

1285 1107  
 STATE OF NORTH CAROLINA  
 COUNTY OF NEW HANOVER

DECLARATION OF ARTICLES OF COVENANTS,  
 CONDITIONS AND RESTRICTIONS  
 LINKSIDER TOWNHOUSES

THIS DECLARATION, made this the 23rd day of April, 1985, by SUGGS AND HARRELSON, INC., a Delaware corporation, authorized to do business in the State of North Carolina, hereinafter referred to as "DECLARANT";

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, the DECLARANT is the fee simple owner of a certain tract of real property located in Federal Point Township, New Hanover County, North Carolina, as hereinbelow defined; and

WHEREAS, the DECLARANT desires to establish certain restrictions, covenants and conditions with respect to the use, enjoyment and ownership of the hereinbelow defined property for the purpose of protecting the value and desirability of the hereinbelow defined property, and which shall run with the said property, and which shall be binding on all parties having any right, title or interest in said property, or any parcel thereof, their heirs, devisees, personal representatives, successors and assigns, and which shall inure to the benefit of each owner thereof;

NOW, THEREFORE, with respect to all of the hereinbelow defined property and for the purposes stated hereinabove, the DECLARANT does hereby declare that all of the hereinbelow defined property shall henceforth be held, sold, and conveyed subject to the following Articles of Covenants, Conditions and Restrictions.

ARTICLE I.

DEFINITIONS

For the purposes of these Articles of Covenants, Conditions and Restrictions the following definitions shall apply:

1. "DECLARANT" - shall mean and refer to SUGGS AND HARRELSON, INC., a Delaware corporation duly authorized to do business in the State of North Carolina, and/or its successors in interest.
2. "ASSOCIATION" - shall mean and refer to LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, a nonprofit corporation organized pursuant to the laws of the State of North Carolina with its principal office being located in the County of New Hanover, State of North Carolina, and/or its successors in interest.
3. "PROPERTY" - shall mean and refer to all of the real property subject to this Declaration, described as follows:

BEING located within Federal Point Township, New Hanover County, North Carolina, and being all of LINKSIDER TOWNHOUSES, all sections, as appears on maps of the same, recorded or to be recorded in the New Hanover County, North Carolina Registry, a total composite layout of all sections being attached hereto as Exhibit "A."

Upon the recording of any map of any phase or section of LINKSIDER TOWNHOUSES in the New Hanover County Registry, said phase or section and any present and future owners of any lot shown on any said maps shall automatically become subject to the provisions of this Declaration of Articles of Covenants, Conditions and Restrictions.

4. "LOT" - shall mean and refer to any one of those parcels of real property, developed as part of LINKSIDER TOWNHOUSES and designated beginning with number 1 and extending consecutively upward and shown upon the maps of the property referred to hereinabove.

5. "TOWNHOUSE" - shall mean and refer to any one of the 72 single-family residential dwellings constructed within LINKSIDER TOWNHOUSES, all sections.

RECORDED AND VERIFIED  
 REGINA P. TUCKER  
 REGISTER OF DEEDS  
 NEW HANOVER CO. NC

Apr 24 4 04 PM '85  
 (23)

6. "OWNER" - shall mean and refer to any one of those persons, firms, corporations, or other entities who hereafter shall purchase, and/or are conveyed, and/or hold a fee simple title to any lot and townhouse, including contract sellers, but excluding the DECLARANT, and those holding or acquiring such title merely as security for the performance of any obligation.

7. "COMMON ELEMENTS" - shall mean and refer to:

- (a) all of the real property located within the property which is not a lot; and
- (b) all of the improvements on the real property described in Paragraph (a) hereinabove, including, but not limited to:
  - (i) the pavements for drives and parking areas;
  - (ii) all lawns, trees, shrubs and other vegetation;
  - (iii) all drainage and sewer pipes and other such facilities located upon or under the common elements;
  - (iv) all utility installments, fixtures and facilities of whatever nature, including, but not limited to, such facilities, fixtures and installations for electricity, lighting and water located upon, under or for the benefit of the common elements;
  - (v) all other apparatus, equipment and installations existing upon, beneath or for the benefit of the common elements, of whatever nature or kind.

