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NORTH CAROLINA

PENDER COUNTY

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR TOPSAIL GREENS

Champion Home Communities, Inc., a Michigan corporation, herein called the Declarant, is the fee simple owner of certain real property located in Topsail Township, Pender County, North Carolina, as shown on a plat recorded in Map Book 12, Page 33, Pender County Registry (hereinafter known as "Topsail Greens"), and desires to create a residential community consisting of single-family residential dwellings and other types of residential facilities to be known as Topsail Greens;

W I T N E S S E T H :

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities, the desirability and attractiveness of the real property in Topsail Greens and for the continued maintenance and operation of the streets in the community and of such recreational facilities and common areas as may be provided for these purposes; certain covenants, conditions, easements, assessments, liens and restrictions governing the use and occupancy of Topsail Greens should be established and declared to be covenants running with the land, and that an agency be created to which may be delegated the powers and duties of maintaining the streets, recreational facilities, common areas and other amenities, enforcing the covenants and restrictions, and levying, collecting, and disbursing assessments;

WHEREAS, for each property subjected to the provisions of this Declaration, the provisions to which such property is subjected shall be applicable to each subdivided lot therein, each unit in any tract of land submitted to the provisions of the Unit Ownership Act (Chapter 47A of the North Carolina General Statutes) or to any similar act providing for condominium or unit ownership of property, and to such other divisions of land or interests therein, including interval ownership interests, as Declarant shall specify, and the terms "property" and "properties" as used herein shall be deemed to include all such interests.

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NOW, THEREFORE, in consideration of the premises, the Declarant hereby declares that the property described herein, and any property that hereafter may, by subsequent documents executed and properly recorded in the office of the Pender County Register of Deeds, be made subject to this Declaration of Covenants, Conditions and Restrictions, are and shall be held, transferred, sold, conveyed, occupied and used subject to the restrictions and matters hereinafter set forth, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the described property, or any part thereof, and which shall inure to the benefit of each owner thereof, for and during the time hereinafter specified. Every party hereafter acquiring any lot, or portion thereof, in the above-described properties, by acceptance of a deed conveying title thereto or by execution of a contract for the purchase thereof, whether from the Declarant or a subsequent owner of such lot, shall accept such deed or contract subject to each and all of the covenants, restrictions and agreements contained within this Declaration, as well as any additions or amendments hereto, and also subject to the jurisdiction, rights and powers of the Declarant, the Association, as hereinafter specified, and their successors and assigns. Each grantee of any lot subject to this Declaration by accepting the deed or contract thereto, shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with the Declarant, the Association, and with the grantees and subsequent owners of the property within Topsail Greens, to keep, observe, comply with and perform the provisions of this Declaration.

DEFINITIONS

"Declarant" or "the Declarant" shall refer to Champion Home Communities, Inc. or its agents, successors and assigns.

"Lot" or "residential lot" shall mean a parcel of subdivided and platted land in Topsail Greens or any other property which has been subjected to the provisions of this Declaration and is shown upon a referenced recorded plat or plan.

"Association" shall refer to Topsail Greens Community Association, Inc., and its successors and assigns;

The Declaration of Covenants, Conditions, and Restrictions For Topsail Greens will be referred to as the "Declaration", and will be recorded in the Office of the Register of Deeds of Pender County, North Carolina, and may be incorporated by reference in deeds to residential property issued by the Declarant by reference to the Book and Page of recording in said Registry.

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"Owner" shall mean and refer to the record owner, including the Declarant, whether one or more persons or entities, of the fee simple title to any lot, unit or parcel which is part of Topsail Greens, or which may be made a part of Topsail Greens in the future, excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

"Articles" and "Bylaws" shall refer to the Articles of Incorporation and the Bylaws, respectively, of the Association.

"Common Area" shall mean and refer to all areas within a platted area or subdivision of Topsail Greens not included within a residential lot or dwelling unit, and which is designated as Common Area on any duly recorded map of any portion of Topsail Greens, and all roads, as shown on said recorded map, and shall be subject to the use and enjoyment by all owners of properties in Topsail Greens. Every owner shall have a right and easement of use and enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every lot, subject to the provisions of this Declaration, or the Articles of Incorporation or Bylaws of the Association. "Limited Common Area" shall be common area, if any, which is reserved for the use of the owner of a certain lot or lots.

PART I

COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ALL RESIDENTIAL AREAS

1. In order to insure proper design and location of improvements, no building, fence or other structure shall be erected, placed or altered on any lot until the proposed building plans, specifications, exterior color or finish, plat plan (showing the proposed location of such building or structure, drives and parking areas), landscaping plan, construction schedule and any other written plans and specifications shall have been approved in writing by Declarant. Refusal of approval of plans, location or specifications may be based by the Declarant upon any ground, including purely aesthetic conditions, which in the discretion of the Declarant shall be sufficient. No alterations in the exterior appearance of any building or structure shall be made without like approval by the Declarant. One (1) copy of all plans and related data shall be furnished the Declarant for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by Declarant of written demand for approval, the provisions of this paragraph shall be thereby waived. The right of approval reserved to the Declarant herein may be assigned to the Association, in the

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sole discretion of the Declarant. Wherever this Declaration requires the written approval of the Declarant to do or refrain from doing any act with regard to this property, the provisions of this paragraph shall apply.

2. Only central air conditioning and/or heating systems shall be allowed in any residential unit. No window unit air conditioners shall be installed in any residential unit. The location of any central air conditioning and/or heating system must be approved in writing by the Declarant pursuant to the provisions of paragraph 1 of this Part I.

3. In order to protect the natural beauty of the land throughout Topsail Greens, written approval of the Declarant is hereby required for the removal, reduction, cutting down, excavation or lowering of trees as specified in paragraph 16 of this Part I. Written approval will be granted for the required cutting in plans and specifications approved pursuant to the provisions of paragraph 1 and 16 of this Part I.

4. Since the establishment of standard inflexible building setback lines for location of houses on lots tends to force location of dwellings both directly behind and directly to the side of other homes with detrimental effects on privacy, view of the water and surrounding areas, preservation of important trees, etc., no specific setback lines are established by these covenants, except as may be set out on any recorded plats of any areas in Topsail Greens. In order to assure, however, that location of dwellings will be arranged where practical and appropriate so that the maximum amount of view and tree preservation will be considered for each dwelling, that the structures will be located with regard to the ecological constraints and topography of each individual lot, the location of large trees and similar considerations, the Declarant or its designee reserves the right to control absolutely the precise site and location of any house or dwelling or other structure upon all lots, including its relationship to streets, the height of all buildings, setting of all buildings, and their location one to another. Provided, however, that no structure shall be located in violation of any set back lines which may appear on any recorded plats, that such location shall be determined only after reasonable opportunity is afforded the lot owner to recommend a specific site and location of buildings and driveways, etc., and provided further, that in the event an agreed location is stipulated in writing in the contract of purchase, or subsequent agreement, the Declarant shall approve automatically such location for a residence. Declarant shall distribute to each lot owner a list of suggested building standards which will be intended as a guideline for compliance with this Declaration.

5. The exterior and interior of all houses and other structures and landscaping must be completed within nine

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(9) months after the construction of same shall be commenced, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities.

6. All property subject to this Declaration shall be used for residential purposes exclusively.

7. It shall be the responsibility of each property owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds, which condition would tend to substantially decrease the beauty of the neighborhood, or of Topsail Greens as a whole.

8. No noxious or offensive activity shall be carried on, in or upon any property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof. No animals shall be kept, maintained or quartered in or on any property except that cats, dogs and caged birds may be kept in reasonable numbers as pets for the pleasure of the occupants. Any pets shall at all times be kept properly fenced or on a leash when outside of a dwelling.

9. In order to implement effective insect, reptile and woods fire control, the Declarant reserves the right to enter upon any residential lot on which a residence has not been constructed or upon which no landscaping plan has been implemented (with prior written approval of the Declarant for such plan), such entry to be made by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Declarant detracts from the overall beauty, setting and safety of Topsail Greens. The cost of this vegetation control shall be paid by the owner of the property. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Declarant may likewise enter upon such land to remove any trash which has collected on such lot without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of the Declarant or Association to mow, clear, cut or prune any lot nor to provide garbage or trash removal services, except as specifically provided herein.

10. In the event the owner desires to sell any property within Topsail Greens together with its improvements, if any, then said property shall be offered for sale to the Declarant at the same price at which the highest bona fide offer has been made for the property, and the said Declarant

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shall have fifteen (15) days within which to exercise its option to purchase said property at this price; and should the Declarant fail or refuse, within fifteen (15) days after receipt of written notice of the price and terms, to exercise its option to purchase said property at the offered price, then the owner of said property shall have the right to sell said property subject, however, to all covenants and limitations herein contained, at a price not lower than that at which it was offered to the Declarant.

In the event that an owner desires to sell his property pursuant to the terms of this paragraph, but no bonafide offer for the property having been made, the parties may establish the price at which the property is to be offered to the Declarant by means of appraisals of the property. The Owner and the Declarant shall each appoint an appraiser and the two appraisers shall appoint a third appraiser. The decision of the three appraisers shall establish the bonafide offer at which price the property shall be offered to the Declarant, as set out herein. Said right of first refusal excludes all mortgagees of any property within Topsail Greens

11. No commercial signs, including "for rent", "for sale", and other similar signs, shall be erected or maintained on any property, except with the written permission of the Declarant, or except as may be required by legal proceedings. Signs shall be in excellent condition when placed on a property and thereafter maintained in the same condition or replaced. Declarant may erect signs, either permanent or temporary, for Topsail Greens or any area or portion thereof for identification, sales information or other purposes. The size, location, graphic design, message, construction materials, and condition of any sign placed in Topsail Greens shall be subject to approval by the Declarant, either before or after having been placed, and the Declarant shall have the power to disapprove the display of any sign because of its failure to conform with these restrictions or standards otherwise established by the Declarant, in which event the builder or owner responsible for such sign shall have the option of permanently removing the offending sign, or replacing it with a sign satisfactory to the Declarant. Any person or entity having ownership or control of a sign in place shall be responsible for maintaining said sign in good physical condition. Failure to properly maintain a sign to standards established by the Declarant shall be sufficient reason for the Declarant to require permanent removal or replacement of the offending sign. If any person or entity owning or controlling a particular sign is notified by the Declarant that the sign does not conform with the requirements of this Declaration and the sign is not repaired, replaced, or otherwise brought to a level of quality deemed appropriate by the Declarant within ten (10) days after and including the date such notification is issued by the Declarant, the Declarant or

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its designated representative may, but shall not be obligated to, enter the property and permanently remove the offending sign without incurring any cost or other liability.

