course of accepting payments are subject to being added to customer billing to offset the impact of these fees to Dragonfly.
12. **NOTICES.** Any notice required or permitted to be given hereunder shall be deemed to have been duly given if delivered by hand or sent by registered or certified mail, return receipt requested, and addressed: if to Dragonfly Pond Works, LLC PO Box 1089, Apex NC 27502; the address shown on the front hereof, or to such other address(es) which the parties may respectively designate to one another in accordance herewith. Notices shall be deemed to have been given on the date of mailing or hand delivery. The post office receipt showing the date of mailing shall be "prime facie" evidence thereof.
13. **GOVERNING LAW and ARBITRATION.** The agreement between the parties regarding the Work and their rights and obligation thereunder shall be governed by and construed in accordance with laws of the State of North Carolina. The parties agree that, to the fullest extent permissible under applicable law, any claims, disputes, or lawsuits arising out of or relating to this agreement or the Work shall be subject to final and binding arbitration. The arbitration shall be conducted pursuant to the Federal Arbitration Act and the North Carolina Revised Uniform Arbitration Act, using one arbitrator, applying North Carolina law, and conducting the arbitration in Raleigh, North Carolina. The parties intend to expedite the arbitration and limit discovery so as to reduce the costs of arbitration, and expressly agree to conduct the arbitration and obtain a final ruling from the arbitrator within six months of the arbitrator being appointed. The parties expressly agree that the arbitrator shall have the power, jurisdiction, and authority to award the prevailing party all costs, including attorney's fees, collection fees, interest, court costs and/or arbitration fees.

PAYMENT SCHEDULE, CONTRACT LENGTH, EXCLUSIONS, & CANCELLATION POLICY:

- Where applicable, all maintenance contract services will be combined and invoiced in 12 equal installments (total contract fee divided by 12). Sites receiving only four total visits will continue to be invoiced on a per service basis. If you are currently invoiced through a portal or require other specialized billing, you will not be affected by this change.
- Monthly service contracts are based on 12 month contracts and will be billed in 12 equal payments on the 15th day of the service month. As maintenance contracts are sometimes billed prior to the completion of services, payments are due net 15, so that in the event your service visit has not been completed by time of invoicing, you may hold payment until your visit is completed.
- Contracts starting after 1/31 will run through the following calendar year. Contracts can be canceled by either party with 60 day written notice.
- Your contract automatically renews for an additional one (1) year term and is subject to a 4% increase per year.
- If additional work is identified while completing the original scope of work or inspections, repairs can be completed after a separate proposal is submitted and approved.

- Although we control most algae, service does not include control of planktonic algae or cyanobacteria. In the event that these blooms occur, we will work with you develop a community wide program to reduce the nutrients in your pond or lake.
- In the event that a municipality or regulating agency changes its environmental requirements which would add additional cost to the maintenance contract, Dragonfly will notify the Client of these changes and propose a new contract price.
- Client may, upon written notice to Dragonfly Pond Works, request Dragonfly Pond Works to make changes in the scope of the Work. Dragonfly Pond Works shall thereupon use reasonable efforts to make such changes provided that if any requested changes cause an increase in the cost or time required for Dragonfly Pond Works' performance and delivery, Client shall execute an agreement, in form and substance satisfactory to Dragonfly Pond Works, providing for an equitable adjustment in the compensation payable for the Work and the time for its performance and delivery. This includes additional costs as related to unforeseen permits, fees and changes in required coverages.

By Chris Conner

Chris Conner

Date 7/3/2025

Dragonfly Pond Works, LLC

By _____

Date _____

Lotus Ridge



July 30, 2025

Aaron Goodman
Goodman Management Group
C/O Lotus Ridge Homeowners Association Inc.
4101 Cox Rd. Suite 200-11
Glen Allen, VA 23060

Aaron,

Per our email exchange, here are realistic annual premiums for Phase 1 of the Lotus Ridge Homeowners Association Inc. community in Moyock, NC. These premiums based on the limited information about the development at this stage.

Businessowners Policy (general liability & outdoor property): **\$1,000**
Management Liability (Directors & Officers, Crime/Fidelity): **\$1,500**
Workers Compensation (even with \$0 annual payroll): **\$500**

In order to get actual quotes, for the specific risk and exposure of Lotus Ridge Homeowners Association Inc., we would just need to complete an application and we would need formal terms back from an insurance company.

Please let me know if you have any questions.

