

DATE: April 21, 2003
TO: All Members of the Emerald Plantation Master Association, Inc.
FROM: Frank Erwin, Erwin, Simpson & Stroud, PLLC
RE: EPMA Rules and Regulations

Your Board of Directors has been working this past year to establish a workable set of guidelines to take your Association forward. Before I started working with your Board, I understand that you had one or more meetings to discuss the revision of your Declaration of Restrictive Covenants. It appears that has been the method your Association used in the past, but with new statutes and case law, the preferred method of dealing day to day with routine matters of operation is by "rule and regulation."

Your Association Board of Directors is very much the same as a small town council. It is charged with the duties of the management of your subdivision and all of the recreational and clubhouse facilities. In resolving problems or conflicting needs, the Board must choose the method it thinks is best given the concerns or issues before it. It is guided by the Articles of Incorporation of the Association, the Declaration of Restrictive Covenants, and the By Laws. In doing its work, the Board is authorized by law to establish rules and regulations.

Enclosed in this mailing, is a set of nine (9) rules. It has taken the Board nearly a year to think, talk and choose the proper course to deal with the issues before it. The Board is asking that you, as an owner, review the proposed rules and give us your comments. The Board will be meeting at the Clubhouse on Saturday, May 10th at 10:00 A.M. to address any questions or comments regarding the Rules and Regulations. The Board would like to have your comments before then by mail, a phone conversation or come in person. If you do come in person, let the Board know your comments in advance so they can be prepared to answer any questions you may have.

Please let your Board hear from you.

Frank W. Erwin
Erwin, Simpson & Stroud, PLLC

EMERALD PLANTATION MASTER ASSOCIATION, INC.

RULES AND REGULATIONS

Introduction: Property owners' associations derive their basic legal authority for their existence, activities, and actions from North Carolina state statutes (laws) and certain legal documents:

- Articles of Incorporation;
- Declaration of Covenants, Conditions and Restrictions;
- By-Laws;
- Rules & Regulations.

1. **Articles of Incorporation:** These bring the corporation into existence, define the basic purpose and powers of the corporation, and identify the initial Board of Directors.
2. **Declaration of Restrictive Covenants:** The underlying documents of the property owners Association, apart from state law, are the declarations also referred to as Restrictive Covenants, Restrictions, or Covenants. Declarations are the constitutional law of the Association. The Declarations define the limits and inclusions of ownership for the owners and the Association. As a legal entity the Association is better prepared to pursue certain business needs, such as entering contracts, raising funds, filing liens and collecting fees in a foreclosure. The Declarations contain definitions of the physical elements of the property, the method for determining the share of interest in the common area for each property owner, a list of the responsibilities for the Association and individual owners and permitted uses of common areas and individual units, set out the responsibilities for care of the Association and the common areas, and provide restrictions on the use or enjoyment of individual lots in the Association and common areas.
3. **By-Laws:** The Declarations form the constitutional foundation of the Association and the By-laws define the laws and operating procedures of the Association. By-laws detail the framework for governing the Association that is authorized in the Declarations. The By-laws address the Association's structure, the Board, the officers, definition of a quorum, ability to enter into contracts, and other procedural matters. By-laws provide reliable guidance for Board members at meetings as to requirements of membership meetings, voting rights of property owners, procedures for electing the Board of Directors, procedures for the Board of Directors to elect officers, and general powers and duties of the board.
4. **Rules & Regulations:** Rules and Regulations are the operational and behavioral laws that apply directly to Association residents and attempt to clearly state acceptable and unacceptable conduct for all members, their guests, visitors and renters. While we recognize that Rules and Regulations cause conflicts between the Board and the owner(s) since they may provide restrictions regarding noise, pets, use of the property or common areas, and fining procedures, good rules serve the interests of the entire Association and protect the common areas and individual lots.

EMERALD PLANTATION MASTER ASSOCIATION, INC.