12. The Declarant reserves unto itself a perpetual, alienable and releasable easement and right on, over, and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, meters, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public convenience or utilities, on, in or over

(a) any property designated as common area or limited common area on any applicable plat of Topsail Greens,

(b) any other property described herein, not divided into lots as shown on any applicable plat of Topsail Greens,

(c) the rear ten (10) feet of each lot and ten (10) feet along one (1) side of each lot,

(d) such other easement areas as are shown on a recorded plat of the subject property, and

(e) Any areas shown as roads on a recorded plat of the subject property. Provided further, that the Declarant may cut drainways for surface water wherever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety, and appearance. In the event of the subdivision or combination of one or more lots, the easements created hereby shall exist on the resulting lot(s) and may terminate and become void on the lots subdivided or combined. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

(f) The Declarant shall have a reasonable right of entry upon any lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project. The Declarant shall have the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

(g) The Declarant reserves unto itself, its successors, assigns, invitees or licensees, an easement and right of ingress and egress in and over all roads as shown on any recorded map of Topsail Greens.

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13. No structure of a temporary character shall be placed upon any property at any time, provided, however, that this prohibition shall not apply to shelters used by the Declarant or any contractor during the construction of the main dwelling, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the property after completion of construction.
14. No fuel tanks or similar storage receptacle may be exposed to view.
15. No private water wells may be drilled or maintained on any property without the written consent of the Declarant.
16. No trees measuring three (3) inches or more in diameter at a point two (2) feet above ground level may be removed without the written approval of the Declarant.
17. No lot shall be subdivided, or its boundary lines changed, except with the written consent of the Declarant. However, the Declarant hereby expressly reserves to itself the right to replat any lot or lots shown on the plat of any area of Topsail Greens, in order to create a modified building lot or lots, and to take such other steps as are reasonably necessary to make such replatted lot suitable and fit as a building site to include, but not be limited to, the relocation of easements, walkways, rights-of-way, roads, bridges, parks, recreational facilities and other amenities to conform to the new boundaries of said replatted lots, provided that no lot originally shown on a recorded plat is reduced to a size more than ten (10%) percent smaller than the smallest lot shown on the first plat of the subdivision section recorded in the public records.
18. The Declarant expressly reserves to itself, notwithstanding any other provisions in this Declaration, the right to build any bridges, walkways, or fixed spans across any or all natural or man-made canals, creeks or lagoons in Topsail Greens. Nothing in this paragraph shall be construed as placing an affirmative obligation on the Declarant to provide or construct any bridge, walkway or fixed span unless such bridge, walkway or fixed span shall be shown and specifically designated on the recorded plat of the subdivision or section of lots referred to and incorporated in the deed of conveyance to the grantee lot owner asserting such affirmative obligation of the Declarant.
19. The location, design, type of construction and color of mailboxes shall conform with standards established by the Declarant. No mailbox shall be fabricated, placed, or altered in any way without prior written approval from the Declarant.

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20. The property within Topsail Greens is hereby declared to be a bird sanctuary and any hunting of any wild birds is prohibited.
21. No exposed exterior clothes lines of any type shall be installed.
22. All additions to driveways and parking areas shall be subject to the written approval of the Declarant.
23. All lots subject to this Declaration shall be used for residential purposes exclusively. No structure, except as herein provided, shall be erected, altered, placed or permitted to remain on any lot other than as specifically approved in writing by the Declarant. No tree houses or play houses shall be erected on any lot unless previously approved in writing by the Declarant.
24. Any camping trailer, recreational vehicle and/or similar equipment shall at all times be parked in a storage area to be provided and designated by the Declarant. Declarant assumes no responsibility or liability for damage or loss to any vehicles or equipment stored in such designated area pursuant to this provision, or to persons using said area. Declarant reserves the right to charge a reasonable fee for the storage of vehicles or equipment therein.
25. Each lot owner shall store garbage in a proper container with a lid in the storage area or in a screened area not visible from any road, in accordance with reasonable standards established by the Declarant. Owner shall place plastic garbage liners only at the curb on the morning of garbage pickup. Declarant shall provide garbage pickup at the owner's lot once each week. Owner shall be assessed by Declarant a reasonable fee for said service.
26. Prior to the occupancy of a residence on any lot, proper and suitable provisions shall be made by the owner for the disposal of sewage.
27. All lots shall be maintained in accordance with standards and regulations established and enforced by the Declarant. The Declarant hereby reserves unto itself a perpetual, alienable and releasable easement and right on, over and under any and all lots or residential areas shown on any recorded plat of Topsail Greens for the purpose of creating, cultivating and maintaining landscaped yards in said areas. Declarant shall have the responsibility for the initial planning and planting after construction of a residence thereon, and basic lot maintenance of said landscaped yards solely in accordance with standards to be determined and enforced by the Declarant. Basic lot maintenance shall consist only of mowing lawns and maintaining mulched walkways and

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parking areas. A reasonable fee shall be charged to all owners by the Declarant for the provision of such basic maintenance services. For the purpose of providing such basic lot maintenance services, Declarant shall be authorized to move any personal property of the owner and shall not be liable for any loss or damage to real or personal property of the owner, resulting from said basic lot maintenance activities. Owner shall be responsible for any necessary or desired maintenance or improvements in addition to that provided by the Declarant, including, but not limited to, watering, fertilizing, mulching, and re-seeding said areas.

28. The Declarant shall have the exclusive right to provide one or more central television antennas for the convenience of owners. The cost of said antennas may be included in annual or special assessments. The Declarant may regulate or prohibit the erection of any other television antennas within Topsail Greens. Declarant may convey these rights in the future to any public or private body, including the Association.

29. All firewood shall be neatly stacked and stored in the storage area or on a rack located in an inconspicuous place on the owner's property. The amount of firewood stored on the owner's property shall be kept to a minimum.

30. Only minor repairs to vehicles, such as changing spark plugs, fan belts, tires and batteries, shall be allowed on any lot, street, or any area within Topsail Greens. Vehicles may not be put on blocks for repairing, nor may major repairs, such as, but not limited to, oil changes, repairs of brakes, engines, mufflers, transmissions, etc., be done. No abandoned or unlicensed vehicles shall be allowed to remain on any property within Topsail Greens. Parking of vehicles shall be allowed only in designated parking areas. The Declarant may set reasonable speed limits and other traffic regulations applicable to the streets and vehicular areas of Topsail Greens.

31. Licensed motorcycles owned by an owner are permitted to and from the owner's lot only. Non-residents and guests are not allowed to enter the community on motorcycles. All vehicles and motorcycles must have quiet mufflers. The operation of mini-bikes, motorscooters, dirt bikes or go-carts is not permitted within Topsail Greens.

32. Golf Carts may be stored in an inconspicuous place on an owner's lot, with the prior express written permission of the Declarant.

33. No vegetable gardens shall be allowed without the prior express written consent of the Declarant.

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34. Declarant shall maintain all Common Areas in Topsail Greens and hereby reserves an easement in and to all property in Topsail Greens for ingress and egress to and from said Common Areas for the purpose of maintenance of said Common Areas. Owners will be assessed maintenance fees for said purpose in accordance with the provisions of the Articles, Bylaws and this Declaration.

35. This Declaration provides the right of the Declarant to charge certain fees for the provision of certain services to owners. The owners' liability for the payment of said fees and the remedies of the Declarant for the collection of unpaid fees shall be the same as for any other fees and assessments provided by this Declaration and the Articles and Bylaws. All such service fees shall be determined by reference to the prevailing market price for similar services in the local area.

PART II

SPECIAL RESTRICTIONS AFFECTING ALL WATERFRONT AND WOODLAND AREAS

1. In order to preserve the natural appearance and scenic beauty of Topsail Greens and to provide a "cover" for animals which habitually move along the marsh edges, there is hereby established a construction and clearing restricted zone on all property fronting on waterways. That portion of any waterfront property located within fifty (50) feet of the average high water mark shall be preserved substantially in its present natural state except for moderate clearing for view and breeze. Construction of improvements and major clearing of trees and underbrush is hereby restricted except that as may be required for said golf course construction.

PART III

SPECIAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

1. It is the intent of the Declarant to maintain and enhance (or to convey, subject to these restrictions, to an Association) certain areas which the Declarant will specifically designate as "Open Space Areas", on plats hereafter filed of record in the Office of the Register of Deeds of Pender County, North Carolina by the Declarant. It is the further intent and purpose of these restrictions to protect the marshes, to maintain and enhance the conservation of natural and scenic resources, to promote the conservation of soils, wetlands, tidal marshlands, wildlife, game and migratory birds, enhance the value of abutting and neighboring residential areas adjacent to such forests, wildlife preserves, natural reservations or sanctuaries or other open areas and open spaces, and to afford and enhance recreational opportunities, to preserve historical

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sites and implement generally the Topsail Greens master plan for development. The Declarant shall have sole discretion concerning the designation of areas as Open Space Area.

2. It is expressly understood and agreed that no building, tent, boat, travel or camping trailer and other vehicles or other structure, either temporary or permanent, except as noted elsewhere herein, shall be erected or caused to be placed on any lands shown and set aside on a recorded subdivision plat as Open Space Area.

3. Pursuant to its overall program of wildlife conservation and nature study, the right is expressly reserved to the Declarant and to the Association to make access trails or paths or boardwalks through said Open Space Areas for the purpose of permitting observation and study of wildlife, hiking and riding, to erect small signs throughout the Open Space Area designating points of particular interest and attraction, and to take such other steps as are reasonable, necessary and proper to further the aims and purposes of the Open Space Area and use and enjoyment thereof.