8. "DEVELOPMENT" - shall mean and refer to LINKSIDER TOWNHOUSES, all sections, which shall consist of all of the Property, which the DECLARANT has subdivided into any number of lots and the common elements, plus the improvements to the common elements, as described hereinabove. Each of the lots shall be improved by the DECLARANT by the construction thereon of a townhouse; each townhouse being a separate, detached and independent dwelling; except, however, said townhouses shall be clustered in groups of townhouses. Each cluster of townhouses shall share and enjoy a common roof and a common concrete slab, with one inch of continual air space existing from roof to slab between the interfacing outer fire walls of each townhouse located within one of the above referred to clusters. The common elements, with the improvements constructed thereon by the DECLARANT, shall be conveyed to and owned by the Association. The development shall be a private residential community and all of the Property, and all of the improvements thereon, shall be private property and nothing in these Articles, nor in the recording of any map or deed pursuant hereto, shall dedicate (or be deemed to dedicate) to public use any of the Property, or the improvements thereon.

#### ARTICLE II.

##### LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION

1. PURPOSE: LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina; the Articles of Incorporation for which are recorded in the New Hanover County, North Carolina Registry, in Book 1285, at Page 581; the purpose of said corporation being the establishment of a private owners association for the owners of the lots and townhouses in the residential development known as LINKSIDER TOWNHOUSES and to provide the essential services necessary to preserve, protect, maintain, and care for the development known as LINKSIDER TOWNHOUSES to the mutual benefit of all owners of lots and townhouses therein, all as outlined hereinbelow, and more particularly described in the Articles of Incorporation of said Association and the By-Laws thereof.

2. MEMBERSHIP: There shall be one membership in the Association for each lot in the development, and no others. Each membership shall be appurtenant to the ownership of a lot and townhouse in the development, and may not

1285 1109

be severed or transferred separate or apart from the transfer of the lot and townhouse to which it is appurtenant. For the purposes of this Article, the DECLARANT shall be deemed an owner so long as it owns any lots and townhouses in LINKSIDER TOWNHOUSES.

3. OWNERSHIP: The Association shall be conveyed by the DECLARANT and shall own in fee all of the common elements of the property, and all of the improvements thereon. Additionally, the DECLARANT hereby grants to the Association an easement of ingress, egress and regress over and upon each lot and townhouse for the purpose of performing the exterior and roof maintenance to the townhouses as more particularly described hereinbelow.

4. MANAGEMENT AND CONTROL: Subject to the provisions of Article III of this Declaration, the affairs of the Association shall be governed, managed and controlled by the Board of Directors, elected by the membership as provided in the Association's By-Laws, the terms and provisions of which are incorporated herein as if fully set forth.

5. POWERS, PRIVILEGES, RIGHTS AND OBLIGATIONS: The Association, in order to fulfill the purposes for which it has been formed, as stated in its Articles of Incorporation named hereinabove, shall have and possess, and shall perform and exercise the following powers, privileges, rights and duties:

- (a) RULE MAKING: The Association shall, from time to time, make and amend, pursuant to the provisions of its By-Laws, reasonable rules and regulations governing the owners' use and enjoyment of their townhouses, lots, the common elements and the improvements thereon;
- (b) MAINTENANCE: The Association shall be responsible for the upkeep, maintenance, protection, preservation, repairs, reconstruction and/or replacement of (i) the common elements, (ii) all improvements and any additions to the common elements, (iii) the asphalt shingle roofs of the townhouses, and (iv) the exteriors and appointments to the townhouses; provided, however, that in the event that any of the above is necessitated by the willful act or active or passive negligence of any owner, his family, guests, invitees or tenants, then the cost of the same shall legally be the personal obligation of said owner and if not paid to the Association upon demand, may be added to the annual assessment levied against said owner's lot and townhouse, as said assessment is defined hereinbelow;
- (c) INSURANCE: The Association shall obtain and maintain, to the extent obtainable, the following:
  - (i) FIRE INSURANCE with extended coverage, vandalism and malicious mischief endorsements insuring all improvements upon the common elements and all townhouses (including the bathroom and kitchen fixtures initially installed therein by the DECLARANT, but not including furniture, furnishings, or other personal property supplied or installed by owners or tenants of owners) and covering the interests of the Association, the Board of Directors and all owners and their mortgagees or beneficiaries under deeds of trust, as their respective interests may appear;
  - (ii) Flood Insurance covering all of the lots and townhouses, if required or deemed necessary by the Association;
  - (iii) Public Liability Insurance in such limits as the Board of Directors of the Association may, from time to time, determine necessary covering each member of the Board of Directors, each officer of the Association, the Association and each owner of a lot and townhouse; such public liability insurance shall also cover cross-liability claims of one insured against another;