RULES AND REGULATIONS

REGULATION #1: VIOLATIONS OF DECLARATION, BY-LAWS, & RULES AND REGULATIONS:

[COMMENT: The Emerald Plantation Master Association, Inc. is required by law to oversee the owner's common area and to manage the operation of Emerald Plantation. The Board of Directors is required by North Carolina law to undertake those duties. In these efforts, the Association may suspend the right of an Owner to use facilities located on the common areas (pool, tennis courts, boat ramp, club house) for a period determined by the Board of Directors, and may impose fines and penalties for infractions or violations of the Declaration, By-laws, or Rules and Regulations of the Association, following notice and the opportunity to be heard in accordance with the procedures set forth in this regulation.]

Section 1: Association Remedies. In the event of an act, omission, occurrence or continuation of the same, which is a violation of the Declaration, By-laws, or any Rules and Regulations adopted by the Board of Directors, the Association may undertake the following actions:

(1) The Association shall have the right to remove, at owners expense, signs, equipment, mailboxes or other items of similar size which are in violation of the Declaration, By-laws, or Rules and Regulations, and the Association may remove, tow or relocate any equipment, vehicle or structure which is located within the common areas, streets or sidewalks in violation of the Declaration and the Association's Rules and Regulations following reasonable notice to the owner or occupant of the same.

(2) If an owner fails to maintain a lot, allows or permits the accumulation of trash or rubbish on a lot, or otherwise allows or causes the lot or structure to be in violation of the Declaration, By-laws, or Association Rules and Regulations, the Association upon compliance with the notice and hearing provisions specified herein, shall have the right to remedy the violation and asses the cost of remedying the same against the offending owner and lot as a special assessment.

(3) For non-payment of any general or special assessments and upon compliance with the notice and hearing provisions specified herein, the Association shall have the right to suspend the offending owner's use of any common areas as well as suspend the owner's voting rights.

(4) Upon compliance with the notice and hearing provisions specified herein, and in accordance with the By-laws, the Association shall have the right to impose a fine or penalty accumulating daily, in such amount as determined by the Board as allowed by law, for each violation or continuation thereof, as well as suspend the offending owner's use of common areas or suspend the voting rights of the offending owner upon nonpayment of any such fines or penalties or failure to cure any continuing violation.

Section 2. Notice and Hearing Procedures. In the event this Declaration, By-laws or a rule or restriction adopted by the Association is violated (including non-payment of assessments, fines or penalties), the Association Board of Directors or the

Executive Committee if so designated by the Board of Directors, shall serve the violator and/or owner with written notice personally delivered or sent by mail to the violator and the owner at the lot address, last known address, or at the address the owner may have designated to the Association in writing. Said notice shall specify the nature of the alleged violation, the proposed or possible sanction under consideration, the statement that the violator and owner may contest the alleged violation or the proposed sanction, the address and name of the person to be notified in order to challenge the proposed action, the time period and requirements for challenging the proposed action in writing, the date of the proposed action by the Association Board of Directors, and the time period for the owner or violator to challenge the action by giving notification in writing which shall not be less than ten (10) days from the date of the notice unless the violation presents an ongoing health hazard, nuisance or other danger or risk, in which case the time period shall be as reasonable as possible.

If the alleged violator or owner challenges the proposed action within the time period allowed, the Board of Directors shall conduct a hearing in executive session giving the alleged violator and owner a reasonable opportunity to be heard, which hearing shall be set and notice of the time and date given to the alleged violator not less than ten (10) days from the date of action by the Board of Directors unless the violation constitutes an ongoing health hazard, nuisance or other danger or risk. At said hearing the Board and the alleged violator or owner may consider statements, evidence and witnesses as to the alleged violation, and at the conclusion of the hearing or consideration by the Board, a decision shall be rendered as to the alleged violation.