4. The Declarant and the Association shall have the right to protect from erosion the land described as Open Space Area by planting trees, plants, and shrubs where and to the extent necessary. The right is likewise reserved to the Declarant and to the Association to take necessary steps to provide and insure adequate drainage ways, canals or lagoons in Open Space Areas, to cut fire breaks, remove diseased, dead, or dangerous trees and carry out other similar activities.

5. The Declarant reserves unto itself the right to go on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities in said Open Space Areas. These reservations and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Declarant further reserves the right to locate wells, pumping stations and tanks within such Open Space Area. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service.

6. No trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon such Open Space Area, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as Open Space Area.

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7. The provisions of this Part in no way grant to the public or to the owners of any surrounding or adjacent land, the right to enter such Open Space Area without the express permission of the Declarant.

8. The Declarant expressly reserves to itself every reasonable use and enjoyment of said Open Space Areas, in a manner not inconsistent with the provisions of this Declaration.

9. It is expressly understood and agreed that the granting of this easement does in no way place a burden of affirmative action on the Declarant, that the Declarant is not bound to make any of the improvements noted herein, or extend to any lot owner any service of any kind, except as such may be undertaken at the expense of the Association.

PART IV

SPECIAL RESTRICTIONS AFFECTING GOLF FAIRWAY RESIDENTIAL AREAS

1. "Golf Fairway Residential Lot" is defined as any of those residential lots of land located adjacent to any golf course within or adjacent to Topsail Greens.

2. That portion of any golf fairway residential lot within fifty (50) feet of the lot line bordering the golf course shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the Declarant. All individual golf fairway residential lot landscaping plans must be approved by Declarant before implementation.

3. There is reserved to the Declarant a "Golf Course Maintenance Easement Area" on each golf fairway residential lot. This reserved easement shall permit the Declarant, at its election, to go onto any golf fairway residential lot at any reasonable hour and maintain or landscape the golf course maintenance easement area. Such maintenance and landscaping may include regular removal of underbrush, trees less than three (3) inches in diameter, measured 2' above ground, stumps, trash or debris, planting of grass, watering, application of fertilizer, and mowing the golf course maintenance easement area. This golf course maintenance easement area shall be limited to the portion of such golf fairway residential lots within thirty (30) feet of the lot line bordering the golf course, or such lesser area as may be shown as a "Golf Course Maintenance Area" on the recorded plat of such lot; provided, however, that the above-described maintenance and landscaping rights shall apply to the entire lot until there has been filed with the Declarant a landscaping

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plan for such lot by the owner thereof, or alternatively, a residence constructed on the lot.

4. Until such time as a residence is constructed on a golf course residential lot, the Declarant reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a golf course residential lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After a residence is constructed thereon, such easement shall be limited to that portion of the lot included in the golf course maintenance easement area, and recovery of balls only, not play, shall be permitted in such Easement area. Golfers or their caddies shall not be entitled to enter on any such lot with a golf cart or other vehicle, spend unreasonable time on such lot, or in any way commit a nuisance while on such lot. After construction of a residence on a golf fairway residential lot, "Out of Bounds" markers may be placed on said lot at the expense of the Declarant.

5. Owners of golf fairway residential lots shall be obligated to refrain from any actions which would detract from the playing qualities of the golf course or the development of an attractive overall landscaping plan for the entire golf course area.

6. No golf fairway residential lot shall have any fence or other obstruction in the area of the golf course maintenance easement area, unless approved in writing by the Declarant.

7. Declarant shall not be liable for any damage or injury to any golf fairway residential lot, or any person or property located thereon, resulting from or caused by any acts or omissions of any person or party using any golf course property located in or adjoining Topsail Greens.

PART V

ADDITIONS, LIMITATIONS, DURATION AND VIOLATION OF COVENANTS

1. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, of the Declarant for a period of twenty-five (25) years from the execution date of this Declaration except the special restrictions and covenants affecting Open Space Areas, and they shall differ in no particular save they shall run for a period of fifty (50) years from the date so specified and designated on the relevant and applicable plat, after which time, all said covenants shall be

automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of lots substantially affected by such change in covenants, has been recorded, agreeing to change said covenants in whole or in part. Unless the contrary shall be determined by a court of equity jurisdiction, "substantially affected" shall mean those lots shown on (a) the plat showing the lots to be modified in permitted use by the change, and (b) the plats which subdivided the property immediately abutting the plat described in (a).

2. In the event of a violation or breach of any of the restrictions contained herein by any lot owner, or agent of such owner, the owner of lots in the neighborhood or subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Declarant and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Declarant and/or the Association shall have the right, whenever there shall have been built on any lot in the subdivision any structure which is in violation of these restrictions, to enter upon such property where such violation exists and summarily abate or remove the same at the expense of the owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservations, restrictions, or condition contained in this Declaration, however long continued, shall not be deemed a waiver of this right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto, and shall not bar or affect its enforcement. The invalidation by any court of any restrictions of these covenants shall in no way affect any of the other restrictions, but they shall remain in full force and effect.

3. Subject to the requirements of Part VI, paragraph 4, herein, in the absence of a petition by the owners as herein provided, the Declarant reserves the right to assign to the Association at any time in its sole discretion, all or any of its rights, privileges and obligations set out in these covenants, including, but not limited to, the right to approve (or disapprove) improvements proposed in Topsail Greens as specified in Part I herein. At any time after 75% of all lots in Topsail Greens are sold by Declarant, owners may petition the Declarant in writing for assignment of said rights, privileges and obligations as set out herein. Should a majority of the owners sign said written petition, the Declarant shall assign said rights, privileges and obligations to the Association within 30 days of service of the petition on the Declarant.

4. At any time prior to the assignment to the Association of the Declarant's rights, the Declarant reserves in each instance the right to add additional restrictive covenants or to limit the application of these covenants, provided that no limitations shall be made applicable only to a portion of the lots in a platted subdivision.

5. Declarant is presently the owner of the property described in Exhibit A attached hereto, of which the property shown in the plat of Topsail Greens is a part. Declarant reserves the right, without consent of any owner, to expand Topsail Greens by recording additional plats of other areas within the property described in Exhibit A showing, among other things, all lots, streets, and common areas within said platted area. Such additions may be made in order to extend the provisions of this Declaration to other real property to be developed as part of Topsail Greens and to bring such additional property within the jurisdiction of the Association, thereby subjecting such additions to assessment for their fair share of the Association's expenses. Such additions shall be made by filing of record one or more plats indicating those lots or units or parcels to be included and the filing of a Supplemental Declaration of Covenants, Conditions and Restrictions which shall identify the property to be included and shall incorporate this Declaration by reference. The development of any such expansion of Topsail Greens shall be substantially similar to, and consistent with, the present development of Topsail Greens, as shown on the plat referenced herein.

6. In the event of the expansion of Topsail Greens, as herein provided, the term Topsail Greens, as used herein, shall be deemed to mean and include the property described in said additional plats and Supplemental Declarations. In addition, all owners of lots in Topsail Greens, as shown on said plats and Supplemental Declarations, shall have all rights, privileges and responsibilities of lot owners as set out herein, including, but not limited to, membership in the Association.

PART VI

TOPSAIL GREENS COMMUNITY ASSOCIATION

1. The purposes for which the Topsail Greens Community Association, Inc. will be organized are:

a. To own, manage, maintain, and operate the roads, water and sewage treatment facilities, and such other amenities as may be conveyed to the Association for the benefit of owners of property included within Topsail Greens, and to exercise the rights and obligations of the Declarant, at such time as they may be assigned to the Association by the Declarant.

663-2

b. To advance and promote civic and community development in the area of Topsail Greens in whatever way possible.

c. To levy and collect assessments due and owing to the Association.

d. Generally to engage in any other lawful enterprise or activity and to do and perform all acts and things that may be deemed necessary or expedient for the proper and successful prosecution of the objects and purposes for which the Association is organized.

e. To engage in any lawful act or activity for which corporations may be organized under Chapter 55A of the General Statutes of North Carolina.

2. The Topsail Greens Community Association, Inc. shall be organized, managed, and administered in accordance with the Declaration, the Articles, the Bylaws, and any other rules, regulations, and resolutions adopted by said Association. Said Association shall have all the powers, authorities, rights, and obligations set out in said documents, with respect to, among other things and not limited to, acquisition, and administration of property by the Association, assessments of members, and any other matter necessary to carry out the purposes of the corporation.

3. Each owner shall be a member of the Association and shall be subject to such assessments as may be levied from time to time by the Association in accordance with its Articles and Bylaws. The owner or owners of each lot shall be entitled to vote as provided in the Bylaws.

4. Conveyance of control and management responsibilities to the Association shall take place no later than the earlier of five years following conveyance of the first Lot, or four months after 75% of the units in the entire project have been conveyed to unit purchasers. Until the conveyance of control and management responsibilities, as herein provided, Declarant shall be responsible for the construction, installation, repair and maintenance of all roads, water and sewer system and common areas as shown on the recorded plats of Topsail Greens.

5. After the management rights, responsibilities and control have been turned over to the Association by the Declarant, the Declarant shall surrender all remaining unexpended funds to the Association and shall make a full accounting to the Association for all sums spent and shall transfer to the Association all insurance policies then in effect on the units and common areas and facilities. At the first annual meeting, the Association shall establish an annual

budget and, if necessary, adjust the monthly assessment accordingly. The owner of each unit shall thereafter make all future payments directly to the Association for common expenses as provided in the Bylaws.

6. The Owners Association, prior to passage of control, is not bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than 90 days' notice to the other party.

7. Conveyance of control and management responsibilities to the Association shall be at no cost to the Association, and shall include, but not be limited to, conveyance of the rights, privileges and obligations of the Declarant as set out herein and in the Articles and Bylaws, and conveyance of all right, title and interest in and to all access roads to each court as shown in the recorded plat, all common areas, and limited common areas, the water and sewer system and any related easements, except that title to the road shown on any recorded plat as "Topsail Greens Drive" shall not be conveyed by the Declarant, but shall be retained by the Declarant, which shall retain all responsibility and authority for maintenance and repair of said road. The water and sewer system as referred to herein shall include the area entitled "Waste Water Treatment Plant" on the plat referred to herein, the area described in Exhibit B attached hereto where Well Site No. 1 is located, the area, to be determined, where Well Site No. 2 is to be located, and all rights, privileges, easements, tenements and appurtenances thereunto belonging.