- (iv) such other insurance as the Board of Directors may determine is necessary for the protection of the development, the Association, its directors, officers and members.
- (v) the owners of townhouses and lots shall not be prohibited from carrying other insurance for their own benefit provided that such policy shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Association shall not be effected or diminished by reason of any such additional insurance obtained by any owner of a townhouse and lot in the development.
- (vi) Initial Assessment. At the time of conveyance of title to the owner by the Declarant, the owner of each such lot shall pay, as a special assessment, an amount equal to the annual hazard and flood insurance premium imputable to the lot or lot's owner, to be commingled with the other general funds of the Association.

(d) Assessments, Liability, Lien and Enforcement. The Association has heretofore been given the authority to administer the operation and management of the common areas of the property, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all residential lots and townhouses in LINKSIDER TOWNHOUSES. To properly administer the operation and management of the common areas, the Association will incur, for the mutual benefit of all the owners of residential lots and townhouses, costs and expenses sometimes herein referred to as "common expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the members of the Association and their residential lots and townhouses. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation of, the management of, and for capital improvements to the common areas, which for the purpose of these Articles shall be deemed to include, but not be limited to, the exteriors and roofs of all buildings in LINKSIDER TOWNHOUSES and all other improvements, the following shall be operative and binding upon the owners of all residential lots and townhouses:

- (1) Creation of the Lien and Personal Obligation of Assessments: THE DEVELOPER, for each lot owned within the property, and each owner of any lot, by acceptance of a Deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:
  - (i) annual assessments or charges, and
  - (ii) special assessments for capital improvements or special assessments as established by the Board of Directors of the Association, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with the interest, costs, and reasonable attorney's fees, if any, shall be a charge on the lots and shall be a continual lien upon each lot against which they are levied. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person or entity who is the owner of such lot at the time when the assessment falls due. The personal obligation for delinquent assessments shall not pass to any successor in title unless expressly assumed by him.

1285 1111

- (2) Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the property and in particular for the maintenance, repair and replacement of any and all improvements made to the common areas, exteriors and roofs of all buildings in LINKSIDER TOWNHOUSES, as well as the acquisition and maintenance of any and all other common areas of the property, including the costs of repairs, repaving, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against any of the common areas, utility services and the procurement and maintenance of insurance as may be deemed necessary by the Board of Directors.
- (3) Maximum Annual Assessments: The maximum annual assessments for each calendar year shall be established by the Board of Directors and may be increased by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year. The maximum annual assessment for any calendar year may be increased WITHOUT LIMIT by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting called for this purpose.
- (4) Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair, replacement or repaving of a capital improvement to the common areas, exteriors and roofs of any buildings in LINKSIDER TOWNHOUSES, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the vote of the members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed to the uniform rate for all lots and may be collected on a monthly basis.
- (5) Notice and Quorum for any Action Authorized Under Sections (d) (3) and (4): Written notice of any meeting called for the purpose of taking any action authorized under (3) and (4) shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ( ) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.
- (6) Rate of Annual Assessment: Annual and special assessments must be fixed at a uniform rate for all lots and shall be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain such sums as are expended by the Association for the development, improvement, maintenance and upkeep of all common area facilities, exteriors and roofs as set forth herein; provided, however, that due to the fact that THE DEVELOPER shall not make any use whatsoever of any of the common areas, exteriors and roofs other than as is necessary for the development, marketing and selling of lots in LINKSIDER TOWNHOUSES, no lots owned by THE DEVELOPER shall be assessed for either annual or special assessments.
- (7) Date and Commencement of Annual Assessments; Due Dates: The annual assessments provided for herein shall be collected on a monthly basis and shall commence as to all lots on the first