Sincerely,

Sherwood H. Bowditch



Subdivider Maintenance Responsibility and Reserve Fund Creation Affidavit

Contact Information

Currituck County
Planning and Inspections Department
153 Courthouse Road, Suite 110
Currituck, NC 27929

Phone: 252-232-3055

Website: <http://www.currituckcountync.gov/planning-zoning/>

Affidavit

I, Justin Old, subdivider of Lotus Ridge

(Subdivision Name) certify that:

- I am responsible for maintenance of all common areas, common features, and private infrastructure until at least 75% of lot sales within the subdivision.
- I have established a reserve fund to support the continued maintenance and upkeep of common areas, common features, and private infrastructure. The fund has been established at Towne Bank (Banking Institution).
- I shall establish the Homeowner's/Property Owner's Association (hereinafter "association") prior to the sale of the first lot.
- It is solely my responsibility to notify the County upon 100% lot sales within the subdivision.
- The County is not responsible or liable for maintenance of any common areas, common features, or private infrastructure within the subdivision.

I understand that maintenance responsibility of common areas, common features, and private infrastructure shall not be transferred from the subdivider to the association until ALL of the following occur:

- At least 75% of the total number of lots in the subdivision are sold.
- The subdivider commissions a report prepared by a licensed engineer indicating that all common areas, common features, and infrastructure elements comply with the minimum standards in the Unified Development Ordinance and the County Code of Ordinances.
- County staff reviews the report prepared by a registered engineer.
- The reserve fund contains a minimum balance equal to: a) 10% of the road construction costs for streets not maintained by NCDOT at the time of transfer (gravel base and asphalt only); b) 10% of construction costs of common features and private infrastructure, excluding sidewalks and street trees; c) liability insurance and taxes for two years; and, d) facilities, stormwater, and landscaping maintenance costs for two years. The reserve fund balance shall be \$ See attached (attach cost breakdown sheet). In the event the association has not collected sufficient assessment funds from the lot owners in the subdivision to meet the minimum balance of \$ See attached in the reserve fund, the subdivider shall be responsible for the difference needed to meet the minimum balance requirements.

[Signature]
Signature

Date

Notary Certificate

Currituck County, North Carolina

I, Kelley W Boldt, a Notary Public for Currituck County, North Carolina, do hereby certify that Justin Old personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 24 day of July, 2025



Kelley W Boldt
Notary Signature

My commission expires: Nov 17, 2028

Countryscapes Landscaping, Inc.

366 North Gregory Road
Shawboro, N. C.
27973

Phone 252-338-2479

countryscapesclay@hotmail.com

Fax 252-331-2380

Cell 252-202-7072 Gary Cartwright

Cell 252-202-6645 Clay Cartwright

Lotus Ridge Phase 1 cost of stone is \$86,304.64. 2,423 tons was put in place for roads at a cost of \$35.62 per ton.

Clay Cartwright

Vice President

Countryscapes Landscaping, Inc.



Schultz Lawnsapes
 115 N County Drive
 Waverly, VA 23890

PROPOSAL

Proposal Number 1351
 Date 06/27/25
 Sales Rep Daniel McKenney

Customer Address

Jessica Campanello
 Goodman Management Group
 1052 Caratoke Highway
 Moyock, NC 27958

Property Address

Lotus Ridge
 456-498 Puddin Ridge Road
 Moyock, VA 27958

2025-2026 Maintenance Contract - Fixed Payment

THIS AGREEMENT is made this June 27, 2025, by and between Goodman Management Group, whose principal place of business is located at 1052 Caratoke Highway, , NC 27958 and Schultz Lawnsapes, a Waverly, VA business.

Jessica Campanello ("The Client"), desires to have landscape and grounds maintenance services performed at 456-498 Puddin Ridge Road, Moyock VA, 27958 to be provided by Schultz Lawnsapes (The "Contractor").

TERM OF AGREEMENT: The term of this Agreement shall commence on August 1, 2025 and shall continue until July 31, 2026 unless sooner terminated by either party with 30 day written notice.

Description	Amount
<p><i>Routine Maintenance Services</i></p> <p><u>Mow, Trim, Blow, Weed Control</u></p> <p>MAINTENANCE SERVICE VISIT</p> <p>MOWING AND TRIMMING</p> <ul style="list-style-type: none"> • Contractually accessible area turf will be mowed to a height of (2 1/2" to 4") two and one-half to four inches depending on turf type. • Mowing will take place every 7-10 seven to ten days or as conditions dictate. Mowing will begin in April each year and will continue to the end of October. • Minor trash and debris will be removed from turf areas prior to mowing. • Mulching blades will be utilized on mowers, when applicable, to help reduce green waste and return beneficial organic material to soil. • Excess grass clippings will be removed, when present, from lawn areas, walks and curbs after each mowing. • Grass around all common area trees, shrubs, buildings, fences, light poles, and any other obstructions will be trimmed with a line trimmer. • Weeding of shrub and tree beds will be performed during turf mowing visits to control obvious weed growth. • Mulched areas and shrub beds will be kept free and clear of excess clippings. • Appropriate non-selective pre-emergent and post-emergent shall be applied to sidewalks and curbs to prevent growth 	<p>\$13,280.00</p>