8. In the event of a taking by eminent domain (or condemnation or a conveyance in lieu of condemnation) of part or all of the common areas and facilities, the award of such taking shall be payable to the Association, which may represent the owners named in the proceedings. Said award shall be utilized to the extent possible for the repair, restoration, replacement, or improvement of the remaining common areas and facilities, if only part are taken. Any funds not utilized (in the case of a partial taking) shall be applied in payment of common expenses otherwise assessable. In the event of a taking of all or part of a lot, the award shall be made payable to the owner of such lot and his mortgagee, if any, as their interests may appear.

PART VII
ASSESSMENTS

1. Every owner, whether or not it shall be so expressed in any deed or other conveyance, by acceptance of a deed or other conveyance for a lot herein, is deemed to have accepted the covenants and agree to pay:

- (a) Annual assessments or charges,
- (b) Special assessments for capital improvements,
- (c) Any other fees and special assessments as may be fixed from time to time in accordance with this Declaration and the Articles and By-laws of the Association, the terms of which are incorporated herein by reference.

2. The annual, and special assessments and fees, together with interest thereon and costs of collection thereof, including reasonable attorney's fees, determined as provided herein and in the Articles and By-laws of the Association, shall be a charge on the land and shall be a continuing lien upon the lot and improvements against which each such fee or assessment is made. Each such fee or assessment, together with such interest and costs of collection, including reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of the lot at the time the assessment fell due. The personal obligation of an owner for delinquent fees or assessments shall not pass to his successors in title unless expressly assumed by them.

3. No assessment of any kind shall be assessed against a lot prior to the completion of construction of the initial residence and issuance of a certificate of occupancy to the owner of said lot.

4. The assessments and fees levied by the Association shall be used for the purpose of promoting the beautification of the property, the recreation, health, safety, and welfare of the owners, the enforcement of these covenants and the rules of the Association and, in particular, for the improvement and maintenance of the Common Areas, sewer and water services, roadways and other amenities, providing the services and facilities devoted to this purpose and related to the use and enjoyment of said amenities, and for any other purposes set out in the Declaration, Articles and Bylaws. Nothing herein shall mean that assessments may not be used for the maintenance and beautification of areas within the subdivision but which are not part of the Common Areas, such as entrance signs, access easements crossing private property,

median strips within street rights-of-way or the interior of cul-de-sacs. The Association shall establish a reserve fund out of these regular assessments for the purposes set forth herein.

5. The basic annual assessment shall be determined by the Association, effective January 1 of each year, without a vote of the membership, based upon adoption of annual budget for expenditures for authorized purposes, including reasonable reserves for major repairs, replacements and working capital. Such assessments shall be in an amount to be fixed from year to year by the Association, which may establish different rates from year to year as it may deem necessary and may establish different rates for various general classifications of lots according to the size, use or location of said lots. The Association may levy additional assessments if necessary to meet the needs of the entire Topsail Greens or a portion thereof. Owner may be required to prepay a portion of the first year's annual assessment upon closing of the purchase of said property from Declarant.

6. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any new construction, acquisition of land, buildings or equipment, construction of capital improvements or unexpected repair or replacement of capital improvements upon the Common Area, including the necessary fixtures and personal property related thereto; provided that any such assessments for capital improvements shall be adopted by a two-thirds (2/3) affirmative vote of members, voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the time, place and purpose of the meeting. A working capital fund is required for the initial months of the project's operation equal to at least two months' assessments for each unit. Each unit's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each unit and maintained in an account for the use and benefit of the Association. The purpose of the fund is to insure that the Association board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advance payment of regular assessments.

66-5-2/1

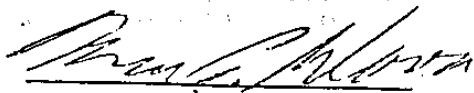
7. Any assessments or fees which are not paid when due shall be delinquent. If the assessments or fees are not paid within thirty (30) days after the due date, the assessment or fee shall bear interest from the date of delinquency at the higher of the prevailing prime lending rate at North Carolina banks or twelve (12%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his property.

8. The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any mortgage or mortgages on such Lot, Unit or other Assessable Property. Sale or transfer of any lot shall not affect the assessment lien; however, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

9. Declarant reserves the right to subject the real property in Topsail Greens to a contract with Carolina Power & Light Company for the installation of underground electric cables which may require an initial contribution and/or the installation of street lighting, which will require a continuing monthly payment to Carolina Power & Light Company by each Owner.

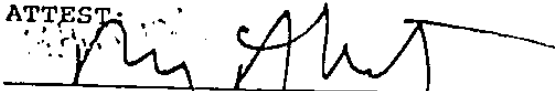
DECLARANT

By:



(CORPORATE SEAL)

ATTEST:



Secretary

THE UNDERSIGNED, as Trustee and Mortgagee, under a certain Deed of Trust and Security Agreement from Champion Home Communities, Inc., to S. John Lakanen, Trustee, and National Bank of Detroit, dated this 23rd day of October, 1985, recorded the 10th day of October, 1985, in Book 488, Page 212, Pender County Registry, do hereby join in this document for the purpose of subordinating the lien of said Deed of Trust and Security Agreement to the terms of this Declaration.

NATIONAL BANK OF DETROIT

By: [Signature]
its 1st Vice President

(CORPORATE SEAL)

ATTEST:

By: [Signature]
William C. Bickow

[Signature]
S. John Lakanen, Trustee

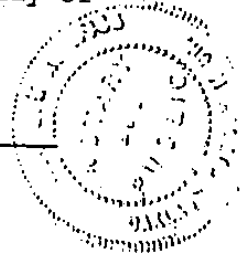
STATE OF MICHIGAN

COUNTY OF Oakland

I, Michele A. Buss, a Notary Public of the State and County aforesaid, certify that Rodney A. Knight personally came before me this day and acknowledged that he is secretary of Champion Home Communities, Inc., a Michigan corporation with its principal office in Rapier County, Michigan, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its president, sealed with its corporate seal, and attested by himself as its secretary.

WITNESS my hand and official seal this 19th day of October, 1985.

[Signature]
Notary Public



My commission expires:

MICHELE A. RUSS
Notary Public, Oakland County, MI
My Commission Expires Nov. 4, 1987

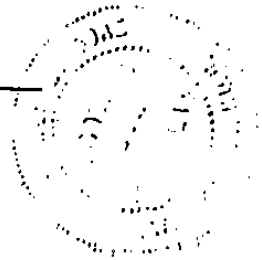
STATE OF MICHIGAN

COUNTY OF WAYNE

I, SHARON LYNN DORÉ, a Notary Public of the State and County aforesaid, certify that S. John Lakanen personally came before me this day and acknowledged that he is 2nd Vice President Secretary of National Bank of Detroit, a banking corporation with its principal office in Wayne County, Michigan, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its president, sealed with its corporate seal, and attested by himself as its secretary.

WITNESS my hand and official seal this 24th day of October, 1985.

Sharon Lynn Doré
Notary Public



My commission expires:

SHARON LYNN DORÉ
Notary Public, Wayne County, MI
My Commission Expires June 27, 1988

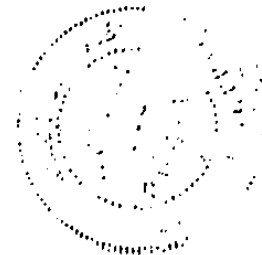
STATE OF MICHIGAN

COUNTY OF WAYNE

I, SHARON LYNN DORÉ, a Notary Public in and for the State and County aforesaid, do certify that S. John Lakanen, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 24th day of October, 1985.

Sharon Lynn Doré
Notary Public



My commission expires:

SHARON LYNN DORÉ
Notary Public, Wayne County, MI
My Commission Expires June 27, 1988

STATE OF NORTH CAROLINA
COUNTY OF PENDER

The foregoing certificate of Michael G. Ross and Shirley Lynn Davis, Notary Public, is certified to be correct.

This the 14th day of January, 1986.

REGISTER OF DEEDS OF PENDER COUNTY

By: Judith Seachey, Asst.
Deputy

Filed for registration on the 14th Day of January 1986 At 11:10 O'clock A.M.
and registered in the office of the Register of Deeds for Pender County in Book No. 66.3 Page 212

Hugh Overstreet, Jr.
Register of Deeds for
PENDER COUNTY

663-2/2

EXHIBIT A

Tract One: Being all of that tract of land shown as Tract No. 1 on a map entitled Survey for Champion Home Communities, Inc., which said map is recorded in Map Book 21 on Page 47 of the Pender County Registry, and being described as follows: BEGINNING at an iron stake buried at the intersection of the center of Jones Road with the Eastern right-of-way line of U. S. Highway No. 17, and runs thence as follows:

1. With the center of Jones Road South 37 degrees 34 minutes East 819.40 feet to an iron stake; thence
2. Continuing with Jones Road South 40 degrees 11 minutes East 3,841.60 feet to a concrete monument on the southern side of Jones Road; thence
3. Crossing Jones Road North 60 degrees 40 minutes East 191.82 feet to a concrete monument; thence.
4. With the northern margin of Jones Road South 40 degrees 56 minutes East 4,127.92 feet to the northwestern right-of-way line of S. R. 1563; thence
5. With the said right-of-way line South 44 degrees 53 minutes West 735.70 feet to an iron stake in the old Baucom line; thence
6. With the Baucom line North 40 degrees 31 minutes West 5,032.72 feet to an iron stake; thence
7. Continuing with the Baucom line South 49 degrees 40 minutes West 1,261.15 feet to an old iron stake; thence
8. With the Batson old line North 40 degrees 21 minutes West 2,140.63 feet to an old iron stake; thence
9. With an old line North 40 degrees 31 minutes West 1,567.72 feet to an old iron stake on the eastern right-of-way line of U. S. Highway No. 17; thence
10. With the said right of way line North 45 degrees 10 minutes East 1,839.46 feet to the beginning.

EXCEPTING, however, from the foregoing parcel of land all of lots 1 through 29 together with Lot 4-A, lots 171 and 172 as shown upon a map as recorded in Map Book 21, Page 47 of the Pender County Registry to which reference is hereby made for a more perfect and accurate description.