If the Board determines that the violation has occurred, such determination shall be forwarded by regular mail to the violator or owner to include the results of the hearing and the sanction or sanctions imposed.

Any sanction which imposes a special assessment against the lot and an owner or suspends the voting privileges of an owner shall require a two-thirds affirmative vote of the Directors or the Executive Board present and voting.

If the violator or owner is given written notice of the alleged violation and fails to file a written challenge, then the Board may proceed with the determination as to the alleged violation and the appropriate sanctions and shall give notice thereof to the owner.

REGULATION #2: EPMA DUES

[COMMENT: As per article VII of the "Master Declaration of Covenants and Restrictions for Emerald Plantation", the Board is required to maintain the common areas of Emerald Plantation. To this end, the Board charges an annual assessment to each property owner sufficient to meet on-going expenses and to provide for a reserve fund for replacement, repair or upgrading of existing facilities.]

These charges (Association Dues) are due on the first of each quarter (January 1st, April 1st, July 1st, October 1st), and are payable to:

Emerald Plantation Master Association
P. O. Box 816
Swansboro, NC 28584

If these dues are not received within 30 days of the due dates, the owner will be charged a late fee of 10% of the current dues amount, and interest (not to exceed 18%) on the total amount, pro-rated until the account is no longer delinquent.

Use of common areas and amenities by the delinquent owner and his tenants is automatically suspended until the dues and penalties, if any, are satisfied.

If a total of 6 months, or 2 quarters of dues are delinquent, a lien will be filed against the owner's property.

The owner shall also be liable for all expenses incurred with this property lien process.

REGULATION #3: COMMON AREAS

[COMMENT: The Emerald Plantation Master Association, Inc. is required by law to oversee the owner's common area and to manage the operation of Emerald Plantation. The Board of Directors is required by North Carolina law to undertake those duties. In those efforts, the Association may suspend the right of an Owner to use facilities located on the common areas (pool, tennis courts, boat ramp, clubhouse) for a period determined by the Board of Directors, and may impose fines and penalties for infractions or violations of the Declaration, By-laws, or Rules and Regulations of the Association, following notice and the opportunity to be heard in accordance with the procedures set forth in this regulation.]

Section 1: Clubhouse

1. An administrator will be appointed by the Board.
2. The administrator will take reservations.
3. Only property owners can reserve the clubhouse and must be present at the function. Each property owner will be limited to a specified number of reservations within a calendar year. The number of reservations will be specified by the Board.
4. The Board will set fees and deposit requirements, which will be standard for all property owners. Fees and deposits are not for profit but to offset the abnormal cost associated with events.
5. Each reservation will require a signed agreement on the use of the clubhouse. The agreement will indicate conduct, time to end and other such information to make the use enjoyable for all. The agreement will be authorized by the Board.
6. No smoking is permitted in the clubhouse.

Section 2: Pool

1. No lifeguard on duty. Swim at your own risk.
2. For the use of owners, tenants, and guests only. Guests must be accompanied by a homeowner.
3. Children under 12 must be attended by an adult at all times.
4. Children in diapers are not permitted in the pool for health reasons.
5. Chemicals must be used in the pool for health reasons. The Association is not responsible for any reaction to clothing, hair, etc.
6. No glass containers allowed in the pool area.
7. Pets are prohibited in the pool area.
8. Please shower before entering the pool.

9. No running, diving, or horseplay.
10. Please keep the pool area clean.

Section 3: Tennis Courts

1. The tennis courts are for tennis only. No other activity is permitted.
2. The tennis courts are for the use of homeowners and houseguests only. Use by any other parties will require Board or the Board designated chairman of tennis court approval.
3. Play will be limited to 45 minutes when other parties are waiting.
4. Tennis shoes are mandatory.
5. No breakable or sharp objects are permitted on the court.
6. Please remember to turn off lights after night use.