<p>of grass and weeds in these areas, as necessary.</p> <p>Edging</p> <ul style="list-style-type: none"> Contractually accessible area sidewalks and curbs shall be edged with every other mowing using a machine incorporating a blade and/or string. Dirt and debris resulting from edging shall be blown or swept after operations. <p>NOTES</p> <p>Schultz reserves the right to limit the use of mowing machinery and/or string line trimmers within (12") twelve-inch width proximity of houses, siding, IN AC units, utility equipment, utility meters, fragile fixtures, sign poles, light poles, personal items, etc. that might be damaged during the use of said equipment.</p> <p>DETAIL</p> <ul style="list-style-type: none"> Minor trash and debris will be removed from contractually accessible areas. Weeding of shrub and tree beds will be performed during visits to control obvious weed growth. Color beds will be maintained during each site visit, to include weeding and pinching of plants. 	
<p><u>Off Season Lawn Care Service</u></p> <p>Off season lawncare to include hard surface blowing, leaf control, weed control, and debris and trash pick up. Standard scheduling of services is once a month from November to March unless otherwise stated in contract occurrences.</p>	<p>\$1,000.00</p>
<p><i>Turf Applications</i></p>	
<p><u>Turf Application Round 1</u></p> <p>Apply in a single application, pre-emergent crabgrass control.</p> <ul style="list-style-type: none"> Pre-emergent Crabgrass Control - Pre-emergent herbicide will be used to control annual grasses, such as crabgrass and goosegrass. Fertilizer- 0.5 lb. of nitrogen per 1,000 sq.ft . 	<p>\$400.00</p>
<p><u>Turf Application Round 2</u></p> <p>Apply in a single application, pre-emergent crabgrass control.</p> <ul style="list-style-type: none"> Pre-emergent Crabgrass Control - Pre-emergent herbicide will be used to control annual grasses, such as crabgrass and goosegrass. Fertilizer- 0.5 lb. of nitrogen per 1,000 sq.ft . 	<p>\$400.00</p>
<p><u>Turf Application Round 3</u></p> <p>Apply in spot treatment applications; a broadleaf weed control (as needed).</p> <ul style="list-style-type: none"> Broadleaf Weed Control- Broadleaf weeds will be controlled by using a post-emergent weed control. 	<p>\$350.00</p>
<p><u>Turf Application Round 4</u></p> <p>Apply in spot treatment applications; a broadleaf weed control (as needed).</p> <ul style="list-style-type: none"> Broadleaf Weed Control- Broadleaf weeds will be controlled by using a post-emergent weed control. 	<p>\$350.00</p>

<p><u>Turf Application Round 5</u></p> <p>Fertilizer - Will be a granular product that will deliver approximately 1.1 lbs. of nitrogen/1,000 sq.ft. of controlled release fertilizer.</p>	\$420.00
<p><u>Aeration Only</u></p> <ul style="list-style-type: none"> • Contractually accessible lawn turf shall be core aerated one (1) time per year with a mechanical aerator to relieve compaction, permit penetration of moisture and nutrients, and to provide a proper oxygen-soil relationship. • Aeration shall be performed during September and October. 	\$165.00
<p>Bed and Shrub Maintenance</p>	
<p><u>Spring Mulch Installation</u></p> <ul style="list-style-type: none"> • Mulch shall be top grade, double-shredded hardwood, free of all major debris. • Mulch shall be applied, as needed, to all previously mulched common area tree rings and shrub beds once each spring to maintain an average depth of (2") two inches of total organic material. • Mulching excludes all wooded buffer zones, naturalized areas, and mature pine trees. • Applied mulch will not encroach on tree and shrub collars. • Certain groundcover & perennial beds may be excluded from the mulching process to allow the plants to fill the intended space. 	\$1,800.00
<p><u>Bed Edging</u></p> <p>Contractually mulched areas shall be edged one time in the Spring creating a definite edge between turf and bed/tree ring. There shall be no encroachment of turf into mulched areas and no spillover of mulch into turf areas. Carving excludes all wooded buffer zones, naturalized areas, and mature pine trees.</p>	\$160.00
<p><u>Pruning</u></p> <p>Pruning shall only be performed by skilled plantsmen, knowledgeable of the growth habit of the specified plants, and using hand pruners, loppers, pole pruners, and shears. Tools shall be kept clean and sharp. Pruning shall be done for the purpose of enhancing the inherent growth characteristics of each plant species, removing limbs which interfere with pedestrians, and removing dead or diseased wood. Cuts shall be clean and flush, without tears or stubs. Pruning shall be done up to (3) three times each year per the contract.</p> <p>Evergreen Shrubs:</p> <ul style="list-style-type: none"> • Pruning procedures shall vary depending on the plant species and whether the planting is a hedge or informal group. • Informal mass plantings shall be maintained at varying heights and spread and may receive minimal attention. The object will be to present a full, natural plant form, characteristic of the species. <p>Deciduous Shrubs:</p> <ul style="list-style-type: none"> • Deciduous shrubs shall be pruned to control suckers and leggy growth; and remove dead or diseased wood. They shall be allowed to develop their characteristic form, height, and spread within the confines of their allotted space. If there are no space restrictions, deciduous shrubs shall receive minimal attention. <p>Regenerative Pruning:</p> <ul style="list-style-type: none"> • Regenerative shrub pruning (major thinning, removal of mature canes, and reduction in overall size) is available at additional cost and is not included within the scope of work. 	\$1,250.00
<p><u>Tree Pruning</u></p> <ul style="list-style-type: none"> • Conifer and Broadleaf Evergreen Trees: • A primary objective is to retain the lower branches to the ground for the purpose of shading and cooling the root system, creating a concealed leaf dropping zone and provide a mowing limit. A secondary objective is that of aesthetics, to enhance the appearance and to remove dead or diseased wood. 	\$225.00