The above parcel of land designated as Tract One contains 213.95 acres, more or less, after the excepted area has been excepted therefrom. The above parcel of land designated as Tract One includes a roadway transversing the excepted lots therefrom but the grantee herein accepts title to said roadway subject to the dedication thereof to the use of the general public in accordance with the laws of the State of North Carolina.

The conveyance of the lands contained in Tract One above is subject to the existing right-of-way of a power line presently located on said property.

66.3-21

Tract Two: BEING all of that tract of land shown as Tract No. 2, on a map entitled Survey for Champion Home Communities, Inc., which said map is recorded in Map Book 21, on Page 47 of the Pender County Registry, and being described as follows: BEGINNING at an iron stake at the intersection of the southern right-of-way line of Jones Road with the eastern right-of-way line of S. R. No. 1563, and runs thence as follows:

1. With the southern right-of-way line of Jones Road South 40 degrees 56 minutes East 1,671.54 feet to the western right-of-way line of Plantation Road; thence
2. With the western right-of-way line of Plantation Road South 82 degrees 54 minutes West 1,644.00 feet to the northern right-of-way line of Cole Drive; thence
3. With the northern right-of-way line of Cole Drive North 40 degrees 23 minutes West 1,606.38 feet to the eastern right-of-way line of S. R. No. 1563; thence
4. With the eastern right-of-way line of S. R. No. 1563 as it curves, chords of which are as follows: North 75 degrees 33 minutes East 117.11 feet, North 68 degrees 28 minutes East 100.00 feet, North 60 degrees 46 minutes East 109.40 feet; North 56 degrees 42 minutes East 100.00 feet, North 51 degrees 23 minutes East 115.00 feet to the end of the curve; thence
5. Continuing with the eastern right-of-way line of S. R. No. 1563 North 44 degrees 53 minutes East 1,106.63 feet to the beginning.

EXCEPTING, however, from the foregoing parcel of land all of lots 173, 174, 175, 263, 262, 261, 257, 256, 255, 254, 253, 252, 251, 250, 249, 248, 247, 246, 176, 177, 178, 179, 180, 181, 210, 211, 212 and 213 as all appear upon a map as recorded in Map Book 21, Page 47 of the Pender County Registry to which reference is hereby made for a more perfect and accurate description.

The conveyance of the lands described in Tract Two above contains 42.62 acres, more or less, after the excepted lots have been deducted therefrom. The conveyance of the lands designated as Tract Two above conveys title to a certain roadway which accommodates various lots as referred to on said map in Book 21, page 47, but such roadways as referred are subject to dedication to the use of the general public.

663-210

EXHIBIT B

Proposed Well Site #1, Topsail Greens

BEGINNING at the southwest corner of property of Champion Home Communities, Inc., as shown on a map recorded in Book 21, Page 47, Pender County Registry, in the southern right-of-way of U.S. Highway #17; thence north 39 degrees, 34 minutes, 20 seconds east, 178.45 feet along the southern right-of-way of U.S. Highway #17; thence with a curve to the right having a radius of 20.00 feet, an arc length of 37.57 feet and a delta of 90 degrees, 27 minutes, 12 seconds; thence south 49 degrees, 58 minutes, 28 seconds east, 93.28 feet; thence with a curve to the right having a radius of 968.85 feet, an arc length of 122.21 feet, and a delta of 07 degrees, 13 minutes, 37 seconds; thence south 35 degrees, 32 minutes, 19 seconds west, 208.75 feet; thence north 46 degrees, 07 minutes, 39 seconds west, 250.64 feet to the point of beginning, containing 49,798.62 square feet (1.143 acres), as shown on a survey of said property by Hobbs and Associates dated November 11, 1985.

Proposed Waterline Easement

BEGINNING in the southeast radius of Topsail Greens Drive right-of-way, at the entrance into Topsail Greens from U.S. Highway #17, as shown on a map recorded in Book 22, Page 33, Pender County Registry, said point being the center of a 10-foot waterline easement as shown on said map; the centerline of said 10-foot easement continuing south 39 degrees, 34 minutes, 20 seconds west, 697.33 feet; thence south 41 degrees, 01 minutes, 18 seconds east, 72.28 feet; thence south 24 degrees, 42 minutes, 57 seconds east, 230.78 feet; thence south 42 degrees, 31 minutes, 26 seconds west, 87.95 feet; thence south 47 degrees, 58 minutes, 38 seconds west, 69.99 feet. A portion of the above-described 10-foot easement is shown on a map recorded in Map Book 22, Page 33, Pender County Registry. The remaining portion of said waterline easement is shown on a survey of said property by Hobbs and Associates dated November 11, 1985.

R E S O L U T I O N

Be it resolved that the Bylaws of Topsail Greens Community Association, Inc., dated December 17, 1985, a copy of which is attached hereto have been approved and adopted by the Board of Directors of Topsail Greens Community Association, Inc., this the 20th day of December, 1985.

TOPSAIL GREENS COMMUNITY
ASSOCIATION, INC.

By: Marc A. Glova
President
Marc A. Glova

TOPSAIL GREENS HOMEOWNERS ASSOCIATION, INC.
COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ALL RESIDENTIAL AREAS

- In order to insure proper design and location of improvements, no building, fence or other structure shall be erected, placed or altered on any lot until the proposed building plans, specifications, exterior color or finish, plat plan (showing the proposed location of such building or structure, drives and parking areas), landscaping plan, construction schedule and any other written plans and specification shall have been approved in writing by Declarant. Refusal of approval of plans, location or specifications may be based by the Declarant upon any ground, including purely aesthetic conditions, which in the discretion of the Declarant shall be sufficient. No alterations in the exterior appearance of any building or structure shall be made without like approval of the Declarant. One (1) copy of all plans and related data shall be furnished the Declarant for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt of Declarant of written demand for approval, the provisions of this paragraph shall be thereby waived. The right of approval reserved to the Declarant herein may be assigned to the Association in the sole discretion of the Declarant. Wherever this Declaration requires the written approval of the Declarant to do or refrain from doing any act with regard to this property, the provisions of this paragraph will apply.
- Only central air conditioning and/or heating systems shall be allowed in any residential unit that faces the road. No window air conditioners shall be installed in any residential unit that faces the road. The locations of any central air conditioning and/or heating system must be approved in writing by the Declarant pursuant to the provisions of Paragraph 1 of this Part 1.
- In order to protect the natural beauty of the land throughout Topsail Greens, written approval of the Declarant is hereby required for the removal, reduction, cutting down, excavation or lowering of trees as specified in paragraph 16 of this part 1. Written approval will be granted for the required cutting in plans and specifications approved pursuant to the provisions of paragraph 1 and 16 of this Part 1.
- All property subject to this Declaration shall be used for residential purposes exclusively.
- It shall be the responsibility of each property owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds, which condition would tend to substantially decrease the beauty of the neighborhood, or of Topsail Greens as a whole.
- No noxious or offensive activity shall be carried on, in or upon any property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof. No animals shall be kept, maintained or quartered in or on any property except that cats, dogs and caged birds may be kept in reasonable numbers as pets for the pleasure of the occupants. Any pets shall at all times be kept properly fenced or on a leash when outside of a dwelling.
- No commercial signs, including "for rent", "for sale", and other similar signs, shall be erected or maintained on any property, except with the written permission of the Declarant, or except as may be required by legal proceedings. Signs shall be in excellent condition when placed on a property and thereafter maintained in the same condition or replaced. Declarant may erect signs, either permanent or temporary, for Topsail Greens or any area or portion thereof for identification, sales information or other purposes. The size, location, graphic design, message, construction materials, and condition of any sign placed In Topsail greens shall be subject to approval by the Declarant, either before or after having been placed, and the Declarant shall have the power to disapprove the display of any sign because of its failure to conform with these restrictions or standards otherwise established by the Declarant, in which event the builder or owner responsible for such sign shall have the option of permanently removing the offending sign, or replacing it with a sign satisfactory to the Declarant. Any person or entity having ownership or control of a sign in place shall be responsible for maintaining said sign in good physical condition. Failure to properly maintain a sign to standards established by the Declarant shall be sufficient reason for the Declarant to require permanent removal or replacement of the offending sign. If any person or entity owning or controlling a particular sign is notified by the Declarant that the sign does not conform with the requirements of this Declaration and the sign is not repaired, replaced, or otherwise brought to a level of quality deemed appropriate by the Declaration within ten (10) days after including the date such notification is issued by the Declarant, the Declarant or its designated representative may, but shall not be obligated to, enter the property and permanently remove the offending sign without incurring any cost or other liability. Board of Directors interprets this to mean no signs in yards or on grass areas.

” § 47F-3-121. American and State flags and political sign displays.

Notwithstanding any provision in any declaration of covenants, no restriction on the use of land shall be construed to:

- (1) Regulate or prohibit the display of the flag of the United States or North Carolina, of a size no greater than four feet by six feet, which is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10, as amended, governing the display and use of the flag of the United States unless:
 - a. For restrictions registered prior to October 1, 2005, the restriction specifically uses the following terms:
 1. Flag of the United States of America;
 2. American flag;
 3. United States flag; or
 4. North Carolina flag.
 - b. For restrictions registered on or after October 1, 2005, the restriction shall be written on the first page of the instrument or conveyance in print that is in boldface type, capital letters, and no smaller than the largest print used elsewhere in the instrument or conveyance. The restriction shall be construed to regulate or prohibit the display of the United States or North Carolina flag only if the restriction specifically states: **"THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA"**.

This subdivision shall apply to owners of property who display the flag of the United States or North Carolina on property owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others.

- (2) Regulate or prohibit the indoor or outdoor display of a political sign by an association member on property owned exclusively by the member, unless:
 - a. For restrictions registered prior to October 1, 2005, the restriction specifically uses the term "political signs".
 - b. For restrictions registered on or after October 1, 2005, the restriction shall be written on the first page of the instrument or conveyance in print that is in boldface type, capital letters, and no smaller than the largest print used elsewhere in the instrument or conveyance. The restriction shall be construed to regulate or prohibit the display of political signs only if the restriction specifically states: **"THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS"**.