1285 1112

day of January, 1984, and thereafter as to owners other than THE DEVELOPER on the first day of the month following the conveyance of a lot to any such owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment to every owner subject thereto. The due date shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

- (8) Effect of Nonpayment of Assessments; Remedies of the Association: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowed by North Carolina law. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the lot or townhouse and interest, costs, and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of any of the common areas or abandonment of his lot.
- (9) Lien: The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of New Hanover County, North Carolina, which claim shall state the description of the lot encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or Deed of Trust and any person, firm, corporation or other entity acquiring title to any lot by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a lot by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all lots as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.
- (10) Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvement by the Association: Upon default by the Association in the payment to any governmental authority entitled thereto of any ad valorem taxes levied against any of the common areas owned by the Association or assessments for public improvements to the common areas, which default shall continue for a period of six (6) months, each owner of a lot in the Development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing

1285 1113

the total taxes and/or assessments due the governmental authority by the total number of lots in the property. If such sum is not paid by the owner thirty (30) days following the receipt of notice of the amount due, then said sum shall become a continuing lien on the lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may bring either an action at law or may elect to foreclose the lien against the lot of the owner.

(e) Upon the sale of one hundred percent (100%) of the lots in LINKSIDER TOWNHOUSES, all sections and phases, THE DEVELOPER will turn over control of the Owners Association to the Board of Directors to be elected by the membership in accordance with the By-Laws of the Association. Until such time, however, THE DEVELOPER shall elect the Board of Directors of the Association.

#### ARTICLE III.

##### THE CAPE HOMEOWNERS' ASSOCIATION

In addition to LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION referred to in Article II hereof, the DECLARANT has heretofore created and established THE CAPE HOMEOWNERS' ASSOCIATION for the purpose of maintaining the common areas, streets and entrances to and in THE CAPE, all sections, phases and subdivisions. Every owner of any lot in LINKSIDER TOWNHOUSES shall automatically become a member of THE CAPE HOMEOWNERS' ASSOCIATION upon the purchase of his lot:

- (a) Membership and Voting Rights. The qualifications for membership in THE CAPE HOMEOWNERS' ASSOCIATION, the manner of admission to membership in said Association, the manner of termination of such membership, and the voting rights of the members of said Association are set forth in the Articles of Incorporation of the Association, which are recorded in Book 1234, at Page 1970 of the New Hanover County Registry, the provisions of said Articles being incorporated herein by reference.
- (b) Assessments, Liability, Lien and Enforcement. The authority in the Association to assess, levy and collect assessments are identical to those created and established for THE CAPE, Section 2-B, as provided for in that certain Declaration of Restrictions for THE CAPE, Section 2-B, as recorded in Book 1244, at Page 1207 of the New Hanover County Registry. The terms and provisions of paragraph Twenty First (b), and all subparagraphs of said Declaration of Restrictions are hereby incorporated herein by reference.

#### ARTICLE IV.

##### THE OWNERS

Every owner of a fee simple title to a lot and townhouse within the development shall be deemed to own, possess and have accepted:

- (a) The membership(s) in the Associations appurtenant to his lot(s) and townhouse(s);
- (b) An undivided equal interest with all other owners, for each membership in the Association owned, in the Associations and all of their assets;
- (c) An easement of enjoyment, equal to that of all other owners, in and to the common elements, subject to:
  - (i) the right of the Associations to charge reasonable admission and other fees for the use of any of the common elements;
  - (ii) the right of the Associations to suspend the voting

1285 1114

rights and the right to the use of any of the common elements by any owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the published Rules and Regulations of the Associations governing the use and enjoyment of the common elements;

- (iii) the right of the Associations to dedicate or transfer all or any part of the common elements for such purposes and subject to such conditions as the Associations may determine, acting by and pursuant to the provisions of their duly enacted By-Laws.
  - (iv) the right of the Associations to enact reasonable Rules and Regulations governing the use and enjoyment of the common elements and the improvements thereto;
  - (v) the right of any owner to delegate in accordance with the By-Laws of the Associations, his right of enjoyment to the common elements and its facilities to members of his family, his tenants or contract purchasers who reside on the property.
- (d) The duty of complying with and abiding by all of the provisions of these Articles, the By-Laws of the Associations and the Rules and Regulations of the Associations.

