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'95 MAY 5 11 00 AM BYLAWS OF

PELICAN REEF HOMEOWNERS ASSOCIATION, INC.

THESE BYLAWS OF PELICAN REEF HOMEOWNERS ASSOCIATION, INC. hereinafter referred to as "Bylaws" is made this 5th day of May, 1995 by its incorporator, Water View, Inc., hereinafter referred to as "Declarant," and any and all persons, firms, or corporations hereinafter acquiring any of the within described property or any of the property hereinafter made subject to these Bylaws.

WITNESSETH:

WHEREAS, Declarant is the owner of certain Property in Pender County, North Carolina known as Pelican Reef Subdivision, Phase I, which is more particularly described by plat(s) thereof recorded in the following Plat Books and Pages: 29 AT 129

in the Office of the Register of Deeds for Pender County to which reference is hereby made for more complete descriptions; and

WHEREAS, Declarant has agreed to establish a general plan of development as herein set out to restrict the use and occupancy of the Property made subject to these Bylaws for the benefit of the present and future owners thereof and has caused by separate instrument Restrictive Covenants of Pelican Reef Subdivision, (hereinafter "Restrictive Covenants") to be filed with the Register of Deeds for Pender County, reference to which is made as if fully set forth herein; and

WHEREAS, the Restrictive Covenants provide for the creation of a Pelican Reef Homeowners Association, and

WHEREAS, these Bylaws shall control the operation of the Pelican Reef Homeowners Association, and

WHEREAS, Declarant intends to subject to these Restrictive Covenants and Bylaws additional portions of Pelican Reef Subdivision for the purpose of extending the general scheme of development to such additional Property and accordingly declares that Pelican Reef Subdivision may be expanded to include additional property; and

WHEREAS, Declarant desires to provide for the preservation of the values, now existing and to be developed, of Pelican Reef Subdivision as expanded hereby and hereinafter made subject to these Restrictive Covenants and Bylaws and for the preservation and maintenance of the Common Property.

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described on said recorded plat and all of the property hereinafter made subject to these Bylaws and shall be held, sold, and conveyed subject to the following rights and obligations which shall burden and run with said real Property and be binding on all parties, and their heirs, successors and assigns, owning any right, title, or interest in the properties now or hereafter subjected to the Bylaws and Restrictive Covenants, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

"Association" shall mean and refer to Pelican Reef Homeowners Association, Inc., a non-profit North Carolina corporation, its successors and assigns.

"Owner" shall mean and refer to any contract buyer and/or the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of any of the Property made subject to these Bylaws, including Patio lots and condominium lots but excluding those having such interest merely as security for the performance of an obligation, provided however, the Declarant shall not be deemed an Owner.

"Property" shall mean and refer to that certain property shown on plat(s) recorded in Plat Books and Pages: 29 AT 129 in the Office of the Registrar of Deeds for Pender County, North Carolina and any additional property which Declarant may make a part of this Subdivision, as provided for in the Restrictive Covenants. The terms "Property," "Subdivision" and "Pelican Reef" are interchangeable.

"Lot" shall mean and refer to any improved or unimproved building lot shown upon any recorded subdivision plat of the Subdivision.

"Dwelling Unit" shall mean and refer to the completed single family home located upon a Lot, or Patio unit, or condominium unit later developed.

"Declarant" shall mean Water View, Inc., a North Carolina corporation, and its successors and assigns if such successors and assigns acquire two or more undeveloped lots from the Declarant for the purpose of development and if the rights and obligations of the Declarant hereunder are expressly assigned to and assumed by such successors and assigns.

"Common Property" shall mean all property owned by the Association for the common use and enjoyment of all or a designated class of members. Common Property includes without limitation all existing and future roads and right-of-ways and all greenways, median strips, cul-de-sac centers, planting areas, recreational areas, such as community pool, community clubhouse, tennis courts and security gates, and facilities, open space, walking trails, easements, boat ramps, community boat slips and community piers that are developed on the Common Property (it being understood that this enumeration is by way of description of the type of facilities that may be developed and in no way shall bind or obligate the Declarant to provide any of the described facilities and it being further understood that Declarant in its sole discretion, may include any facility of any type as common property) and all entry way, directional and informational signs (and area set aside for their location) and any other property as may be purchased or provided for the common use and benefit of the Declarant, the Owners, and any member in the Association, including without limitation such Common Property as may be shown on the recorded plat(s) of the Property. The Common Property shall not be used for public commercial purposes, but may be used for enjoyment of the Association's members for fund-raising activities to support the purposes of the Association.

"Committee" shall mean the Architectural Review Committee established for the purpose of administering control over architectural, landscaping and related matters, as provided herein.

ARTICLE II

RIGHTS AND DUTIES OF THE ASSOCIATION AND PROPERTY OWNERS ASSESSMENTS

SECTION 1. RIGHTS, OBLIGATIONS AND DUTIES.

The Association shall have all rights, obligations and duties imposed by the Restrictive Covenants and these Bylaws. In addition, by assignment, the Declarant, at its sole and absolute discretion may impose any right, obligation or duties imposed on Declarant to the Association.

SECTION 2. ANNUAL ASSESSMENTS.

The Association shall have the duty to repair, replace and maintain all common property, including recreational areas and improvements located thereon, and all streets, roads, road right-of-ways, and other Common Property. The Association shall have the right, from time to time, to establish a reasonable assessment, which assessment shall be paid by each Owner in such periodic installments as the Association may determine, to be used to pay: (1) the operation and administrative expenses of the Association;

(2) the costs of maintenance, upkeep, replacement and repair of all recreational areas, and the improvements located thereon, and all streets, roads, road right-of-ways and other Common Property; (3) other expenses necessary or useful to maintain and operate the Association and the recreational facilities (including, without limitation, the procuring, maintenance and paying the costs of insurance related to the Common Property and of surety and other bonds related to the management of the Common Property and the Association); and (4) the costs of exercising any rights or obligations that arise by reason of an agreement referred to in paragraph 18(d) of the Restrictive Covenants. It is understood (by way of example and without limitation) that the assessment funds shall be used for such matters concerning Common Property as the following: maintenance, repair and replacement of improvements within the recreational areas, the seeding and re-seeding road right-of-ways and Common Areas, erosion control, repairing of road shoulders, surfacing, patching and resurfacing of parking lot and road pavement, placement of gravel, and planting and maintenance of shrubs, trees and seasonal flowers, adding to the recreational facilities.

The annual assessment payable by each Owner shall be \$195.00 per lot per calendar year. The annual assessment shall be due and payable on January 31 of each year, commencing January 31, 1996, provided the Board of Directors may elect to permit payment in such installments and at such times as it shall determine. This assessment shall be deferred as to any lot purchased by a builder with the intent to build a house for resale to the public at large as a builder/vendor. This assessment will be payable and no exception shall apply as to any lot purchases by builder who purchases a lot for the purpose of building a custom home under contract with the ultimate residents. This assessment will be prorated on a calendar year basis from the date title to each lot for which an assessment is payable is transferred to the Owner.

The annual assessment may be increased or decreased by the Board of Directors of the Association without a vote of the membership to an amount not more than ten percent (10%) in excess of the annual assessment for the previous year. A majority vote of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease exceeds the assessment for the previous year by more than ten percent (10%).

Annually the Board of Directors of the Association shall have determined and shall have given written notice to each Owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

The Declarant is not subject to any annual assessments.

SECTION 3. SPECIAL ASSESSMENTS.

In addition to the assessments specified hereinabove, the Association may levy special assessments for the purpose of supplementing the annual assessment if the same are inadequate to pay the reasonable maintenance expenses and operating costs of the Association as described in Section 2 hereof, provided that any such special assessments shall have the assent of a majority of each class of the voting members of the Association at a duly called meeting.

The Declarant is not subject to any special assessments.

SECTION 4. LATE CHARGES AND INTEREST ON UNPAID ASSESSMENTS.

Any assessment not paid within thirty (30) days after the due date shall be subject to such late charges and shall bear interest at a rate per annum as shall be determined by the Board of Directors of the Association, which interest rate shall not exceed the highest rate of interest allowed by law. The initial late charge imposed for late payment of any assessment is \$25.00 and shall be charged as to any assessment that is not paid within thirty (30) days of its due date. The initial interest rate for late payment is 18% per year (1.5% per month) which shall commence to accrue on any assessment or other account balance that is not paid within thirty (30) days of the due date. The Board of Directors may change the initial late charge, interest rate, due dates and lien assessment date by majority vote of the directors.