Even when display of a political sign is permitted under this subdivision, an association (i) may prohibit the display of political signs earlier than 45 days before the day of the election and later than seven days after an election day, and (ii) may regulate the size and number of political signs that may be placed on a member's property if the association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property. If the local government in which the property is located does not regulate the size and number of political signs on residential property, the association shall permit at least one political sign with the maximum dimensions of 24 inches by 24 inches on a member's property. For the purposes of this subdivision, "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. This subdivision shall apply to owners of property who display political signs on property owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others. (2005-422, s. 8; 2006-226, s. 15(b).)

- **The Declarant reserves unto itself a perpetual, alienable and releasable easement and right on, over, and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, meters, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public convenience or utilities, on, in or over.**
 - **Any property designated as common area or limited common area on any applicable plat of Topsail Greens,**
 - **Any other property described herein, not divided into lots as shown on any applicable plat of Topsail Greens,**
 - **The rear ten (10) feet of each lot and ten (10) feet along one (1) side of each lot,**
 - **Such other easement areas as are shown on a recorded plat of the subject property, and**
 - **Any areas shown as roads on a recorded plat of the subject property. Provided further, that the Declarant may cut drain ways for surface water wherever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety, and appearance. In the event of the subdivision or combination of one or more lots, the easement created hereby shall exist on the resulting lot(s) and may terminate and become void on the lots subdivided or combined. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.**

- **The Declarant shall have a reasonable right of entry upon any lot to make emergency repairs and to do other work reasonable necessary for the proper maintenance and operation of the project. The Declarant shall have the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonable necessary or useful for the proper maintenance or operation of the project.**
- **The Declarant reserves unto itself, its successors, assigns, invitees or licensees, an easement and right of ingress and egress in and over all roads as shown on any recorded map of Topsail Greens.**
- **No fuel tanks or similar storage receptacle may be exposed to view.**
- **No private water wells may be drilled or maintained on any property without the written consent of the Declarant.**
- **No trees measuring three (3) inches or more in diameter at a point two (2) feet above ground level may be removed without the written approval of the Declarant.**
- **No lot shall be subdivided, or its boundary lines changed, except with the written consent of the Declarant. However, the Declarant hereby expressly reserves to itself the right to re-plat any lot or lots shown on the plat of any area of Topsail Greens, in order to create a modified building lot or lots, and to take such other steps as are fit as a building site to include, but not be limited to, the relocation of easements, walkways, rights-of-way, roads, bridges, parks, recreational facilities and other amenities to conform to the new boundaries of said re-platted lots, provided that no lot originally shown on a recorded plat is reduced to a size more than ten (10%) percent smaller than the smallest lot shown on the first plat of the subdivision section recorded in the public records.**
- **No exposed exterior clothes lines of any type shall be installed.**

“Article 3.

Deed Restrictions, Covenants, and Other Agreements Prohibiting Solar Collectors.

§ 22B-20. Deed restrictions and other agreements prohibiting solar collectors.

(a) The intent of the General Assembly is to protect the public health, safety, and welfare by encouraging the development and use of solar resources and by prohibiting deed restrictions, covenants, and other similar agreements that could have the ultimate effect of driving the costs of owning and maintaining a residence beyond the financial means of most owners.

(b) Except as provided in subsection (d) of this section, any deed restriction, covenant, or similar binding agreement that runs with the land that would prohibit, or have the effect of prohibiting, the installation of a solar collector that gathers solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, or generating electricity for a residential property on land subject to the deed restriction, covenant, or agreement is void and unenforceable. As used in this section, the term "residential property" means property where the predominant use is for residential purposes. The term "residential property" does not include any condominium created under Chapter 47A or 47C of the General Statutes located in a multi-story building containing units having horizontal boundaries described in the declaration. As used in this section, the term "declaration" has the same meaning as in G.S. 47A-3 or G.S. 47C-1-103, depending on the chapter of the General Statutes under which the condominium was created.

(c) This section does not prohibit a deed restriction, covenant, or similar binding agreement that runs with the land that would regulate the location or screening of solar collectors as described in subsection (b) of this section, provided the deed restriction, covenant, or similar binding agreement does not have the effect of preventing the reasonable use of a solar collector for a residential property. If an owners' association is responsible for exterior maintenance of a structure containing individual residences, a deed restriction, covenant, or similar binding agreement that runs with the land may provide that (i) the title owner of the residence shall be responsible for all damages caused by the installation, existence, or removal of solar collectors; (ii) the title owner of the residence shall hold harmless and indemnify the owners' association for any damages caused by the installation, existence, or removal of solar collectors; and (iii) the owners' association shall not be responsible for maintenance, repair, replacement, or removal of solar collectors unless expressly agreed in a written agreement that is recorded in the office of the register of deeds in the county or counties in which the property is situated. As used in this section, "owners' association" has the same meaning as in G.S. 47F-1-103.

(d) This section does not prohibit a deed restriction, covenant, or similar binding agreement that runs with the land that would prohibit the location of solar collectors as described in subsection (b) of this section that 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 façade of the structure faces; or
- (3) Within the area set off by a line running across the façade of the structure extending to the property boundaries on either side of the façade, and those areas of common or public access faced by the structure.

(e) In any civil action arising under this section, the court may award costs and reasonable attorneys' fees to the prevailing party. (2007-279, s. 3; 2009-553, s. 3.)

- **All additions to driveways and parking areas shall be subject to the written approval of the Declarant.**

- All lots subject to this Declaration shall be used for residential purposes exclusively. No structure, except as herein provided, shall be erected, altered, placed or permitted to remain on any lot other than as specifically approved in writing by the Declarant. No tree houses or play houses shall be erected on any lot unless previously approved in writing by the Declarant.

- Any camping trailer, recreational vehicle and/or similar equipment shall at all times be parked in a storage area to be provided and designated by the Declarant. Declarant assumes no responsibility or liability for damage or loss to any vehicles or equipment stored in such designated area pursuant to this provision, or to persons using said area. Declarant reserves the right to charge a reasonable fee for the storage of vehicles or equipment therein.

“Section 4. Parking Rights: The Corporation shall regulate the parking of vehicles, boats, trailers and other such items in Topsail Greens Community pursuant to the Declaration and these Bylaws. No vehicles, boats, trailers or other similar types of equipment shall be parked within the traffic lane of any street. RV's and boats may be parked in driveways for a period of **48 hours** in a seven (7) day period. Overnight parking on grass and/or on common areas is not allowed. Hourly (Part-time parking) on such areas may be permitted for specific purposes. A storage area is provided for boats, boat trailers & RV's.”

- Each lot owner shall store garbage in a proper container with a lid in the storage area or in a screened area not visible from any road, in accordance with reasonable standards established by the Declarant. Owner shall place plastic garbage liners only at the curb on the morning of garbage pickup. Declarant shall provide garbage pickup at the owner's lot once each week. Owner shall be assessed by Declarant a reasonable fee for said service.

- All lots shall be maintained in accordance with standards and regulations established and enforced by the Declarant. The Declarant hereby reserves unto itself a perpetual, alienable and releasable easement and right on, over, and under and all lots or residential areas shown on any recorded plat of Topsail Greens for the purpose of creating, cultivating and maintaining landscaped yards in said areas. Declarant shall have the responsibility for the initial planning and planting after construction of a residence thereon, and basic lot maintenance of said landscaped yards thereon, and basic lot maintenance of said landscaped yards solely in accordance with standards to be determined and enforced by the Declarant. Basic lot maintenance shall consist only of mowing lawns and maintaining mulched walkways and parking areas. A reasonable fee shall be charged to all owners by the Declarant for the provision of such basic maintenance services. For the purpose of providing such basic lot maintenance services, Declarant shall be authorized to move any personal property of the owner and shall not be liable for any loss or damage to real or personal property of the owner, resulting from said basic lot maintenance activities. Owner shall be responsible for any necessary or desired maintenance or improvements in addition to that provided by the Declarant, including, but not limited to, watering, fertilizing, mulching, and re-seeding said areas.

- All firewood shall be neatly stacked and stored in the storage area or on a rack located in an inconspicuous place on the owner's property. The amount of firewood stored on the owner's property shall be kept to a minimum.

- Only minor repairs to vehicles, such as changing spark plugs, fan belts, tires and batteries, shall be allowed on any lot, street, or any area within Topsail Greens. Vehicles may not be put on blocks for repairing, nor may major repairs, such as, but not limited to, oil changes, repairs of brakes, engines, mufflers, transmissions, etc., be done. No abandoned or unlicensed vehicles shall be allowed to remain on any property within Topsail Greens. Parking of vehicles shall be allowed only in designated parking areas. The Declarant may set reasonable speed limits and other traffic regulations applicable to the streets and vehicular areas of Topsail Greens.

- Golf Carts shall be stored in an inconspicuous place on an owner's lot, with the prior express written permission of the Declarant.

- No Vegetable gardens shall be allowed without the prior express written consent of the Declarant.

Violations Fines and Procedures:

1st Letter – Warning letter of violation – give 30 days to correct violation and give notice for hearing (next board meeting)
Board meetings are held on the 3rd Tuesday of every month.

2nd Letter – Fine of \$50 after the first 30 days. \$50 added to the fine every 15 days the violation still exists. The Board also reserves the right to suspend services as an alternative or additional remedy for violation management.

Fines will be capped at 90 days. After 90 days, the board has the authority to enter your property and correct the violation at the homeowners cost.

PLEASE RETURN THIS PAGE ONLY

Owner/Tenant Attestation Statement
Topsail Greens Homeowners Association

Rules and Regulations: Summary of Covenants

The Covenants are intended to familiarize Homeowners with the various private restrictions in Topsail Greens Homeowners Association. Please review the Covenants provided to you and sign the agreement below that states that you understand the rules and regulations and agree to abide by them as written and recorded in Pender County, NC.

I (we) have read the *Summary of covenants & Bylaws* and agree to all the conditions above, and I (we) agree to abide by the Topsail Greens Homeowners Association Covenants and Bylaws.