Section 4: Boat Ramp & Dock

1. A dock master will be appointed by the Board to administer the reservation and use of the above facilities.
2. Use of the facilities is for property owners and houseguests only.
3. Reservations are not required, however reservations thru the dock master will take priority over slip in question. Reservations are for one week only and can be renewed if slips are available.
4. All watercraft utilizing the facilities must have an Emerald Plantation decal on both the watercraft and trailer. Decal is to be placed on the starboard (right) side below the registration numbers. For trailers the location is on the tongue or stauncheon.
5. If no decal exists and owner unidentifiable, the boat and/or trailer will be removed and placed in storage at owners expense.
6. Use of the boat slip is one slip per property owner, regardless of the number of properties owned.
7. Trailers are not to be left at the launch area unattended.
8. Repeated violations of these regulations will subject the owner to suspension or forfeiture of future use of the dock and ramp facility at the discretion of the Board.

Section 5: Boat Storage

1. A dock master will be appointed by the Board to administer the reservation and use of the above facilities.
2. Only property owners and renters can use the boat storage area. The boat and trailer must be registered in the property owner's name. Friends and relatives of a property owner are not allowed to use the storage area. If property is rented, either the property owner or their renter can have a space, not both. (i.e.-one space per owner)
3. All boats and trailers must be registered with the dockmaster and have a current registration sticker affixed to both the boat and trailer. Boats and trailers not properly registered will be towed and stored at owner's expense.
4. Emerald Plantation Master Association is not responsible for damage or theft to boats stored in the storage area. All owners should carry their own insurance.
5. Storage spaces will be assigned on an annual basis (May). If required, spaces will be assigned by a lottery. The lottery will grant one space per registered boat owner until all spaces are taken. If space is still available a second round of the lottery will be made until all spaces or boats are accounted for.
6. If a boat owner fails to get a space on the first round of the lottery, the owner will automatically have a space for the next year.
7. All boats and trailers must be operable and in good condition with up to date tags.

8. Spaces assigned must be kept clean. Storage of crab pots, tanks, etc. outside of the boat is not permitted.

REGULATION #4: PETS

[COMMENT: The Board recognizes the value of pets to all owners. The Board encourages all persons to be courteous to others in the keeping and enjoyment of their pets, to insure the health and safety of all persons and the quiet enjoyment of Emerald Plantation.]

1. Any solid waste generated by a pet not on its owner's property must promptly be picked up by the person escorting the pet and placed in a trash container.
2. Pet owners will also be held liable for excessive noise made by their pets.
3. Repeated violations of these regulations may result in Board action and a fine.

REGULATION #5: ARCHITECTURAL CONTROL COMMITTEE

[COMMENT: The Master Declaration of Covenants and Restrictions of Emerald Plantation, Article VI, defines committee memberships, purpose, approval, and procedure for additions, improvements, paint color changes, etc.]

All owners are requested to contact the Architectural Control Committee prior to any exterior maintenance or landscaping activities. Refer to Architectural Control Committee Guidelines.

REGULATION #6: GOLF CARTS

1. The use of golf cart type vehicles on the streets and parking lot areas of Emerald Plantation is allowed.
2. Drivers of such vehicles must be at least 15 years of age, possess a learners permit and be accompanied by a licensed driver, with liability insurance.
3. These carts must obey the posted speed limits and adhere to the general motor vehicle laws of the Town of Emerald Isle and the State of North Carolina.

REGULATION #7: PARKING

[COMMENT: The purpose of this regulation is to control the parking of vehicles, commercial or otherwise, that would normally be objectionable in a private community.]

1. In order to insure the free flow of traffic and emergency vehicles, the parking of any vehicle except the private personal vehicles of property owners, renters and their guest on the streets of Emerald Plantation is prohibited. All such vehicles must be in operating order and have current inspection stickers.
2. Vehicles, trailers, equipment, etc. may not block the sidewalks of Emerald Plantation.