SECTION 5. LIEN FOR UNPAID ASSESSMENTS.

In the event the Owner of any lot fails and refuses, after demand by the Association, to pay any annual or special assessment, then the Association shall have a lien against said lot and may enforce collection of said assessment in law or in equity, including without limitation, the filing of a notice of lien and perfecting the same as by law provided to the end that such unpaid assessment together with the costs and expenses of collection, including without limitation, reasonable attorneys' fees, shall be a charge and lien against the said lot.

To secure the payment of the annual and special assessments as are levied by the Association, together with the cost of collection, including attorney's fees, all such charges shall be a continuing lien upon the lot against which the assessments are made. Such charges shall also be the personal obligation of the person(s) corporations or entities who were the owner and owners of such lot at the time the assessment came due.

Neither the assessments nor the costs of collection shall be a lien upon any Common Property nor shall the lien upon any lot for such charges be senior to any first lien mortgage or first lien deed of trust regardless of the fact the lien arose prior to the date and time of recording of any such first lien mortgage or deed of trust.

SECTION 6. RULES FOR COMMON PROPERTY USES.

The Association is empowered to enact rules and regulations governing the use of all common property.

ARTICLE III

MEMBERSHIP, VOTING RIGHTS, MEETINGS, DIRECTORS AND OFFICERS

SECTION 1. MEMBERSHIP.

Every Owner of a lot which is subject to this Declaration shall be a member of the Association. Membership is appurtenant to the lot and may not be assigned. If and when Declarant develops additional phases in the Subdivision, the Owners of those lots shall be members of the Association. The Declarant shall also be a member so long as it owns property within this expandable Subdivision.

SECTION 2. CLASS MEMBERSHIP VOTING.

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

Class A. Class A members shall be all lot Owners with the exception of Declarant, and shall be entitled to one vote for each lot owned. When more than one (1) person owns an interest in a lot all such persons shall be members but the vote for such lot shall be exercised as they, among themselves, shall determine in writing, which writing shall be filed with the Secretary of the meeting prior to voting, but in no event shall more than one vote be cast with respect to any lot.

Class B. Class B members shall be entitled to vote ten (10) votes for each lot owned. Class B membership shall consist of the Declarant, or its successors or assigns, until the happening of either of the following events whichever occurs earlier:

1. The earlier of four months after ninety percent (90%) of all the lots in the Subdivision are sold and conveyed by the Declarant to unrelated third parties or persons; or

2. Ten years from date of recordation of the Restrictive Covenants; or

3. At such time as Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument.

Upon the happening of the earlier of either the three above described events, Class B membership shall cease and terminate and shall be converted to Class A membership.

SECTION 3. PLACE OF MEETINGS:

All meetings of members shall be held at the principal office of the Association, or 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 membership.

SECTION 4. ANNUAL MEETINGS:

The annual meeting of members shall be held at 1:00 p.m. on the 1st day of April of each year, if not a legal holiday, but if a legal holiday, then on the next day following not a legal holiday, for the purpose of electing directors of the Association and for the transaction of such other business as may be properly brought before the meeting.

SECTION 5. SUBSTITUTE ANNUAL MEETING:

If the annual meeting shall not be held on the day designated by these By-Laws, a substitute meeting may be called in accordance with the provisions of "Special Meetings" of this Article. A meeting so called shall be designated and treated for all purposes as an annual meeting.

SECTION 6. SPECIAL MEETINGS:

Special meetings of the members may be called at any time by the Board of Directors of the Association, or by any member pursuant to the written request of the holders of not less than one-tenth of all votes entitled to be cast on an any issue to be considered at the special meeting. Only those matters that are within the purpose or purposes described in the required meeting notice may be acted upon at a special meeting of the members unless the vote is nonetheless valid, despite said lack of notice, in the manner set forth below.

SECTION 7. NOTICE OF MEETINGS:

Written notice stating the time and place of the meeting shall be sent not less than ten (10) days before and not more than sixty (60) days before the date thereof, if delivered personally or by first class, certified or registered mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of the record entitled to vote at such

meeting. If the notice is mailed by other than first class, certified or registered mail, then said notice must be sent not less than thirty (30) and no more than sixty (60) days before the date thereof.

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 other than election of directors, on which the vote of the members is expressly required by the provisions of the North Carolina Nonprofit Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose for which the meeting is called.

When the Association gives notice of any meeting of members, the Association shall give notice of a matter a member intends to raise at the meeting if:

1. Requested in writing to do so by a person entitled to call a special meeting; and

2. The request is received by the Secretary or President of the Association at least ten (10) days before the Association gives notice of the meeting.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting, other than by announcement at the meeting at which the adjournment is taken.

The transactions of any meeting of members, however called and with whatever notice, if any, are as valid as though taken at a meeting duly held after regular call and notice, if:

1. All the members entitled to vote are presented in person or by proxy and no objection to holding the meeting is made by any member; or

2. A quorum is present either in person or by proxy and no objection to holding the meeting is made by anyone so present and if, either before or after the meeting, each person entitled to vote who is not present, in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting or an approval of the action taken as shown by the minutes thereof. All such waiver, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 8. VOTING LISTS:

At least five (5) days and not more than thirty (30) days before a notice is sent of a meeting of members (hereinafter referred to as "record date"), the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meetings, with the address of and number of votes entitled to be cast by each said member, which list shall be kept on file at the registered office of the Association, or at a reasonable place identified in the meeting notice, for a period of ten (10) days prior to each meeting, and shall be subject to inspection by any member at any time during the usual business hours. Persons who become members after the record date shall not be entitled to vote at a meeting. The voting list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting. Upon paying a reasonable cost of copying said list, any member may receive a copy of the list, provided that said member is acting in good faith and for a proper purpose. Under no circumstances may the list be used to solicit money or property or for any other commercial purpose or sold to or purchased by any person.

SECTION 9. QUORUM:

The holders of a majority of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum at meetings of members. If there is not a quorum at the opening of the meeting of members, such meeting may be adjourned from time to time by the vote of the majority of the votes which are cast on a 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.

SECTION 10. PROXIES:

Votes may be cast 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 is not 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. No proxy shall be valid after ten (10) years from the date of its execution. All proxies must comply with N.C. Gen. Stat. § 55A-7-24 and the vote by proxy and the Association's obligation to accept or reject said proxy shall be governed by said statute.

SECTION 11. ACTION WITHOUT A MEETING:

Any action required or permitted by these Bylaws and the North Carolina Nonprofit Corporation Act may be taken without a meeting if the action is taken by all members entitled to vote on the action. The action shall be evidenced by one or more written consents describing the action taken, signed before or after such action by all members entitled to vote thereon, and delivered to the Association for inclusion in the minutes or filing with the corporate records.

SECTION 12. SUSPENSION OF VOTING RIGHTS.

The Association will have the right to:

1. Suspend the voting rights (if any) of a member for any period during which assessment of his lot remains unpaid and enforce collection of the same; and

2. Suspend the voting rights (if any) of each member who is a contract buyer for any period of time during which payments to the Declarant pursuant to terms of said contract are delinquent, during which period of time the Declarant shall succeed to the voting rights of said contract buyer.

SECTION 13. BOARD OF DIRECTORS.

There shall be five (5) members of the Board of Directors of the Association who shall serve until such time as their successors are duly elected and agree to serve. The directors shall have annual meetings and other such meetings as may be called at the request of the president of the Association or by any three (3) directors. So long as the Declarant or its successors and assigns, is the Class B member, it shall select the Board of Directors provided it must select two (2) of the members from the lot Owners, other than the Declarant. All meetings of directors shall be held at the principal office of the Association, or 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 directors. Meetings and actions of the Board of Directors shall otherwise be in accordance with the North Carolina Nonprofit Corporation Act.

SECTION 14. OFFICERS

The Board of Directors shall appoint one director to act as President of the Association, one director to act as Secretary of the Association and one director to act as the Treasurer of the Association. The Board is also empowered to appoint an Assistant

Secretary of the Association. The same director may act as both Treasurer and Secretary. Said Officers shall have only the authority to act as the Board confers upon them, subject to the provisions of the North Carolina Nonprofit Corporation Act.