- Owner**
- Tenant**

Print Name: _____

Address: _____

Signature: _____ **Date** _____

Phone Number: _____ **E-Mail:** _____

Print Name: _____

Address: _____

Signature: _____ **Date** _____

Phone Number: _____ **E-Mail:** _____

Please mail to the address below or email to hampsteadhoa@gmail.com

Atlantic Shores Management
C/O Topsail Greens Homeowners Association
P.O. Box 964
Hampstead, NC 28443

BYLAWS OF
TOPSAIL GREENS COMMUNITY ASSOCIATION, INC.
A NON-PROFIT CORPORATION

ARTICLE 1

Offices

Section 1. Principal Office: The principal office of the corporation shall be located in Topsail Greens, Hampstead, Pender County, North Carolina.

Section 2. Registered Offices: The required office of the corporation required bylaw to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. Other Offices: The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors from time to time may determine or as the affairs of the corporation may require.

ARTICLE 11

Meeting of Members

Section 1. Place of Meetings: All Meetings of members shall be held at the principal office of the corporation or at such other place, either within or without the State of North Carolina, as shall be designated in the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings: The annual meeting of members shall be held on the first Friday in April of each year at 7:00 p.m., if not a legal holiday, but if a legal holiday then on the next day following not a legal holiday, for the transaction of such business as properly may be brought before the meeting.

Section 3. Substitute Annual Meeting: If the annual meeting shall not be held on the day designated by these bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Members and Voting: Membership rights shall be as provided herein and in the Articles of Incorporation and Declaration of Covenants, Conditions and Restrictions for Topsail Greens, herein referred to as "Declaration". Each member shall have a number of votes equal to the number of residential lots owned by said member. Where two or more members own a lot jointly, they shall be entitled to one vote for each jointly owned lot.

Section 5. Special Meetings: Special meetings of the members may be called at any time by the President or Board of Directors of the Corporation, or by any members pursuant to the written request of not less than five percent (5%) of all of the members entitled to vote at the meeting.

Section 6. Notice of Meetings: Except as otherwise specifically provided in the Declaration of Covenants, Conditions, Restrictions and Easements of Topsail Greens as recorded in the office of the Register of Deeds, Pender County, and said Declaration as from time to time amended, written or printed notice stating the time, place, day and hour of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by United States Postal Service, by or at the direction of the President, Secretary or other person calling the meeting to each member of record of the corporation.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted unless it is a matter upon which the vote of members is expressly required by the provisions of the North Carolina Non-Profit Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 7. Voting Lists: A voting list shall not be required to be prepared if the record of members actually presented at the meeting shows in alphabetical order or by alphabetical index the name of each member with his address.

Section 8. Quorum: Except as otherwise specifically provided in the Declaration of Covenants, Conditions, Restrictions and Easements of Topsail Greens development as recorded in the office of the Register of Deeds of Pender County and said Declaration as from time to time amended, fifty percent (50%) of the members entitled to vote, represented in person or by proxy, shall constitute a quorum at the opening of a meeting of members. In the absence of a quorum at the opening of any meeting of members, such meeting may be adjourned from time to time by the vote of a majority of the members voting on the motion to adjourn; and, at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum in attendance.

Section 9. Proxies: A member may vote either in person or by one or more agents authorized by a written proxy executed by the member or by his duly authorized attorney-in-fact. A proxy shall not be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting.

Except in the election of directors as is herein-after provided, the vote of a majority of the votes entitled to be cast by the members present or represented by proxy on any matter at a meeting of members at which a quorum is present shall be the act of the members on that matter, unless the vote of a greater number is required by law or the bylaws of the corporation. Voting on all matters except the election of directors shall be by voice vote or show of hands unless, prior to the voting on any matter, a demand for a ballot vote on such matter is made by any member present.

Section 10. Informal Action: Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the secretary of the corporation to be kept in the corporate minute book.

Section 11. Dissolution and Liquidation: The Corporation may dissolve and wind up its affairs as follows:

The board of directors shall adopt a resolution recommending that the corporation be dissolved, and directing that the question of such dissolution be submitted to a vote at a meeting of members having voting rights, which may be either an annual or a special meeting. Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of dissolving the corporation, shall be given to each member entitled to vote at such meeting, within the time and in the manner provided herein for the giving of notice of meetings of members. A resolution to dissolve the corporation shall be adopted upon receiving at least two thirds of the votes entitled to be cast by members present or represented by proxy.

ARTICLE 111

Directors

Section 1. General Powers: The business and affairs of the corporation shall be managed by the Board of Directors or by such executive committees as the Board may establish pursuant to these bylaws.

Section 2. Number, Term and Qualifications: The number of directors of the corporation shall be at least three (3) and not more than twenty (20), as determined by the members. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Directors need not be residents of the State of North Carolina nor members of the corporation.

Section 3. Appointment and Election of Directors: Except as provided in Section 5 of this Article the directors shall be elected at the annual meeting of the members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any member so demands, election of directors shall be by secret ballot.

Section 4. Cumulative Voting: Every member entitled to vote, shall cast one vote per each candidate required at a particular election. i.e., Replacement of three board members. One vote for each of three people from the slate of candidates.

Section 5. Vacancies. Except in the case of a vacancy occurring in the Board of Directors as a result of removal by the vote of the members as provided in the Charter, a vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by removal by the vote of the members as provided in the Charter or by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of members called for that

purpose. The members may elect a director at any time to fill any vacancy not filled by the directors.

Section 6. Chairman: There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

Section 7. Compensation: The Board of Directors shall not compensate directors for their services as such but may provide for the payment of all expenses incurred by directors in attending regular and special meetings of the Board.

Section 8. Executive Committee: The Board of Directors by unanimous resolution may designate two (2) or more directors to constitute an Executive Committee to carry on the function of the Board of Directors by exercising all of the authority given said Board except as otherwise provided by law. The designation of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors. Such meetings may be held either within or without the State of North Carolina.

Section 3. Notice of Meetings: Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least two (2) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice: Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting,

except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum: A majority of the members appointed to the Board of Directors, as provided herein, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting: Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent: A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Informal Action by Directors: Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE V

Officers

Section 1. Number: The officers of the corporation shall consist of a President, a Vice-President, a Secretary, a Treasurer, and such assistant secretaries, treasurers and other officers as the Board of Directors may from time to time elect. Any two (2) or more offices may be held by the same person, except that no officer may act in more than one (1) capacity where action of two (2) or more officers is required.

Section 2. Election and Term: The officers of the corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever the Board determines that the best interests of the corporation would be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Compensation: The compensation of all officers of the corporation shall be fixed by the Board of Directors, and shall be reasonable in amount.

Section 5. President: The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the corporation in accordance with these bylaws.

He shall, when present, preside at all meetings of members. He shall sign, with any other proper officer, any deeds, leases, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President: The Vice-President, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, he shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 7. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of members and directors. He shall give all notices required by law and by these bylaws. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall have general charge of the membership books of the corporation and shall keep, at the registered or principal office of the corporation, a record of members showing the name and address of each member. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Directors.

Section 8. Assistant Secretaries: In the absence of the Secretary or in the event of his death, inability or

refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them, by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President or a Vice-President, certificates for shares of the corporation.

Section 9. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the corporation within four (4) months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten (10) years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any member upon his written request. The Treasurer shall, in general, perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

Section 10. Assistant Treasurers: In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, or by the President, or by the Board of Directors.

ARTICLE VI

Contracts, Loans, Checks and Deposits

Section 1. Contracts. Consistent with the purpose of the corporation as contained in the Charter, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, lease, or execute and deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances. The Board of Directors may enter into employment contracts for any length of time it deems wise.

Section 2. Loans: No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or specific in nature and scope.

Section 3. Checks and Drafts: All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits: All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors shall direct.

ARTICLE VII

Membership

Section 1. Membership: Membership in the corporation shall be as provided in the Declaration of Covenants, Conditions, Restrictions and Easements of Topsail Greens development as recorded in the office of the Register of Deeds of Pender County and said Declaration as from time to time amended, and in the Articles of Incorporation of the corporation.

Section 2. Membership Certificates: The corporation shall not issue certificates representing membership in the corporation but the Secretary of the corporation shall maintain a membership book for the corporation which shall be open for inspection by all members and which shall list the name and address of each member.

Section 3. Closing Books and Fixing Record Dates: For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any proper purpose, the Board of Directors may provide that the membership books shall be closed for a stated period not to exceed sixty (60) days. If the membership books shall be closed for the purpose of determining members entitled to notice of or to vote at any meeting of members, such book shall be closed for at least ten (10) days immediately preceding such meeting.

In lieu of closing the membership books, the Board of Directors may fix in advance a date as the record date for any such determination of members, such record date in any case to be not more than sixty (60) days and, in case of a

meeting of members, not less than ten (10) days immediately preceding the date on which a particular action requiring such determination of members is to be taken.

If the membership books are not closed and no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is mailed shall be the record date for such determination of members.

ARTICLE VIII

General Provisions

Section 1. Seal: The corporate seal of the corporation shall consist of two (2) concentric circles between which is the name of the corporation and in the center of which is inscribed "SEAL"; and such seal, in the form approved by the Board of Directors, shall be adopted by said Board as the corporate seal of the corporation. The corporation may be called herein, either "Corporation" or "Association".

Section 2. Waiver of Notice: Whenever any notice is required to be given to any member or Director under the provisions of the North Carolina Non-Profit Corporation Act, or under the provisions of the Charter or Bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Amendments: These bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors, or by the affirmative vote of a majority of the votes of the members of the corporation at any special or regular meeting called pursuant to these bylaws.

Section 4. Fiscal Year: The fiscal year of the corporation shall be fixed by the Board of Directors.

Section 5. Indemnification: Any person who at any time serves or has served as a director, officer, employee or agent of the corporation, or in such capacity at the request of the corporation for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened or pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of

the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may become liable in any such action, suit or proceeding.

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

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

ARTICLE IX

PROPERTY RIGHTS

Section 1. Conveyance to Corporation: At such time as any amenities are conveyed to the corporation, the corporation shall administer, maintain, own, and operate said properties in accordance with the corporation's Articles of Incorporation, the Bylaws, and any other rules and regulations adopted by the corporation.