- Deciduous Trees:

- Trees shall be selectively pruned one time per year. Pruning shall consist of removal of small interior branches, crossed or rubbing branches, suckers, waterspouts, dead or diseased wood; partially exposing the branching structure, encouraging an open airy appearance.

NOTE: Tree pruning excludes wooded buffer and naturalized areas. Tree pruning to a height of (10') ten feet from ground level and no greater than 3" diameter in pedestrian pathways, drive lanes, and parking lots are covered under these specifications.

Subtotal:	\$19,800.00
Estimated Tax:	\$0.00
Total:	\$19,800.00

CONTRACT SUMMARY

SERVICES	OCCURS	PRICE EACH	EXT. PRICE	SALES TAX	TOTAL PRICE
Mow, Trim, Blow, Weed Control	32	\$415.00	\$13,280.00	\$0.00	\$13,280.00
Off Season Lawn Care Service	5	\$200.00	\$1,000.00	\$0.00	\$1,000.00
Turf Application Round 1	1	\$400.00	\$400.00	\$0.00	\$400.00
Turf Application Round 2	1	\$400.00	\$400.00	\$0.00	\$400.00
Turf Application Round 3	1	\$350.00	\$350.00	\$0.00	\$350.00
Turf Application Round 4	1	\$350.00	\$350.00	\$0.00	\$350.00
Turf Application Round 5	1	\$420.00	\$420.00	\$0.00	\$420.00
Aeration Only	1	\$165.00	\$165.00	\$0.00	\$165.00
Spring Mulch Installation	1	\$1,800.00	\$1,800.00	\$0.00	\$1,800.00
Bed Edging	1	\$160.00	\$160.00	\$0.00	\$160.00
Pruning	2	\$625.00	\$1,250.00	\$0.00	\$1,250.00
Tree Pruning	1	\$225.00	\$225.00	\$0.00	\$225.00
			\$19,800.00	\$0.00	\$19,800.00

PAYMENT SCHEDULE

SCHEDULE	PRICE	SALES TAX	TOTAL PRICE
August	\$1,650.00	\$0.00	\$1,650.00
September	\$1,650.00	\$0.00	\$1,650.00
October	\$1,650.00	\$0.00	\$1,650.00
November	\$1,650.00	\$0.00	\$1,650.00
December	\$1,650.00	\$0.00	\$1,650.00
January	\$1,650.00	\$0.00	\$1,650.00
February	\$1,650.00	\$0.00	\$1,650.00
March	\$1,650.00	\$0.00	\$1,650.00
April	\$1,650.00	\$0.00	\$1,650.00
May	\$1,650.00	\$0.00	\$1,650.00
June	\$1,650.00	\$0.00	\$1,650.00
July	\$1,650.00	\$0.00	\$1,650.00
\$19,800.00		\$0.00	\$19,800.00

TERMS AND CONDITIONS

Assignment:

No assignment, transfer of right, obligation, claim or relief under this Agreement may be made by either Contractor or Client without prior written consent of the other party. Any assignment or transfer made in violation of the requirements of this paragraph shall be void and unenforceable.

Relationship of Parties:

The legal relationship of the Contractor to the Client with respect to the services rendered pursuant hereto shall be that of an independent contractor and not that of an agent or employee.