SECTION 15. The President shall have the following duties:

He/she shall when present, preside at all meetings of members. He/she shall sign, with any other proper officer and any deeds, mortgages, bonds, contracts or other instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent

SECTION 16. The Secretary and/or Assistant Secretary shall have the following duties:

He/she shall keep accurate records of the acts and proceedings of all meetings of members and directors. He/she shall give all notices required by law and by these By-Laws and shall prepare and file all reports required by law. He/she shall have general charge of the corporate books and records and of the corporate seal, if any, and he shall affix the corporate seal, if any, to any lawfully executed instrument requiring it.

SECTION 17. The Treasurer shall have the following duties:

He/she shall have the custody of all funds belonging to the Association and shall receive, deposit and disburse the same under the direction of the Board of Directors. He/she shall keep full and accurate accounts of the finances of the Association in books specially provided for that purposes; and he/she shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of the operation and of charges in surplus for such fiscal year, all in reasonable detail to be made and filed at the registered or principal office of the Association within four (4) months after the end of such fiscal year.

SECTION 18. ADDITIONAL PHASES.

The Declarant may (but is not obligated) to develop one or more additional phases of Pelican Reef Subdivision and incorporate the same within the provisions of these Bylaws.

The Declarant reserves the right to convey the rights and responsibilities, including dues and assessments to the Owners of lots in an adjacent subdivision if that subdivision is subject to the Restrictive Covenants.

ARTICLE IV

CONVEYANCE OF COMMON PROPERTY

Within ten (10) years from the date of recording of this Declaration, Declarant will convey by deed its right, title, and interest in and over the road right-of-ways and any other Common Property within the Subdivision to the Association.

ARTICLE V

ARCHITECTURAL CONTROL

SECTION 1. CREATION OF ARCHITECTURAL REVIEW COMMITTEE.

In order to control design and location of the houses and other improvements to be constructed, erected, placed or installed (hereinafter "improvements") upon the lots in the Subdivision, an Architectural Review Committee (hereinafter "Committee") is hereby created for the purpose of reviewing, approving, suggesting changes to, and rejecting plans and specifications for such improvements (regardless of when such improvements are made) and the landscaping of each lot and performing all obligations and responsibilities that the Restrictive Covenants impose on the Committee. This Committee is also created for the purpose of reviewing, approving, suggesting changes to, and rejecting, swimming pools, out buildings, boat ramps, piers, driveways, and if Declarant so desires, for mailbox design. This Committee will be responsible for the control of size, color and materials, and for the control of boats, boat trailers, house trailers, motor homes, trucks, or any other such vehicle, that are kept or maintained or located upon any lot unless located within enclosed garages. The Committee will also be responsible for the control of temporary construction shelters or vehicles in this Subdivision.

SECTION 2. COMPOSITION.

The Committee shall consist of five (5) persons designated or appointed from time to time by the Board of Directors, provided, however, that Declarant, its successors or assigns, shall be entitled to approve at least one (1) Committee member appointment until all of its lots in this Subdivision have been sold.

ARTICLE VI

DISSOLUTION

SECTION 1. The Association may be dissolved by an affirmative vote of at least sixty-six percent (66%) of the membership and the affirmative vote of the Declarant, its successors and assigns. No Dissolution may be voted upon or enacted unless and until the

Restrictive Covenants are properly terminated, said termination being a condition precedent to the authority of the Association to dissolve and file Articles of Dissolution.

SECTION 2. Upon dissolution, and after all liabilities and obligations of the Association are paid and discharged, or adequate provisions made therefor, and after assets of the Association which are held upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, have been returned, transferred, or conveyed in accordance with such requirements, then the members shall receive a proportionate share of the Association's assets based upon the ratio of the number of lots owned by said member to the total number of lots owned by all members.

ARTICLE VII

N.C. GEN. STAT. § 55A

The Association shall be bound by and at all times comply with the provisions of the North Carolina Nonprofit Corporation Act, N.C. Gen. Stat. §§ 55A-1-01 et seq., including maintaining and providing all members access to all required documentation and records, providing all required notices to members and maintaining a registered office and registered agent in the State of North Carolina. The initial registered agent shall be Water View, Inc. and the initial registered office shall be 54 Narrow Way, Wilmington, North Carolina 28405. The registered agent and office of the Association may be changed from time to time by a majority vote of the Directors.

ARTICLE VIII

INDEMNIFICATION

The Association shall indemnify any director, officer or agent against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with an action, suit or proceeding, if the Association determines that he acted in good faith and in a manner he reasonably believed to be in the best interest of the Association. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, will not in itself create a presumption that the person did or did not act in good faith and in a manner in which he reasonably believed to be in the best interest of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

ARTICLE IX

BANKING

All funds in the Company will be deposited in its name in the checking account or accounts as shall be designated by the Directors.

ARTICLE X

INSURANCE

During the course of the term for which this Company is formed, the Company may carry liability insurance in amounts deemed appropriate by the Board of Directors.

ARTICLE XI

CAPTIONS, ENFORCEMENT AND INVALIDATION

SECTION 1. Whenever the context and construction so require, all words used in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

SECTION 2. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

SECTION 3. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. In the event it is necessary to enforce these Bylaws by appropriate legal or equitable proceedings, the party or parties violating or attempting to violate the same shall be liable for the cost of such proceedings including reasonable attorney's fees.

SECTION 4. Invalidation of any one or more of these covenants by judgment or court shall not adversely affect the balance of these Bylaws, which shall remain in full force and effect.

SECTION 5. The Declarant reserves the right to amend these Bylaws from time to time without joinder of any of the Owners for the following purposes:

1. To clarify the meaning of or to correct clerical errors in the Declarations.

2. To correct grammar, spelling, capitalization and other matters of syntax.

SECTION 6. All other amendments to this Declaration shall require an affirmative vote of at least sixty-six percent (66%) of the membership and the affirmative vote of the Declarant, its successors and assigns.

Duly adopted this the 5th day of May, 1995.

WATER VIEW, INC.

ATTEST:

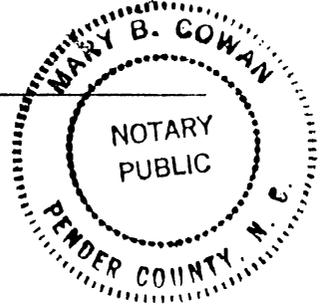
William J. Allen
Secretary

BY: Donald J. Rhine
Donald J. Rhine, President



I, a Notary Public of the County and State aforesaid, certify that William J. Allen personally come before me this day and acknowledged that he is Secretary of Water View, Inc., a North Carolina corporation, 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 him as its Secretary. Witness my hand and official stamp or seal, this 5th day of May, 1995.

Mary B. Cowan
Notary Public



My Commission Expires: May 15, 1997

STATE OF NORTH CAROLINA
COUNTY OF PENDER

The foregoing certificate of Mary B. Cowan Notary Public is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the register of Deeds of Pender County, North Carolina, in Book 1046, Page 155. This 5 day of May, 1995, at 3:30 o'clock P.m.

JOYCE M. SWICEGOOD

Joyce M. Swicegood
Register of Deeds

FILED

'95 MAY 5 PM 3 27

BK 1046 PG 134

JOYCE M. SWICEGOOD
RESTRICTIVE COVENANTS
OF DEEDS
PENDER COUNTY, NC
PELICAN REEF SUBDIVISION

THESE RESTRICTIVE COVENANTS OF PELICAN REEF SUBDIVISION are made this the 5 day of May, 1995 by Water View, Inc., hereinafter referred to as the "Declarant," and any and all persons, firms, or corporations hereinafter acquiring any of the within described property and any of the property hereinafter made subject to these Restrictive Covenants of Pelican Reef Subdivision, hereinafter "Restrictions."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Pender County, North Carolina known as Pelican Reef Subdivision; and

WHEREAS, Section 1 of Pelican Reef Subdivision is more particularly described by plat(s) thereof recorded in the following Plat Book(s) and Page(s), 29 AT 129 in the Office of the Register of Deeds for Pender County to which reference is hereby made for a more complete description; and plat(s) for additional phases made a part of this subdivision may be recorded at a later date; and

WHEREAS, said Section 1 lots are so situated as to comprise a neighborhood unit, and it is the intent and purpose of the Declarant to convey the aforesaid lots to persons who will erect thereon residences to be used for family purposes, subject to the provisions hereinafter set forth; and

WHEREAS, Declarant has agreed to establish a general plan of development as herein set out to restrict the use and occupancy of the property made subject to these Restrictions, and the Bylaws of Pelican Reef Subdivision and Homeowners Association (hereinafter "Bylaws") recorded separately in the Office of the Register of Deeds for Pender County for the benefit and protection of the property and for the mutual protection, welfare and benefit of the present and the future owners thereof; and

WHEREAS, Declarant has filed and recorded separately with the Register of Deeds for Pender County a Subdivision Street Disclosure Statement, which is incorporated herein by reference as if fully set forth; and

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC

WHEREAS, Declarant desires to provide for the preservation of the value of Pelican Reef Subdivision made subject to these Restrictions and the Bylaws and for the construction, maintenance and preservation of the Common Property established by the Bylaws and by the supplements thereto.