3. Temporary parking of vehicles such as moving vans, construction vehicles, trailers etc., on the streets or parking lots of Emerald Plantation is allowed for no more than (3) consecutive days.

REGULATION #8: AT HOME BUSINESSES

[COMMENT: All lots in Emerald Plantation are required by the Declaration to be occupied exclusively for residential use. With the use of modern electronic equipment, the use of a home for a home occupation, commercial enterprise or business is often undertaken without the knowledge of any person and it may be totally invisible to any other person. The Board does not feel that it is proper to investigate anyone's use of their home and does not intend to do so, although it will not encourage the use of a home for business purposes. The Board understands that the operation of an "at home business" is not necessarily inconsistent with the residential character of Emerald Plantation. As such, the Board will not presently oppose any at home business that has no impact upon the residential character of the neighborhood.]

All lots must maintain their residential character by the following Rules and Regulations, any of which are subject to change:

Section 1. Signs. In no case shall any home or lot exhibit or display any signs, advertising or marketing which may be seen or observed on the exterior of the residence or on the lot.

Section 2. Vehicles. Any commercial vehicle used in conjunction with an at home business shall be parked or located within the owner's garage, screened carport, or under an elevated dwelling, out of view of adjoining or abutting property owners and the neighborhood. There shall be no noise resulting from any home business that can be reasonably heard from the adjoining properties, canals, waterway's, common areas or other adjoining properties. Any additional vehicles connected with the in-home business must adhere to any regulations regarding parking or signs.

Section 3. Deliveries. Delivery of products, supplies, tools, equipment, appliances or similar materials are severely discouraged and in any event must be made only during the hours of 9:00 A.M. to 5:00 P.M., Monday thru Friday. Delivered materials, equipment, etc. must be moved inside the residence, or to an area which may not be seen or observed from adjoining streets, abutting properties etc., within an hour of such delivery. Deliveries by very large vehicles greater in size than a UPS truck must be kept to an absolute minimum.

Section 4. Lot Owner. Businesses run from residences in Emerald Plantation must be owned and managed by the owner of said home. Renters of rental properties in Emerald Plantation may not use the property or residences for any in-home business.

Section 5. Business Invitees. There are no visible signs of customers or patrons frequenting the home or otherwise, that an in-home business is being conducted thereon.

Section 6. Door-to-Door Solicitation. Door-to-door solicitation of residents of the subdivision by any business is prohibited.

REGULATION #9: LOT, HOUSE AND VEHICLE SIGNS

[COMMENT: VIII, Paragraph 7 of the Declaration limits the use of signs in Emerald Plantation. This rule is designed to clarify and further define what types of signs are permitted.]

Section 1. Lot or House Signs. No signs of any kind shall be displayed to the public view except for (a) temporary signs placed during construction which designate the job site, builder, and similar details which may be permitted during the period of construction and are required to be immediately removed upon issuance of a certificate of occupancy (b) one sign not more than four square feet in size advertising the lot or property for sale or rent, which sign is professionally constructed and consists of sandblasted wood or simulated wood-grain exterior, and is removed immediately when the house is rented, sold or taken off the market; (c) directional signs, street identification signs and similar information signs approved and erected by the Association. Other than the permitted or allowed signs herein, no other signs, billboards or other advertising of any kind shall be placed or erected on any lot, right-of-way or common area.

Section 2. Vehicular Signs. One vehicle with total signage (meaning all four sides) not exceeding 3 feet by 3 feet, or 9 square feet total, in size is permitted on any lot at any one time. Only 50 % of such signage may be displayed on any one side of such vehicle. Vehicles with signage may not be parked on any street, at any time, unless specifically approved by the Board of Directors. Temporary parking of vehicles such as delivery vans, moving vans, construction or repair vehicles and the like, which are there for temporary construction, moving or repair purposes are permitted.

Oct. 11, 2005

TO: ALL EMERALD PLANTATION PROPERTY OWNERS

FROM: BOARD OF DIRECTORS EMERALD PLANTATION MASTER ASSN.