Default:

If Contractor fails to fully perform in a timely and proper manner its obligations under this Agreement, or violates any of the covenants, agreements or stipulations of this Agreement and Contractor fails to cure any such default within 10 days after receipt of written notice from Client specifying the acts or omissions which constitute a default hereunder, Client shall have the right to terminate this Agreement for cause by providing Contractor with not less than 10 days prior written notice which specifies the termination date. In the event of termination for cause, the Client shall pay the Contractor in accordance with this Agreement for all services performed to the effective date of termination. In the event Client fails to make payment for any services provided pursuant to this Agreement within the payment terms of this Agreement, Contractor may, but shall not be obligated to, suspend services until all past due amounts have been paid in full.

Payment Terms:

Payment for service(s) is due within 30 days upon receipt of monthly invoices or based on applicable terms mutually agreed to. Late charges on past due amounts shall accrue at the rate of one and one half percent (1½%) per month, beginning on the first day following the due date of the invoice. In the event that payment is not timely and Contractor must commence collection efforts, Contractor reserves the right to suspend services until past due amounts are paid in full. If collection measures become necessary, the Client agrees to pay all of Contractor's related costs, including but not limited to reasonable attorney's fees and court costs, whether or not suit is filed. Client agrees that if sales tax is, or becomes applicable to the services or any portion(s) thereof, that Client shall pay these taxes in addition to the fees specified in the Landscape Management Agreement. Sales tax as listed on the Landscape Management Agreement is an estimate based on applicable jurisdictions at the time the Agreement was produced, therefore Client understands and agrees that any subsequent change in rates will be reflected on future invoices on the effective date of any tax rate changes. All payments should be mailed to:

Schultz Lawscapes, Inc.
115 N. County Drive
Waverly, VA 23890
C/O Accounts Receivable

Choice of Law:

This Agreement shall be governed by the laws of the State of Virginia. Venue for any action brought under this Agreement will be in Sussex County, Virginia.

Insurance:

Contractor shall secure and maintain, throughout the performance of services under this Agreement, General liability, Employers Liability, Auto Liability & Umbrella Liability coverage, as specified below.

- a. Worker's Compensation Insurance with statutory limits;
- b. Employer's Liability Insurance with limits of not less than \$1,000,000;
- c. Commercial General Liability Insurance with combined single limits of not less than \$1,000,000 per occurrence/\$2,000,000 annual aggregate;
- d. Comprehensive Automobile Liability Insurance, including owned, non-owned and hired vehicles, with combined single limits of not less than \$1,000,000.
- e. Umbrella Coverage of at least \$5,000,000 per occurrence/\$5,000,000 annual aggregate

Insurance shall be placed with insurance companies rated, at a minimum, "A" by Best Key Rating Guide. If required by Client, Contractor shall furnish to the Client Certificates of Insurance verifying that such insurance has been obtained. Such Certificates of Insurance shall incorporate a commitment to provide written notice to the client at least thirty (30) days prior to any cancellation, non-renewal or material modification of the policies. If the Client or Indemnities are damaged by failure of the Contractor to purchase and maintain the required insurance coverage and limits of liability, the Contractor shall bear all reasonable costs, expenses and damages incurred by the Client or Indemnities arising out of such failure to purchase and maintain the required insurance coverage and/or limits of liability.

Withholdings and Licenses:

Contractor and Client agree that Schultz Lawscapes is an independent contractor and, as such, shall assume liability for its own withholding taxes, social security taxes, unemployment taxes, licenses, and insurance pertaining to its employees or operations. Contractor is required to maintain all applicable licenses and permits within the cities, counties, and states of operation.

Indemnification:

Contractor agrees to indemnify, defend, and hold harmless the Client/Owner, together with their respective subsidiaries, assigns, employees, and representatives (herein collectively and individually referred to as the "Indemnitees") from and against any and all claims, losses, liabilities, judgments, costs and expenses and damages and injuries to third parties arising out of or caused by the negligent act, error, omission or intentional wrongdoing of the Contractor, Contractor's subcontractors or their respective agents, employees or representatives which arise from the performance of Contractor's operations hereunder or otherwise while present on the property for the purpose of rendering services pursuant to this Agreement. The Contractor's obligations with respect to indemnification hereunder shall remain effective notwithstanding completion of the services or the termination of an applicable Agreement. The indemnity rights and obligations identified in these specifications shall be, and are the only indemnity rights and obligations between the parties, in law or equity, arising out of or related to Contractor's services under this Agreement or any claims asserted in relation thereto.

Limitation of Liability:

Except for the indemnification provision applicable to claims by third parties against Client, Contractor's total and cumulative liability to Client for any and all claims, losses, costs, expenses and damages, whether in contract, tort or any other theory of recovery, shall in no event exceed the amount Client has paid to Contractor for services under this Agreement during the calendar year in which the claim first accrued. In no event shall Contractor be liable for incidental, consequential, special or punitive damages.

Risk of Loss:

Contractor shall not be responsible for delays or losses caused or attributable, in whole or in part, to circumstances beyond its reasonable control, including but not limited to, acts of God, governmental restrictions or requirements, severe or unusual weather, natural catastrophes, vandalism or acts of third persons. Client assumes the full risk of loss attributable to all such occurrences, including but not limited to, the repair or replacement of landscaping.