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described herein on above said recorded plat (and all future plat(s) that may be made a part hereof in the manner set forth below) is made subject to these Restrictions and the Bylaws and shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of Pelican Reef Subdivision as it now exists and is hereafter expanded, and that such easements, restrictions, covenants and conditions shall burden and be appurtenant to and run with said property and be binding on all parties now or hereafter owning said real property and their respective heirs, successors and assigns, having any right, title or interest in the properties now or hereafter subjected to these Restrictions and the Bylaws, or any part thereof, and shall inure to the benefit of each owner thereof and their respective heirs, successors and assigns.

A. PROPERTY SUBJECT TO THESE RESTRICTIONS AND THE DECLARATION AND ADDITIONS THERETO.

1. PROPERTY PRESENTLY SUBJECT TO THESE RESTRICTIONS. Section 1 of Pelican Reef Subdivision, the real property which is, and shall be held, transferred, sold, conveyed and occupied subject to these Restrictions and the Bylaws, irrespective of whether there may be additions thereto as hereinafter provided, is located in Pender County, North Carolina, and is shown on maps recorded in Map Book(s) and Page(s) 29 AT 129 in the Office of the Register of Deeds for Pender County.

2. ADDITIONS TO EXISTING PROPERTY. Additional property, including any additions (including real property and/or improvements) to the common property, which may be made by Declarant at its sole and complete discretion, and property adjacent thereto may be brought within the scheme of these Restrictions and the Bylaws and the jurisdiction of the Pelican Reef Homeowners Association, hereinafter referred to as the "Association," in the following ways:

a) The Declarant reserves the right to develop and subject to these Restrictions and the Bylaws any or all of the Property described in Schedule A, which is attached hereto and incorporated herein by reference. Each, any or all of this Property may be annexed to the properties by Declarant, at its sole and absolute discretion, and brought within the scheme of these Restrictions and

the Bylaws and within the jurisdiction of the Association, in future stages of development without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within twenty (20) years after the date of this instrument.

b) At Declarant's sole and absolute discretion, additional residential property and common area, consisting of not more than four hundred (400) acres, outside of the area described in the aforementioned Schedule A may be annexed to the properties and brought within the scheme of these Restrictions and the Bylaws and the jurisdiction of the Association in future stages of development without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within twenty (20) years after the date of this instrument.

c) The additions authorized under subsections (a) and (b) shall be made by filing of record Supplementary Restrictive Covenants of the Pelican Reef Subdivision and by filing of record Supplementary Bylaws of Pelican Reef Subdivision and Homeowners Association, with respect to the additional properties which shall extend the scheme of the Restrictions and the Bylaws of and the jurisdiction of the Association to such properties, and thereby subject such additions to assessments for their just share of the Association's expenses. Said Supplementary Restrictive Covenants and Bylaws may contain such complementary additions and modification of these Restrictions and the Bylaws as may be necessary to reflect only the different character and density of housing planned on the added properties and as are not inconsistent with the provisions of these Restrictions and the Bylaws. For example, other phases may contain Patio Lots, which will be smaller lots with an increased amount of proportionate common area which will be used for the sole benefit of the Patio Homes and will be maintained by a separate homeowner's association.

d) The Declarant, for itself and the Association, reserves the right to grant onto property owners of properties adjacent to or near Pelican Reef, the right to ingress, egress and regress through Pelican Reef Subdivision as it now exists or as it may be expanded as set forth herein. The Declarant and/or the Association, may cause any and all roads constructed in this development, or which may be constructed, to become a servient estate to other real property for the sole purpose of ingress, egress and regress to said dominant estate property. The Declarant may grant said easement without the consent of the Association.

B. GENERAL USE RESTRICTIONS.

Declarant does hereby covenant and agree with all persons, firms or corporations hereafter acquiring title to any portion of the Property that the Property is hereby subject to these Restrictions as to the use thereof and do agree, publish and declare that the deeds hereinafter made by it to purchasers of the Property shall be made subject to the Bylaws and to the following Restrictions:

1. Except as otherwise provided in these Restrictions, the lots shall be used for residential purposes only, and no structure shall be erected, placed, altered or permitted to remain on any lot other than one detached, single-family dwelling and related structures incidental to the residential use of the lot, such as garages and boat houses, which otherwise comply with these Restrictions, except that Declarant reserves the exclusive right to construct a roadway over any lot owned by it in order to grant access to other property acquired by Declarant and in such cases, the remainder of any such lot not used for the roadway shall still be subject to these Restrictions.

2. Each single-family dwelling shall have an enclosed, heated living area (exclusive of open porches, garages, and other unheated spaces) not less than One Thousand Eight Hundred (1,800) square feet on the marsh and waterfront of Virginia Creek, and One Thousand Six Hundred (1,600) square feet otherwise, regardless of the number of stories. However, Declarant reserves the right, at its sole and absolute discretion, to designate "patio lots" on any area, the dwelling on which must have a heated living area not less than One Thousand Two Hundred Fifty (1,250) square feet.

The design, location and complete construction plans (hereinafter "plans") of all improvements on each lot (regardless of when such improvements are made) and the landscaping of each lot must be approved in advance by the Architectural Review Committee, hereinafter referred to as the "Committee," which Committee is established pursuant to the Bylaws. No building, fence, wall, bulkhead, dock, pier, pool, outbuilding, driveway or any other accessory feature to the dwelling or any other structure upon any lot shall be commenced, erected, placed, maintained or altered on any lot or combination of contiguous lots, nor shall the grade or elevation or physical characteristics of any lot, combination of contiguous lots, or portions of a lot or lots thereof be altered in any way whatsoever, until the proposed building plans, specifications, exterior colors and finishes, site and grading plans (showing the proposed location of such building or structure, drives, parking areas and proposed alterations to the grade, elevation or physical characteristics of the site) and the construction schedule have been approved in writing by the Committee. Exposed exterior walls composed of the following materials shall be prohibited from Pelican Reef Subdivision:

concrete block, imitation asphalt siding, imitation asphalt stone siding, tar paper. The Committee's refusal to approve any such plans, location or specification may be based by the Committee upon any ground, including purely aesthetic and environmental considerations, that it, in its sole and uncontrolled discretion, shall deem sufficient. Without prior written consent of the Committee, no changes or deviations in or from such plans or specifications as approved shall be made. No alterations in the exterior appearance of any building or structure, or changes in the grade, elevation or physical characteristics of any lot shall be made without like approval by the Committee.

The Plans shall include the complete construction plans, the plot plan (showing proposed location and elevation of such building fences, walks, drives, parking area, etc.), proposed building plans and specifications, exterior color, finish and materials. One (1) copy of all plans and related data shall be furnished to the Committee for its records. The Committee shall not be responsible for any structural or other defects in plans and specifications submitted to it or in any structure erected according to such plans and specifications. The Committee may require additional data from any lot owner, including data relating to adjacent and related lots and related matters such as water well engineering plans and specifications, and may include in its approvals reasonable terms and conditions to apply to groups of lots such as water well standards and surface water effluent requirements, and to apply to construction site sanitary maintenance and clean up. If no action is taken by the Committee within thirty (30) days after plans are submitted to it, the owner may proceed to build without approval, but in any event all improvements must be in accordance with these Restrictions. However, the thirty day period shall not begin to run until all requested data is received by the Committee.