Section 2. Owner's Easement of Enjoyment: Every owner of a lot or real property within Topsail Greens subdivision shall have a right and easement of enjoyment in and to any Common Areas and such easement shall be appurtenant to and shall pass with the title to said owner's property or lot, subject to each of the following provisions:

(a) The right of the corporation to charge reasonable admission and other fees for the use of any portions of the Common Area;

(b) The right of the corporation, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage the Common Area, or any portion thereof, and the rights of such mortgagee in said properties shall be subordinated to the rights of the owners hereunder; provided, however, that if any Common Area is mortgaged the execution of

such mortgage shall require the same approval of the membership which is required for special assessments for capital improvements;

(c) The right of the corporation to suspend the voting right and right to the use of the recreational facilities by a member of any person to whom he has delegated his right of enjoyment for any period during which any assessment against his property remains unpaid; and for a period not to exceed thirty (30) days, for any infraction of its published rules and regulations;

(d) The right of the corporation to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless approved by the members unanimously, and unless written notice of the proposed action is sent to every member not less than thirty days (30) nor more than sixty (60) days in advance. The instrument affecting such dedication, transfer or conveyance shall be sufficient if it is executed by appropriate officers of the corporation and contains a recital of the approval of the members;

(e) The right of the corporation to formulate, publish and enforce rules and regulations concerning the use of Common Areas not subject to regulation by another association.

Section 3. Delegation of Use: Any owner may delegate, in accordance with the corporation Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his guests, tenants, lessees or contract purchasers who occupy the property.

Section 4. Parking Rights: Subsequent to conveyance of applicable Common Area, the corporation may regulate the parking of vehicles, boats, trailers and other such items in Topsail Greens pursuant to the Declaration and these By laws. No vehicles boats, trailers or other similar types of equipment shall be parked within the traffic lane of any street. There will be no continuous parking on common ground. No recreational vehicle shall be parked for more than 48 hours at the homeowners property site. The corporation shall from time to time adopt appropriate rules for temporary parking.

ARTICLE X

ASSESSMENTS

Section 1. Rights and obligation of Members. All members of the corporation shall be responsible for and shall pay all charges assessed by the corporation pursuant to the Declarations and Articles and By laws of the corporation. The members agree to pay, among other things, the following:

- (a) Annual assessments or charges
- (b) Special assessments for capital improvements.
- (c) Any other fees and special assessments as may be fixed from time to time in accordance with the Declaration, Articles and Bylaws.

Section 2. Purposes of Assessments: The assessments and fees levied by the corporation shall be used for the purpose of promoting the beautification of the property, the recreation, health, safety, and welfare of the owners, the enforcement of these covenants and the rules of the corporation, and, in particular, for the improvement and maintenance of the Common Areas, sewer and water services, roadways and other amenities, providing the services and facilities devoted to this purpose and related to the use and enjoyment of said amenities, and for any other purposes set out in the Declaration, Articles and Bylaws. Nothing herein shall mean that assessments may not be used for the maintenance and beautification of areas within the subdivision but which are not part of the Common Areas, such as entrance signs, access easements crossing private property, median strips within street rights-of-way or the interior of cul-de-sacs.

Section 3. Basic Annual Assessments: The basic annual assessment shall be determined by the Board of Directors of the corporation, effective January 1 of each year, without a vote of the membership, based upon adoption of annual budget for expenditures for authorized purposes, including reasonable reserves for major repairs, replacements and working capital. Such assessments shall be in an amount to be fixed from year to year by the Board, which may establish different rates from year to year as it may deem necessary. The Board may levy additional assessments if necessary to meet the needs of the entire Topsail Greens or a portion thereof.

Section 4. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the corporation may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any new construction, acquisition of land, buildings or equipment, reconstruction of capital improvements or unexpected repair or replacement of capital improvements upon the Common Area, including the necessary fixtures and personal property related thereto; provided that any such assessments shall be adopted by a two-thirds (2/3) affirmative vote of members, voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the time, place and purpose of the meeting.

Section 5. Effect of Non-Payment of Assessments:
Any assessments or fees which are not paid when due shall be delinquent. If the assessments or fees are not paid within thirty (30) days after the due date, the assessment or fee shall bear interest from the date of delinquency at the higher of the prevailing prime lending rate at North Carolina banks or twelve (12%) percent per annum, and the corporation may bring an action at law against the Owner personally obligated to pay the same, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his property.

Section 6. Subordination of the Lien to Mortgages:
The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any mortgage or mortgages on such Lot, Unit or other Assessable Property. Sale or transfer of any lot shall not affect the assessment lien; however, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 7. Payment of charges by First Mortgagees.
First mortgagees of units may:

- (a) Pay taxes or other charges that are in default and that may or have become charges against any common property;
- (b) Pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the common property in case of lapse of a policy.

First mortgagees making such payments shall be reimbursed by the Association.

ARTICLE XI

RECORDS

1. Receipts and Expenditures. The Board of Directors or the manager shall keep detailed accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities and any other expenses incurred. Both said book and the vouchers accrediting the entries thereupon shall be available for examination by all lot owners, their duly authorized agents and attorneys, at convenient hours on working days that shall

be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices.

2. Other Records. The Board of Directors or the manager shall keep correct and complete books of records, of account, minutes of the proceedings, and a record of the names and addresses of the members entitled to vote, which latter records must be kept at the Association's principal office. Any member, his agent or attorney may examine these books and records for any proper purpose at any reasonable time.

3. Inspection of Records. The Corporation shall make available to lot owners, lenders, holders, insurers or guarantors of any first mortgage, current copies of the Declarations, By-Laws or other rules concerning the project and the books, records and financial statements of the Association. Available means available for inspection upon request during normal business hours and under reasonable circumstances. Furthermore, upon written notice, any holder of a first mortgage on any lot shall be entitled to a copy of the Association's financial statement for the immediately preceding fiscal year.

4. Request for Notice. Upon written request to the Corporation, any mortgage holder, insurer or guarantor will be entitled to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of the project or the property securing its mortgage, (b) any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any lot on which it holds the mortgage, (c) a lapse, cancellation or material modification of any insurance policies or fidelity bond maintained by the Association, (d) any proposed action that requires the consent of a specified percentage of mortgage holders, (e) any other default in the performance by any owner of any obligation under the Declaration and Bylaws of Topsail Greens.

ARTICLE XII

RULES AND REGULATIONS

The Board of Directors shall have the right to enact administrative rules and regulations regarding the use of the common areas and facilities and conduct of the members.

ARTICLE XIII

POWERS OF ASSOCIATION

1. Limitations in Actions of Corporation. Unless at least two-thirds of the first mortgagees (based on one vote for each first mortgagee owned) or two-thirds of the owners of

the units in Topsail Greens have given their prior written approval. The Corporation shall not take any of the following actions:

- a. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by the Corporation for the benefit of the units. The granting of easements for public utilities or other public purposes consistent with the intended use of the common property by the members is not a transfer in the meaning of this clause;
- b. Change the method of determining the obligations, assessments, dues, or other charges that may be levied against a unit owner;
- c. By act or omission change, waive, or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property party walks, common fences and driveways, and the upkeep of lawns and plantings in Topsail Greens;
- d. Fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount at least 100 percent of the insurable value (based on current replacement cost);
- e. Use hazard insurance proceeds for losses to any common property for other than the repair, replacement, or reconstruction of the common property.

ARTICLE XIV

General

Section 1. Corporation shall purchase and maintain in force all hazard insurance, flood insurance, liability insurance, and fidelity bonds, as required by the applicable Federal National Mortgage Association's regulations governing the purchase of loans in said project.

Section 2. The entire water and sewage collection, treatment and disposal system of Topsail Greens is a common area which will receive the highest priority for expenditures by the Association, except for federal, state and local taxes and insurance.

December 17, 1985

COMMUNICATION and CONTACT INFORMATION

PLEASE KEEP THIS SHEET FOR YOUR RECORDS

Topsail Greens HOA email—boardfortgca@yahoo.com

Ask the right person to get the
right answer.

Julie Bergamann—President 910-789-0528
jbergmann59@gmail.com

Becky Mullins—Vice President/Secretary 910-547-2288
beckyharley@charter.net

Chris Bergmann—Roads and Common Grounds/Treasurer 910-789-9696

Frank Russo—Lawns and Sanitation 203-213-1432
frankrusso76@yahoo.com

Mick Milko—Member at large (helping in all areas) 412-600-2827
ihatescif@yahoo.com

Elizabeth Parker—Atlantic Shores Management—Covenant Violations/Finances
910-270-9975 elizabeth@atlanticshoresmanagement.com

Non-Board Member:

Dewey Fanti—Storage Facility 919-673-3139
(Please contact Dewey about using the Topsail Greens storage facility)

The Board will use email to notify residents and send the newsletter.

The Board uses an all-call system for some announcements. If you are not on the all-call list and wish to be on the list, please contact Becky Mullins. The all-call will show the caller ID phone number as: 877-333-9336

Please ensure that *The Board* has all your most recent contact information.

The Board will post notices on Facebook. The Board's Facebook page is: *Topsail Greens Community*. This is the only Facebook page that The Board will post to.

The Board **does not** use Nextdoor. If you wish to have any information pertaining to Topsail Greens that comes directly from The Board then please use Facebook, phone call, or email.

*This is the most current contact information. This information will be different from any old phonebooks that you may have. The Board **will not** put out a phonebook. There has been *misuse* of the phonebook in the past and there have been residents who will not give The Board information because they have already given it for the phonebook. If you have the need to have information about a resident, please talk to that person directly to obtain information.*

Owner Information Sheet

- Please complete this form and return it to Atlantic Shores Management, LLC.
- This will help to ensure that you receive timely account and association information.
- Remember to notify Atlantic Shores Management, LLC if your contact information changes.

Owner Information

Date: _____

Name: _____

Lot/Unit Number: _____

Property Address: _____

E-Mail Address: _____

Alternate Mailing Address: _____

Home Phone: _____

Business Phone: _____

Alternate Phone: _____

Tenant Information (if applicable)

Rental Company: _____

Phone: _____

Rental Company Address: _____

Rental Agent: _____

Phone: _____

Tenant: _____

Phone: _____

Tenant Business Phone: _____

PLEASE RETURN THIS FORM TO:
Atlantic Shores Management, LLC
P.O. Box 964
Hampstead, NC 28443
hampsteadhoa@gmail.com