Nonwaiver:

No delay or omission by Contractor in exercising any right under this Agreement, and no partial exercise of any right under this Agreement, shall operate as a waiver of such right or of any other right under this Agreement as provided for by law or equity. No purported waiver of any right shall be effective unless in writing signed by an authorized representative of Contractor and no waiver on one occasion shall be construed as a bar to or waiver of any such right on any other occasion. All rights of Contractor under this Agreement, at law or in equity, are cumulative and the exercise of one shall not be construed as a bar to or waiver of any other.

THE TERMS AND CONDITIONS ABOVE AND THE EXHIBITS ATTACHED HERETO CONSTITUTE PART OF THIS AGREEMENT.

6/27/2025

Daniel McKenney
Schultz Lawscapes

Date

Client Signature
Lotus Ridge

Date



Proposal #28592

Date: 7/3/2025

Customer:

Jessica Campanello
 Goodman Management Group
 249 Central Park Avenue
 Suite 300-61
 Virginia Beach, VA 23462

On behalf of: Lotus Ridge - Hereinafter collectively referred to as "Client" or "Owner."

Property:

Lotus Ridge
 Poppy Street
 Moyock, NC 27958

Pond Maintenance (4 Ponds)

Dragonfly Pond Works is an environmental service company specializing in stormwater management, including pond and lake maintenance. Since 2006, Dragonfly has performed both routine maintenance and repairs on lakes, ponds, wetlands, sand filters, stormwater basins, bioretention devices, underground detention facilities, and many other types of stormwater systems. Our Team services aquatic systems throughout the Mid-Atlantic and Southeast, from Maryland to Florida.

We offer a wide range of water management services. Our specialized lake, pond, and stormwater maintenance crews will keep your system compliant, healthy, and functioning as intended. Detailed reports follow every service to help keep you aware of any potential issues before they worsen and become significant problems. Dragonfly's experienced construction and repair specialists will build, transform, or restore your aquatic space with low-impact, cost-effective solutions. Our practices work in harmony with nature, but also within your budget.

Fixed Payment Services

Description of Services	Frequency	Cost per Occ.	Annual Cost
Maintenance Service			
Annual Maintenance	12	\$750.00	\$9,000.00
Annual Maintenance Price			\$9,000.00

Total Contract Price \$9,000.00

Payment Schedule

Schedule	Price	Sales Tax	Total Price
September	\$750.00	\$0.00	\$750.00
October	\$750.00	\$0.00	\$750.00
November	\$750.00	\$0.00	\$750.00
December	\$750.00	\$0.00	\$750.00
January	\$750.00	\$0.00	\$750.00
February	\$750.00	\$0.00	\$750.00
March	\$750.00	\$0.00	\$750.00
April	\$750.00	\$0.00	\$750.00
May	\$750.00	\$0.00	\$750.00
June	\$750.00	\$0.00	\$750.00
July	\$750.00	\$0.00	\$750.00
August	\$750.00	\$0.00	\$750.00
	\$9,000.00	\$0.00	\$9,000.00

Annual Maintenance

Standard maintenance program includes:

- Treatment of nuisance vegetation in basin as needed and as permitted by municipality
- Control of unwanted vegetation on inlets, outlets, and spillway structures
- Maintenance of beneficial littoral plants and 3' shoreline buffer where applicable, including treatment and removal of woody saplings from the buffer area
- Hand removal of accumulated silt from inlet and outlets, up to one 5-gallon bucket per visit
- Removal of trash from basin
- Cleaning and inspecting drain, weirs, and riser
- Visual inspection and documentation of inlet and outlet pipe condition
- Hand re-arranging of riprap at inlet and outlet where applicable (does not include severe blowouts or installation of new rip rap)
- Monitoring for potentially harmful wildlife activity
- Monitoring conditions favorable to mosquito habitats and recommend solutions
- Visual inspection and photo documentation of condition of pond and pond components
- **Sand filters:** treatment of unwanted vegetation in filter bed and raking of sand surface layer
- **Level spreaders:** Removal of sediment and organic debris along spreader lip and gravel verge
- **Bioretentions:** Rake and distribute existing mulch as needed; blow leaves from filter bed in the fall
- Professional recommendations related to the operation, appearance, safety and/or compliance of the pond or lake

Terms & Conditions

TERMS & CONDITIONS:

1. **OFFER.** This proposal constitutes an offer by Dragonfly Pond Works, LLC to perform the services described in the proposal (the "Work") for Client in accordance with these terms and conditions. The proposal, including these terms and conditions and all other documents incorporated by reference shall, when accepted by Client, constitute the entire agreement of the parties regarding the Work. This proposal is good for a period of 90 days from Proposal Date.
2. **ACCESS AND AUTHORIZATION.** Client shall provide Dragonfly Pond Works with all necessary access to the area(s) in which the Work is to be performed. Unless otherwise specified, Client warrants that it has obtained (or will obtain prior to performance of the Work) all necessary permits, licenses, consents and authorizations required in connection with the performance of the Work. Delays related to Client's (1) change in schedule, (2) failure to provide access to the property, and/or (3) failure to obtain required documentation may result in additional fees charged to the Client. Client shall maintain property insurance at or above the limits and coverage that are in place at the time of executing this agreement.
3. **STRUCTURES AND UTILITIES.** In the execution of the Work, Dragonfly Pond Works will take reasonable precautions to avoid damage to subterranean structures, roads, sidewalks and utilities. Any repairs to structures not specified or included on the repair scope and/or not accurately located and called out by the Client will be billed back to the Client on a time and materials basis plus a 15% fee. Any stumps, culverts, rocks or other obstacle will not be removed during project execution without a written change order signed by the Client and an authorized representative of Dragonfly Pond Works, which shall include the cost of removal and associated replacement and an extension of the project completion deadline, if applicable.
4. **WARRANTY.** Dragonfly Pond Works will perform the Work in a competent, professional manner in accordance with the customary standards of performance of the industry. Unless specifically set forth in this Agreement, Dragonfly Pond Works does not warrant or represent that the Work or any products will achieve any specific result, outcome, or performance. Client recognizes that subsurface conditions may vary from those encountered at the location where borings, surveys or explorations are made by Dragonfly Pond Works and that the data interpretations and recommendations of Dragonfly Pond Works' personnel are based solely on the information available to them. Dragonfly Pond Works is not licensed to provide professional engineering and/or surveying opinions on the appropriate scope of work necessary to achieve a particular result. Dragonfly Pond Works encourages Client to retain a licensed engineer and/or surveyor to assess Client's needs and approve of the scope of work set forth herein. If Client declines to retain a licensed engineer and/or surveyor, Client assumes that risk that the scope of work contained herein will not achieve the desired results. If equipment is supplied as part of this agreement, Client agrees that Dragonfly Pond Works will not be liable for any claims due to defective equipment or materials manufactured by third parties other than Dragonfly Pond Works.
5. **RELATIONSHIP OF THE PARTIES.** In performing the Work, Dragonfly Pond Works shall be acting in the capacity of an independent contractor to Client, and nothing herein shall be deemed to create a partnership, agency, joint venture or any other relationship between the parties.
6. **INDEMNIFICATION.** Client agrees to indemnify and hold Dragonfly Pond Works harmless from and against any and all damages, claims, delays, or costs (including court costs and attorneys' fees) associated with or arising out of the Work to the fullest extent permitted by law, except to the extent any damages, claims, delays, or costs are ruled by a Court (or, if applicable, an arbitrator with jurisdiction over Dragonfly Pond Works) to have been caused by the negligence of Dragonfly Pond Works.
7. **FORCE MAJEURE.** Neither party shall be liable to the other party for its failure or delay in performing its obligations hereunder due to any contingency beyond such party's reasonable control, including, without limitation, acts of God; fires; floods; wars; acts of war; sabotage; accidents; labor disputes or shortages; changes or interpretations of governmental laws, ordinances, rules and regulations; inability to obtain power, material, equipment or transportation; and any other similar or dissimilar contingency.
8. **CHANGE ORDERS.** Client may, upon written notice to Dragonfly Pond Works, request Dragonfly Pond Works to make changes in the scope of the Work. Dragonfly Pond Works shall

thereupon use reasonable efforts to make such changes provided that if any requested changes cause an increase in the cost or time required for Dragonfly Pond Works' performance and delivery, Client shall execute an agreement, in form and substance satisfactory to Dragonfly Pond Works, providing for an equitable adjustment in the compensation payable for the Work and the time for its performance and delivery. This includes additional costs as related to unforeseen permits, fees and changes in required coverages.