3. The actual construction shall be the responsibility of the Owner of the lot and his builder. Any permission granted for construction under this covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, expressed or implied, by the Declarant or the Committee or its designated agent of the structural stability, design or quality of any building or other improvements or of the contractor who constructs such buildings or other improvements.

4. Except within the building site or within twelve (12) feet of the main dwelling, no trees of any kind (other than pine trees) in excess of six (6) inches in diameter at the ground level may be removed from any lot without the prior approval of the Committee. No pine trees that lie twenty (20) feet or more from the main dwelling may be removed from any lot without the prior approval of

the Committee. The Association may issue a fine to a lot owner in the amount of One Hundred Dollars (\$100.00) for each tree removed without permission from the Committee, said fine representing the decrease in value to other property.

5. All improvements to the lot must comply with Pender County setback requirements for a planned development. The establishment of inflexible building setback lines for location of houses on lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any lot shall be controlled by and must be approved absolutely by the Committee, however, all requirements imposed by the Committee must be in accordance the Pender County Zoning Ordinance, Subdivision Ordinance, or the Planning Board's approval. Further, absent the extraordinary circumstances set forth below, the Committee shall approve no plans unless the following minimum setback requirements are met:

a) Front setbacks for patio lots shall be twenty-five (25) feet and conventional lots shall be thirty (30) feet.

b) Rear setbacks for patio lots shall be fifteen (15) feet and conventional lots shall be thirty (30) feet.

c) Side setbacks for both patio and conventional lots shall be ten (10) feet.

d) No swimming pool on any lot shall be located nearer than twenty (20) feet from the side or rear lot line.

e) Setback lines for fences and walls shall be set on a case-by-case basis.

The Committee, shall have the right to approve deviations from each of these setback requirements upon application of an individual lot owner if, for reasons of topography or well or septic approvals, strict compliance creates a hardship if such approval does not violate the Pender County Zoning Ordinance, Subdivision Ordinance or Planning Board approval. If required by Pender County, each plot plan must receive zoning approval prior to the commencement of any construction.

6. More than one lot may be combined to form one or more lots by (or with the written consent of) Declarant, its successors and assigns. No lot may be subdivided by sale or otherwise, except by (or with the written consent of) Declarant, its successors and assigns. Upon combination or subdivision of lots, the building

line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side and front lot lines of such lot as combined or subdivided. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building site shall be used to compute the setback lines as set forth herein.

7. All connections of private driveways to the Pelican Reef road system shall be constructed, by the lot owner, and maintained, by the lot owner, in accordance with the rules, regulations and specifications of the Committee. However, in order to insure fire protection is readily available to all lots, all driveways which connect residences or other structures that are more than fifty (50) feet from the subdivision road must be at least eleven (11) feet in width, with a clearance of no less than eleven (11) feet in height. Further, all driveways must be constructed from concrete, aggregate concrete, brick or asphalt; therefore, no driveway may be constructed of crushed stone, pebbles or shells unless approved in writing by the Committee.

8. There shall be no signs, fencing or parking permitted within the road right-of-way.

9. Construction of new residential buildings only shall be permitted, it being the intent of this Covenant to prohibit the moving of any existing building or portion thereof on a lot and remodeling or converting the same into a dwelling unit in this subdivision, excepting, however, Declarant's mobile offices provided for hereinbelow.

10. With the exception of construction which is interrupted or delayed due to physical damage to the work in progress (such as damage due to fire, lightning, windstorm, hail, riot or civil commotion, explosion or theft), any dwelling constructed upon a lot must be completed within one (1) year subsequent to commencement of construction, except with the written consent of Declarant, its successors or assigns, or, if the Declarant so designates, by the Committee. The normal period of completion time for outbuildings or other improvements shall be presumed to be four (4) months from the issue date of the building permit. In the event that completion of the dwelling, outbuildings, or other improvements on any lot is not completed within one (1) year, and it is determined by the Declarant, its successors and assigns, or if the Declarant so designates, by the Committee, that construction progress has diminished to such an extent that completion of the dwelling, outbuildings, or other improvements is unlikely within one hundred twenty (120) days, the Association will be advised of this determination. The Association shall then have the right to give notice to the owner that the owner has the obligation, within thirty (30) days, to complete the removal of all the construction

work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that it is restored to its natural grade level, and the Association shall have the right to undertake this work upon owner's failure to do so and charge the cost to the owner and place a lien upon the lot upon the owner's failure to pay these charges.

11. Owners of the lot shall be responsible to insure that all construction equipment will be moved from any lot within ten (10) days of completion of construction.

12. No trailer, truck, van, mobile home, doublewide mobile home, tent, camper, barn, garage, or other outbuilding or temporary structure parked or erected on lots in this subdivision shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence; provided, however, that this prohibition shall not apply to shelters used by the contractors during the construction of the main dwelling house, it being clearly understood that these temporary shelters will not be permitted to remain on any lot after completion of construction. The Committee shall have the right to approve or disapprove at its sole and absolute discretion, these temporary construction shelters or vehicles. The Committee, upon approval of a temporary construction shelter or vehicle, will issue a letter stating the length of time such shelter will be allowed to remain upon such lot and where such shelter is to be located upon such lot. Modular homes are permissible only if approved by the Committee, said approval or disapproval being within the Committee's sole and absolute discretion.

13. All homes constructed in Pelican Reef Subdivision must be supplied with water for normal domestic use from individual privately drilled wells, or from a public utility company, if available. Each individual owner shall locate the well drilled on such owner's lot so as to comply with all the governmental regulations regulating the minimum distance between such well and septic fields proposed or approved for the owner's lot and all lots adjoining such owner's lot. No well shall be drilled or constructed without the prior written approval of the Committee.

14. Declarant shall be permitted to erect one mobile office on any lot that it owns for the purpose of maintaining a sales information center and construction office.

15. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No animals or poultry of any kind may be kept or maintained on any of said lots, except a reasonable number of dogs, cats and birds that are kept on the owner's property. No dogs shall be permitted to roam the

property, and the Association may have strays and dogs that are not leashed and are found off their owner's lot removed by government authorities. The throwing or dumping of trash, garbage and waste materials shall not be permitted. The interference of any stream or future waterways so as to cause pollution or stagnation in these waterways is prohibited. No clearing, filling or disturbing of the wetlands in violation of the governmental regulations shall be permitted. No clearing of any type shall be permitted without prior approval from the Committee. There shall be no excavation which does not pertain to the building or construction of a home. Bottled gas containers and oil tanks shall be screened from public view. No heating or cooling system shall discharge surface water from any lot without prior approval from the Committee. There shall be no above-ground swimming pools, unless approved by the Committee.

16. Off street parking for not less than two (2) passenger automobiles must be provided on each lot prior to the occupancy of any dwelling constructed on said lot, which parking areas and the driveways thereto shall be constructed of concrete, aggregate concrete, brick or asphalt. No driveway or parking area may be constructed of crushed stone, pebbles or shells unless approved in writing by the Committee.

17. It shall be the responsibility of each lot owner to prevent any unclean, unsightly or unkempt condition of buildings or ground on such lot. No portion or part of any lot shall be used or maintained as a dumping ground for rubbish or other refuse. Trash, garbage or other waste shall not be kept, except in sanitary containers screened from view from all roads, all other lots and from the Common property provided that the Declarant, prior to the sale of such lot, may use portions of such lot as a burial pit in accordance with governmental regulations.