SUBJECT: GOLF CARTS / RULES AND REGULATIONS

In a meeting with our attorney (Frank Irwin) and our insurance agent (Donna Comer), we were advised that we must adhere to our rules and regulations concerning golf carts. Our association is not covered by liability unless all city and state rules are followed. This puts the association at considerable financial risk. In April of 2003, all property owners were sent by mail a copy of the Rules and Regulations of Emerald Plantation Master Association, Inc.

Below is our REGULATION # 6: GOLF CARTS

1. The use of golf cart type vehicles on the streets and parking lot areas of Emerald Plantation is allowed
2. Drivers of such vehicles must be at least 15 years of age, possess a learner's permit and be accompanied by a licensed driver, with liability insurance.
3. These carts must obey the posted speed limits and adhere to the general motor vehicle laws of the Town of Emerald Isle and the State of North Carolina.

Insurance

If you have a standard NC HO3 policy, written after April 2005, the homeowners insurance will extend the liability to the golf cart.

If you have a policy written through the NCIUA or the NC Beach Plan and is not the primary residence, then coverage may not extend. You will then have to take out a separate policy to cover the golf cart.

Please check with your insurance agent to be sure you are properly covered and forward that documentation to EPMA, PO Box 5051, Emerald Isle, NC 28594.

We are requesting each golf cart owner have acceptable liability limits and provide documentation from your insurance carrier at each policy renewal. If you name the EPMA as an additional insured, your carrier will send notification at each renewal automatically and will greatly reduce your paper work.

We regret any inconvenience this may cause you, but we have no choice in this matter other than be irresponsible as a board or ban golf carts. **Failure to follow this regulation will result in a fine.**

Emerald Plantation Master Association
Architectural Control Committee Guidelines

Approval is required for new construction and any alterations or changes in color to existing homes. Two sets of your plans are required. One will be returned marked approved, dated and signed by the current chairman of the Architectural Control Committee. The other is kept on file.

Landscaping plan: to be approved by the Architectural Control Committee. No specific requirements. Sod is recommended.

Roofing material: approved materials are hardiplank shakes, cedar shingles and Timberline 40 yr. dimensional asphalt shingles.

Siding materials: approved materials are hardiplank siding, cedar siding, and stucco.

Siding paint color: to be approved by the Architectural Control Committee.

Trim paint color: to be approved by the Architectural Control Committee.

Refundable impact fee of \$ 1,000.00. The impact fee is payable by the owner of the lot at the time of construction. Any transfer of ownership of the lot requires a transfer of the refundable impact fee. The impact fee must be on deposit prior to the start of any construction. Your check is made payable to the Emerald Plantation Master Association. The fee is kept in an interest bearing escrow account with the interest payable to the Association. The purpose of the impact fee is to provide for compensation for any damages to common areas and to provide for the completion of the project per the approved plans and specifications as approved by the Architectural Control Committee. The balance of the \$ 1,000.00 less damages, if any, will be returned to the homeowner within 30 days of final inspection.

No fences of any kind are allowed.

Contractor/construction signs are to be removed upon completion of job or receipt of certificate of occupancy in the case of new construction.

Sale signs must be commercially constructed of wood or simulated wood grain exterior, and be the size of current realtor signs in use. Any variation must be approved by the Architectural Control Committee.

Patio lot minimum square footage:
One level, 1200 square feet
Multi level, 1400 square feet

Single-family lot minimum square footage:
One level, 1400 square feet
Multi level, 1500 square feet

No unattached buildings, including doghouses, storage sheds, etc.

Wooden swings sets must be approved by the Architectural Control Committee.

Construction is to be finished in not more than one year from issuance of building permit.

The information above is intended as a guideline and is subject to change without notice. It is the responsibility of each member, not the contractor, to contact the Architectural Control Committee.