9. **NON-SOLICITATION OF EMPLOYEES.** During the term of this agreement, and for a period of two (2) years thereafter, neither party shall, directly or indirectly, for such party's own benefit or for the benefit of others, solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have performed services under this agreement, without the other party's express written consent.
10. **COMPENSATION.** Client shall pay Dragonfly Pond Works for the Work in the amounts and at the times and in the manner set forth in the proposal.
11. **PAYMENT TERMS.** Dragonfly Pond Works expects prompt payment for its Work. Toward that end, payment terms are as follows: the client will be billed in equal payments on the 15th day of the service month. An interest charge of 5% per month shall be applied to all balances over 30 days old. Dragonfly Pond Works and Client understand and agree that the prevailing party in a dispute, whether in a court of competent jurisdiction or in arbitration, shall be entitled to recovery of all costs, including attorney's fees, collection fees, interest and court costs and/or arbitration fees. Dragonfly Pond Works accepts checks, ACH, and credit card payments. Any fees incurred by Dragonfly in the course of accepting payments are subject to being added to customer billing to offset the impact of these fees to Dragonfly.
12. **NOTICES.** Any notice required or permitted to be given hereunder shall be deemed to have been duly given if delivered by hand or sent by registered or certified mail, return receipt requested, and addressed: if to Dragonfly Pond Works, LLC PO Box 1089, Apex NC 27502; the address shown on the front hereof, or to such other address(es) which the parties may respectively designate to one another in accordance herewith. Notices shall be deemed to have been given on the date of mailing or hand delivery. The post office receipt showing the date of mailing shall be "prime facie" evidence thereof.
13. **GOVERNING LAW and ARBITRATION.** The agreement between the parties regarding the Work and their rights and obligation thereunder shall be governed by and construed in accordance with laws of the State of North Carolina. The parties agree that, to the fullest extent permissible under applicable law, any claims, disputes, or lawsuits arising out of or relating to this agreement or the Work shall be subject to final and binding arbitration. The arbitration shall be conducted pursuant to the Federal Arbitration Act and the North Carolina Revised Uniform Arbitration Act, using one arbitrator, applying North Carolina law, and conducting the arbitration in Raleigh, North Carolina. The parties intend to expedite the arbitration and limit discovery so as to reduce the costs of arbitration, and expressly agree to conduct the arbitration and obtain a final ruling from the arbitrator within six months of the arbitrator being appointed. The parties expressly agree that the arbitrator shall have the power, jurisdiction, and authority to award the prevailing party all costs, including attorney's fees, collection fees, interest, court costs and/or arbitration fees.

PAYMENT SCHEDULE, CONTRACT LENGTH, EXCLUSIONS, & CANCELLATION POLICY:

- Where applicable, all maintenance contract services will be combined and invoiced in 12 equal installments (total contract fee divided by 12). Sites receiving only four total visits will continue to be invoiced on a per service basis. If you are currently invoiced through a portal or require other specialized billing, you will not be affected by this change.
- Monthly service contracts are based on 12 month contracts and will be billed in 12 equal payments on the 15th day of the service month. As maintenance contracts are sometimes billed prior to the completion of services, payments are due net 15, so that in the event your service visit has not been completed by time of invoicing, you may hold payment until your visit is completed.
- Contracts starting after 1/31 will run through the following calendar year. Contracts can be canceled by either party with 60 day written notice.
- Your contract automatically renews for an additional one (1) year term and is subject to a 4% increase per year.
- If additional work is identified while completing the original scope of work or inspections, repairs can be completed after a separate proposal is submitted and approved.

- Although we control most algae, service does not include control of planktonic algae or cyanobacteria. In the event that these blooms occur, we will work with you develop a community wide program to reduce the nutrients in your pond or lake.
- In the event that a municipality or regulating agency changes its environmental requirements which would add additional cost to the maintenance contract, Dragonfly will notify the Client of these changes and propose a new contract price.
- Client may, upon written notice to Dragonfly Pond Works, request Dragonfly Pond Works to make changes in the scope of the Work. Dragonfly Pond Works shall thereupon use reasonable efforts to make such changes provided that if any requested changes cause an increase in the cost or time required for Dragonfly Pond Works' performance and delivery, Client shall execute an agreement, in form and substance satisfactory to Dragonfly Pond Works, providing for an equitable adjustment in the compensation payable for the Work and the time for its performance and delivery. This includes additional costs as related to unforeseen permits, fees and changes in required coverages.

By Chris Conner

Chris Conner

Date 7/3/2025

Dragonfly Pond Works, LLC

By _____

Date _____

Lotus Ridge



July 30, 2025

Aaron Goodman
Goodman Management Group
C/O Lotus Ridge Homeowners Association Inc.
4101 Cox Rd. Suite 200-11
Glen Allen, VA 23060

Aaron,

Per our email exchange, here are realistic annual premiums for Phase 1 of the Lotus Ridge Homeowners Association Inc. community in Moyock, NC. These premiums based on the limited information about the development at this stage.

Businessowners Policy (general liability & outdoor property): **\$1,000**
Management Liability (Directors & Officers, Crime/Fidelity): **\$1,500**
Workers Compensation (even with \$0 annual payroll): **\$500**

In order to get actual quotes, for the specific risk and exposure of Lotus Ridge Homeowners Association Inc., we would just need to complete an application and we would need formal terms back from an insurance company.

Please let me know if you have any questions.

Sincerely,

Sherwood H. Bowditch