18. Easements or Access and Open Space:

a) Subject to the conditions set forth herein, each and every lot owner is hereby granted an easement to pass over, use and enjoy open spaces now or subsequently designated on recorded plats as community open space, and all roads, bridges, and right-of-way provided, however, that Declarant its successors or assigns, and the Association shall retain the right to establish rules or regulations for the use and enjoyment of such easement.

b) The Declarant further reserves to itself, its successors and assigns, the right to erect and maintain utilities, drainways and other public conveniences in common lands, including the right to cut any trees, bushes or shrubbery, make any grading in the soil, build buildings or take any similar action reasonable and necessary or desirable to provide economical and safe installation or service.

c) The Declarant further expressly reserves to itself, its successors and assigns, and upon formation of the Association, to the Association, its successors and assigns the right to construct, operate and manage any club, or other like facility with associated amenities, upon any of the property not designated as a residential lot for the mutual enjoyment of the owners and to establish reasonable fees, rules and regulations for the use thereof. The Declarant specifically reserves the right to transfer these facilities to the homeowners association with the common properties.

d) The Declarant makes no representation in these covenants as to the type, quality, or amount of common areas and improvements other than shown on the Final Plat as approved by the Pender County Planning Board and subject to any contractual arrangements entered into by Declarant prior to the filing and approval of said Final Plat and/or subject to any contractual arrangements between the Association and a third party. However, every lot owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every lot, subject to the aforesaid and the following provisions:

i) The right of the Declarant to modify the lot lines and adjacent common areas shown on any plat of the property. Said modifications of common area must be reasonable in type and amount.

ii) The right of the Declarant, prior to the filing and approval of a Final Plat, and the Association, after the filing of and approval of said Final Plat, to enter into contractual arrangements with a third party for the construction of amenities and management of said amenities. Prior to the filing and approval of said Final Plat, the Declarant and, after the filing and approval of said Final Plat, the Association may also enter into a lease agreement with a third party for the common areas. This lease agreement must be for the sole purpose of constructing and maintaining amenities on the common area and may not be for a term that is greater than fifty (50) years. Further, while any of the aforementioned agreements with third parties may contain provisions allowing the use of said amenities by non-lot owners, said agreements must provide for the perpetual use of the amenities by the lot owners, although said use may be subject to fees and contributions, which must be equal to or less than those fees and contributions required of non-lot owners. Further, these agreements with third parties may contain an assignment of any and all rights and obligations that the Association may have, or that the Declarant may have, if any, to the common areas and the amenities to be constructed or maintained thereon. The purpose of this provision is to give the Declarant and the Association flexibility in causing high quality amenities to be constructed and maintained on the common areas and assuring the lot owners the perpetual right to use those amenities at a fair and reasonable

fee. Any portion of a third party contract that violates this provision shall be void and of no effect, and any dedication occurring by reason of the filing and approval of any plat, if any, shall be subject to this provision allowing third party contracts.

iii) The Association, or its assigns, and/or any third party with contractual rights described in paragraph 18(d)(ii) above, shall have the right to permit to any person the use of the common areas and amenities constructed thereon and may charge reasonable fees and contribution amounts for the use of the common area and any amenities constructed thereon.

iv) The Association, or its assigns, and/or any third party with contractual rights described in paragraph 18(d)(ii) above, shall have the right to suspend any person's use of the common areas and amenities constructed thereon.

v) The Association shall have the right to dedicate or transfer all or any part of the common area and/or amenity constructed thereon to any public or private entity for such purposes and subject to such conditions as it deems appropriate.

vi) The Association, shall have the right to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property, including the common areas and any amenities contracted thereon, for money borrowed or debts incurred.

vii) The Association, or its assigns, and/or any third party with contractual rights described in paragraph 18(d)(ii) above, shall have the right to impose regulations for the use and enjoyment of the common area and amenities constructed thereon, which regulations shall further restrict the use of the common areas.

19. Absence of Dedication to Public Use: Nothing in these restrictions, nor in the recording of any plat or deed pursuant hereto, shall dedicate (or be deemed to dedicate) to public use any of the streets, bridges, common lands or other grounds within Pelican Reef Subdivision.

20. No firearms may be discharged within the subdivision.

21. In addition to the easements that are shown on the recorded plats of Pelican Reef Subdivision, easements ten (10) feet in width along the lot lines of all lots are reserved by Declarant, its successors and assigns, for installation, repair, replacement and maintenance of utilities, including the right to keep said easements free and clear of all obstructions. An easement of twenty (20) feet is reserved for such purposes along the rear lines of all lots that do not adjoin other lots or properties within the Pelican Reef Subdivision. As between the easements reserved by

these Restrictions and the easements that are located in the same area as shown on the record maps, the easements that are greater in width shall be the easements that are in effect.

22. Declarant reserves a temporary construction easement of twenty-five (25) feet in width along both sides and running parallel to streets or roads, which easements shall expire the earlier of twelve (12) months after the particular road construction commences, or December 31, 2004, or upon the acceptance of such streets or roads for maintenance by governmental authority.

23. No outside clotheslines shall be permitted. No satellite dishes, more than twenty-four (24) inches in diameter shall be permitted. Mailboxes shall be of a design, color and choice of materials as designated by the Declarant or, if the Declarant so designates, by the Committee, and may not violate North Carolina Department of Transportation standards. No separate newspaper boxes are permitted. Newspaper boxes may be combined with mail boxes on one post when the design of the boxes, post and the placement thereof has been approved by the Committee.

24. There shall be no junk automobiles, junk of any sort, unserviceable vehicles or salvage stored or placed or allowed to remain on or in any portion of the Subdivision. Unless located within enclosed garages, no large boat and/or boat trailer (over 28 feet in length), travel trailer, motor home, tractor trailer truck, or any other such vehicle shall be kept or maintained or located upon any lot unless and except with prior approval of the Committee. Other boats and/or boat trailers (less than 28 feet in length) must be stored behind the building set back line. No vehicles that are disabled or under repair shall be kept upon any lot unless located within enclosed garages. Unlicensed automobiles, including antique cars, if present, must be stored out-of-sight in a garage. Large trucks shall not be parked on a regular, or constant basis, or at fixed intervals within the Subdivision. No lot shall be used for storage of building materials prior to the issuance of the building permit for the Primary Residence. Large truck shall be defined as any non-passenger vehicle larger than a pick-up truck.

25. All signage shall be in conformance with the Pender County Zoning Ordinance, as amended, Subdivision Ordinance and Road Naming, House Numbering Ordinance. No billboards or signs of any description, including "for sale" or "for rent" shall be displayed upon any lot with the exception of speculation homes built by a builder/vendor. The Declarant reserves the right to place and maintain development and "for sale" signs in the subdivision in the manner and place that it deems appropriate. All sign colors must be blue and white, unless otherwise approved by Declarant, or if Declarant so designates, by the Committee. Declarant also reserves

the right to erect and maintain signs designating streets, creek access, recreational areas, and any other signs that will aid in the development of Pelican Reef Subdivision. During period of construction, the general contractor shall be allowed a sign of a design and substance approved by the Declarant, its successors or assigns, or if the Declarant so designates, by the "Committee," but no sub-contractor signs shall be permitted.

26. No dwelling unit on any lot shall be leased for transient or hotel purposes, nor may any owner lease less than the entire building unit, nor shall any lease be for any period less than ninety (90) days. Any lease must be in writing and provide that the term of the lease and occupancy of this dwelling shall be subject in all respects to the provisions of these Restrictions and the Bylaws, and the failure of any lessee to comply with the terms of such documents shall constitute a default under the lease.

27. As provided for herein, it is understood that Declarant, its successors and assigns, may develop, subdivide or sell additional tracts or parcels of land. Declarant reserves the right for its successors or assigns to connect such additional property to this Subdivision and to grant easements to use the roads and community access to Pelican Reef and recreational areas of this Subdivision.

28. The Declarant and purchasers of lots in Pelican Reef Subdivision understand that the vesting of rights relating to a lot owner's pier, dock, boat access ramp or any type of disturbance of the shoreline buffer is subject to the terms and conditions set out by the Coastal Area Management Authority, (CAMA).

29. In order to enable the Pender County Board of Education the ability to provide school bus service within the Pelican Reef Subdivision, it is hereby understood that the Association shall release the Board of Education of any responsibility for damages to roads. Such release will be sent by the Association in writing to the Board of Education, and will be binding on the Declarant and lot owners.

30. Each owner of Section 1, lots 1 - 21, 36 - 43, 48 - 57, 65 - 71 and 76 and 77, which lots may lie in an area of environmental concern, by acceptance of a deed for a lot, agrees that the total built upon area for each lot, inclusive of right of way, structures, pavement, walkways, or patios of brick, stone or slate, not including wood decking or walkways, shall not exceed thirty (30) percent of the total area of said lot. Further, in order to protect Virginia Creek from harmful nitrogen, loading and herbicide runoff, those lots bordering Virginia Creek, namely, Section 1, lots 1 - 21, 36 - 43, 48 - 57, 65 - 71 and 76 and 77, shall maintain a buffer satisfactory to the Committee along said creek of an area not less than thirty (30) feet. This buffer shall be maintained in a natural state except for certain alterations and

improvements that are approved by the Committee for purposes of improving the view of Virginia Creek. However, in no event shall any impervious coverage, inclusive of right of way, structures, pavement, walkways, or patios of brick, stone or slate, not including wood decking or walkways, be erected within this thirty (30) foot buffer area. Each owner hereby specifically agrees that this Covenant will be binding on all parties and persons claiming under them, shall run with the land, and its benefits enforced by the State of North Carolina, and may not be deleted, or changed or modified without the consent of the State of North Carolina. Each owner, prior to the commencement of construction, will verify the accuracy of any built upon area calculations with the Association or the State of North Carolina.

31. The Association shall have the duty to repair, replace and maintain all common property, including recreational areas and improvements located thereon, and all streets, roads, road right-of-ways, and other Common Property. The Association shall have the right, from time to time, to establish a reasonable assessment, which assessment shall be paid by each Owner in such periodic installments as the Association may determine, to be used to pay: (1) the operation and administrative expenses of the Association; (2) the costs of maintenance, upkeep, replacement and repair of all recreational areas, and the improvements located thereon, and all streets, roads, road right-of-ways and other Common Property; (3) other expenses necessary or useful to maintain and operate the Association and the recreational facilities (including, without limitation, the procuring, maintenance and paying the costs of insurance related to the Common Property and of surety and other bonds related to the management of the Common Property and the Association); and (4) the costs of exercising any rights or obligations that arise by reason of an agreement referred to in paragraph 18(d) of these Restrictive Covenants.

32. Declarant reserves the right to assign its rights to a successor including the Association, who also assumes the Declarant's responsibilities.

33. Each owner, by acceptance of a deed for a lot, the Pelican Reef Homeowners Association and Declarant agree that the total built upon area for each lot (including that portion of the right-of-way between the edge of the pavement and the front lot line, and all structures, including asphalt, gravel, concrete, brick, stone, slate or similar materials, not including wood decking or the water surface of swimming pools) shall not exceed the following applicable square footage allocation:

SECTION 1

<u>LOT</u>	<u>APPLICABLE SQUARE FOOTAGE</u>
1	7178
2	7178
3	6404
4	6975
5	7979
6	8579
7	9655
8	9655
9	8144
10	8144
11	7884
12	6284
13	8384
14 (Common Area)	65340
15	7090
16	7090
17	7506
18	6284
19	8144
20	7244
21	6644
22	7004
23	5584
24	5584
25	5584
26	6684
27	5584
28	6064
29	5584
30	5584
31	5584
32	5584
33	5584
34	5584
35	5344
36	6477
37	6893
38	7284
39	6984
40	7120
41	6384
42	6384
43	6384
44	5584
45	5584
46	5584
47	5584

SECTION 1 (cont'd)

<u>LOT</u>	<u>APPLICABLE SQUARE FOOTAGE</u>
48	6804
49	7213
50	7213
51	5964
52 (Common Area)	300
53	6839
54	6384
55	7611
56	7824
57	6984
58	5724
59	6684
60	5584
61	5584
62	5284
63	5224
64	5100
65	6797
66	6324
67	6324
68	6824
69	6144
70	6144
71	6144
72	5684
73	5324
74	6644
75	7784
76	6764
77	7484
78	7484
79	8384

Each owner, the Declarant and Pelican Reef Homeowners Association hereby specifically agree that this Covenant is intended to insure continued compliance with storm water runoff rules adopted by the State of North Carolina, and therefore, benefits may be enforced by the State of North Carolina. These Covenants are to run with the land and be binding on all persons and parties claiming under them. The Covenants pertaining to storm water may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Environmental Management. No lot owner is allowed to pipe or fill in any swell or ditch used to meet the storm water regulations, except for driveway culverts.

34. Judicial invalidation of one or more of the provisions hereof shall not adversely affect the remainder hereof which shall remain in full force and effect.

35. The Declarant, the Association, or any owner shall have the right to enforce these Restrictive Covenants, including all conditions, covenants, and restrictions contained herein.

36. Enforcement of these Restrictions may be at law or in equity against any person or persons violating or attempting to violate any covenant, condition or restriction herein contained. In the event of enforcement of the Restrictions at law or in equity and a violation hereof is judicially determined, then the violator shall be assessed with the costs of such action, including, without limitation, reasonable attorneys fees. The failure to enforce any right, reservation, restriction, or condition herein contained, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach, or to a breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. In addition to remedies and damages arising by law and in equity, the Association is empowered to assess a reasonable fine to a lot owner or their lessee for violations of these Restrictive Covenants in an amount not to exceed Fifty and No/100 Dollars (\$50.00) per day.

C. THESE RESTRICTIONS RUN WITH THE LAND.

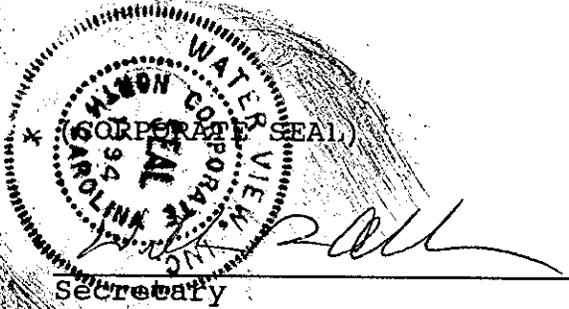
These Restrictive Covenants of Pelican Reef Subdivision are to run with the land and shall benefit and be binding on all parties and persons (and their respective heirs, representatives, successors and assigns) claiming title to any of the property herein described for a period of twenty-five (25) years from the date these Restrictions are recorded, after which time said Restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a sixty-six percent (66%) majority of the then Owners, and signed by the Declarant or its successors or assigns, has been recorded agreeing to change said Declaration in whole or in part. These Restrictions may be amended from time to time by an instrument signed by a sixty-six percent (66%) majority of the then Owners, and upon approval of the Declarant or its successors or assigns.

BK1046PG151

IN WITNESS WHEREOF, the Declarant has caused these Restrictive Covenants of Pelican Reef Subdivision to be duly executed this 5 day of May, 1995.

WATER VIEW, INC.

By: [Signature]
Donald J. Rhine, President



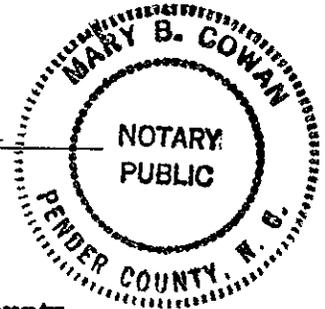
STATE OF NORTH CAROLINA

COUNTY OF Pender

I, a Notary Public of the County and State aforesaid, certify that Donald J. Rhine personally came before me this day and acknowledged that he is the President of Water View, Inc., a North Carolina corporation, and that by authority duly given and as the act and deed of the said corporation the foregoing instrument was signed in its name by him as its President, sealed with its corporate seal and attested by William G. Allen as its Secretary.

Witness my hand and seal this 5 day of May 1995, 1995.

Mary B. Cowan
Notary Public



Commission expires: May 15, 1997
A: COVENANT.R3

North Carolina - Pender County

The foregoing (or annexed) certificate of Mary B. Cowan

is certified to be correct.

This 5 day of May, A.D. 1995

JOYCE M. SWICKARD - Register of Deeds

By: [Signature]
Deputy/Assistant Register of Deeds

SCHEDULE A

BK 1046PG152

All that tract of land lying and being in Topsail Township, Pender County, North Carolina, and being shown on a map for Water View, Inc., as recorded in Map Book 29, Page 129, Records of Pender County, North Carolina.

Excepting that part of the above-described tract shown as Section One of Pelican Reef as recorded in Map Book 29, Page 129.



GORDON FRIEZE
PO BOX 1328
WRIGHTSVILLE BEACH, NC
28480

BK 1984 PG 164

FILED

02 NOV -6 PM 1:12

JOYCE M. SWICEGOOD
REGISTER OF DEEDS
PENDER COUNTY, NC

Prepared By & Return to:
Charles D. Meier
P.O. Drawer 2088
Wilmington, NC 28402

**FIRST AMENDMENT TO BY-LAWS OF
PELICAN REEF HOMEOWNERS ASSOCIATION, INC.**

STATE OF NORTH CAROLINA

COUNTY OF PENDER

NOW COMES **WATER VIEW, INC.**, ("Declarant"), a North Carolina corporation, and hereby amends the By-Laws of Pelican Reef Homeowners Association, Inc. recorded in Book 1046, Page 155, Pender County Register of Deeds.

WITNESSETH

WHEREAS Article II, Section 2 of the By-Laws of the Pelican Reef Homeowners Association, Inc. provides as follows:

Annually the Board of Directors of the Association shall have determined and shall have given written notice to each Owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC SL

BK 1984 PG 165

WHEREAS Article XI, Section 5 provides that amendments to the By-Laws may be made as follows:

The Declarant reserves the right to amend these Bylaws from time to time without joinder of any of the Owners for the following purposes:

1. To clarify the meaning of or to correct clerical errors in the Declarations.

WHEREAS the Declarant wishes to clarify the date upon which the annual assessment is determined.

NOW THEREFORE BE IT RESOLVED as follows:

1. The following paragraph of Article II, Section 2, of the By-Laws is hereby deleted in its entirety:

Annually the Board of Directors of the Association shall have determined and shall have given written notice to each Owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

2. The following paragraph is inserted in lieu thereof:

Annually the Board of Directors of the Association shall have determined and shall have given written notice to each Owner of the annual assessment affixed against each Owner for the current immediately succeeding budget year.

3. Except as amended, the By-Laws shall remain in full force and effect. This Amendment shall be effective upon recordation with the Pender County Register of Deeds.

BK 1984 PG 166

This the 30 day of October, 2002.

WATER VIEW, INC.

By: [Signature]
President

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Sheri S. Smothers a Notary Public of the County and State aforesaid, certify that Donald Rhine personally came before me this day and acknowledged that (s)he is President of WATER VIEW, INC., a North Carolina corporation, and that (s)he as President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

Witness my hand and official stamp or seal, this 30 day of October, 2002.

[Signature]
Notary Public

My commission expires: August 29, 2006



NORTH CAROLINA - PENDER COUNTY: The foregoing (or annexed) certificate of Sheri S. Smothers,

is certified to be correct. This 10 day of November, A.D. 2002

JOYCE M. SWICEGOOD, Pender County Register of Deeds

By: [Signature] Deputy/Assistant Register of Deeds

FILED

BK 2627 PG 246

05 APR -6 PM 2:24

JAYCE M. SWICEGOOD
REGISTER OF DEEDS
PENDER COUNTY, NC

Prepared By and Return to:  Charles D. Meier
P. O. Drawer 2088
Wilmington, NC 28402-2088

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC

STATE OF NORTH CAROLINA
COUNTY OF PENDER

SECOND AMENDMENT TO BYLAWS OF
PELICAN REEF HOMEOWNERS
ASSOCIATION, INC.

NOW COMES WATER VIEW, INC. ("Declarant"), a North Carolina corporation, and hereby amends the Bylaws of Pelican Reef Homeowners Association, Inc. recorded in Book 1046, Page 155, Pender County Register of Deeds;

WITNESSETH:

WHEREAS Article II, Section 2, of the Bylaws of Pelican Reef Homeowners Association, Inc. at Page 4 provides as follows:

This assessment shall be deferred as to any lot purchased by a builder with the intent to build a house for resale to the public at large as a builder/vendor. This assessment will be payable and no exception shall apply as to any lot purchases by builder who purchases a lot for the purpose of building a custom home under contract with the ultimate residents.

WHEREAS Article XI, Section 5, provides that amendments to the Bylaws may be made as follows:

4-11-05 cdm

Recorded and Verified
James M. Scarborough
Register of Deeds
Forsyth County, NC



The Declarant reserves the right to amend these Bylaws from time to time without joinder of any of the Owners for the following purposes:

1. To clarify the meaning of or to correct clerical errors in the Declarations.

WHEREAS the Declarant wishes to clarify the meaning of which lots are entitled to have their assessments "deferred" and for how long the assessments may be "deferred."

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The above-referenced sentences of Article II, Section 2, of the Bylaws are hereby deleted in their entirety, and the following sentences are inserted in lieu thereof:

This assessment shall be deferred as to any lot purchased by a licensed general contractor from the Declarant with the intent to build a house for resale. This deferment shall be in effect for a period of not more than one (1) year.

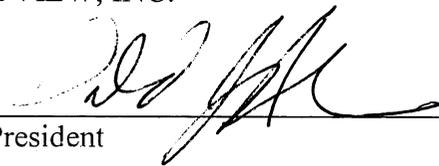
2. Except as amended, the Bylaws shall remain in full force and effect. This Amendment shall be effective upon recordation with the Pender County Register of Deeds.

This the 4 day of April, 2005.

WATER VIEW, INC.

By: _____

President



STATE OF NORTH CAROLINA
COUNTY OF New Hanover

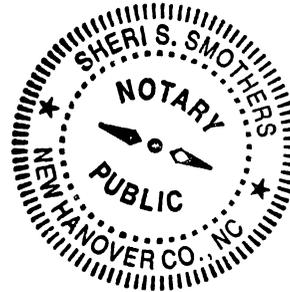
I, Sheri S. Smothers, a Notary Public of the County and State aforesaid, certify that Donald J. Rhine personally came before me this day and acknowledged that (s)he is President of WATER VIEW, INC., a North Carolina corporation, and that s(he) as President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

Witness my hand and official stamp or seal, this 4 day of April, 2005.

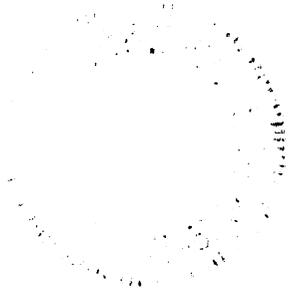
Sheri S. Smothers
Notary Public

My Commission expires:

Aug. 29, 2006



NORTH CAROLINA - PENDER COUNTY: The foregoing (or annexed) certificate of Sheri S. Smothers, is certified to be correct. This 4 day of April, A.D. 2005
JOYCE M. SWICEGOOD - Pender County Register of Deeds
By: Sharon B. Willoughby Deputy/Assistant
Register of Deeds



Register of Deeds
By: _____
Deputy Assistant
JOYCE M. SWICGOOD - Pender County Register of Deeds
is _____ day of _____ A.D. 20____
(or amended) certificate of _____
NORTH CAROLINA - PENDER COUNTY: The foregoing

95 09090 Department of the Secretary of State
State of North Carolina
ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

0-0365781
FILED
9:00 AM
MAR 30 1995

EFFECTIVE
RUFUS L. EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the corporation is: Pelican Reef Homeowners Association, Inc.

2. _____ (Check only if applicable.) The corporation is a charitable or religious corporation within the meaning of N.C.G.S. §55A-1-40(4).

3. The street address and county of the initial registered office of the corporation is:

Number and Street 54 Narrow Way
City, State, Zip Code Wilmington, North Carolina 28405 County Pender

4. The mailing address if different from the street address of the initial registered office is:

5. The name of the initial registered agent is:
Water View, Inc., a North Carolina Corporation

6. The name and address of each incorporator is as follows:
Water View, Inc., a North Carolina Corporation
54 Narrow Way
Wilmington, North Carolina 28405

7. (Check either a or b below.)
a. The corporation will have members.
b. _____ The corporation will not have members.

8. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.
(See attached)

9. Any other provisions which the corporation elects to include are attached.

10. These articles will be effective upon filing, unless a date and/or time is specified: _____

This the 23rd day of March, 19 95

Water View, Inc.
By: Donald J. Rhine
Signature of Incorporator
Donald J. Rhine, President
Type or print Incorporator's name and title, if any.

DISSOLUTION

SECTION 1. The Association may be dissolved by an affirmative vote of at least sixty-six percent (66%) of the membership and the affirmative vote of the Declarant, its successors and assigns. No Dissolution may be voted upon or enacted unless and until the Restrictive Covenants are properly terminated, said termination being a condition precedent to the authority of the Association to dissolve and file Articles of Dissolution.

SECTION 2. Upon dissolution, and after all liabilities and obligations of the Association are paid and discharged, or adequate provisions made therefor, and after assets of the Association which are held upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, have been returned, transferred, or conveyed in accordance with such requirements, then the members shall receive a proportionate share of the Association's assets based upon the ratio of the number of lots owned by said member to the total number of lots owned by all members.

A:\ARTICLE.ATT