## ARTICLE V.

THE DECLARANT

In addition to all other rights, powers and privileges reserved herein to the DECLARANT, the DECLARANT further:

- (a) Reserves the right and power to appoint or designate the members of the Board of Directors of the Associations until either:
  - (i) the date on which 100 percent of the townhouses and lots within the development have been sold by the DECLARANT and paid for, or
  - (ii) December 31, 1994,

whichever date first occurs. Until said date occurs the DECLARANT, acting by and through its appointees or designees, shall have absolute control of the Associations and their affairs, and no action taken by the membership of the Associations pursuant to this Declaration or the By-Laws of the Associations shall have any effect whatsoever without the prior written approval of the DECLARANT, acting by and through said appointees or designees. Upon either of the above referenced dates, the presidents of the Associations shall follow the procedures outlined in the By-Laws of the Associations for the transition of control of the Associations from the DECLARANT to the membership of the Associations;
- (b) Reserves the right absolutely to change, alter or redesignate the allocated, planned, plated or recorded use or designation of any of the property (so long as the DECLARANT retains title to said property) including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements, and to change, alter or redesignate such other present and proposed amenities or facilities as may, in the sole judgment and discretion of the DECLARANT be necessary or desirable;

- (c) 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 and other suitable equipment for the conveyance and use of electricity, telephone, television and cable facilities, gas, sewer, water, or other public conveniences or utilities on, in or over any of the property. 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 actions reasonably necessary in the opinion of the DECLARANT to provide economical and safe utility installations;
- (d) Reserves the right to subject the property to contracts with electric, telephone, cable television, and other utilities for the installation of underground cables, wires, pipes or other necessary conduits, for utilities, any of which may require an initial payment and continuing monthly payments for the use thereof by the owners of lots and townhouses within the development.

#### ARTICLE VI.

##### EASEMENT

In the event that any lot or townhouse shall encroach upon any of the common areas and facilities, or any other lot or townhouse, for any reason not caused by the purposeful or negligent act of the lot or townhouse owner, or agents of such owner, then an easement appurtenant to such lot or townhouse owner shall exist for the continuance of such encroachment upon the common areas and facilities or upon a lot or townhouse for so long as such encroachment shall naturally exist; and, in the event that any portion of the common areas and facilities shall encroach upon any lot or townhouse, then an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any lot or townhouse for so long as such encroachment shall naturally exist. If any lot or townhouse or common areas and facilities shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings and if upon reconstruction of such lot or townhouse and/or common areas and facilities in accordance with this Declaration, there exist encroachments of portions of the common areas and facilities upon any lot or townhouse or of any lot or townhouse upon any other lot or townhouse or upon any portion of the common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

#### ARTICLE VII.

##### GENERAL PROVISIONS

ENFORCEMENT: The Associations, the DECLARANT or any owner, shall have the right to enforce, by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Articles, and any and all liens hereinafter imposed pursuant to the provisions of these Articles. Failure by the Associations, the DECLARANT or any owner to enforce any of the above shall in no event be deemed a waiver of the right to do so thereafter. In addition to the foregoing, the DECLARANT shall have the right, whenever there shall have been built on any lot any structure which is in violation of these Articles, the By-Laws or the Rules and Regulations of the Associations, to enter upon said lot 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.

INVALIDATION: The invalidation of any one of the covenants, conditions or restrictions contained in these Articles by any Court, agency or legislature shall in no way affect any of the other covenants, conditions or restrictions contained in these Articles, and they shall remain in full force and effect.

**DURATION AND AMENDMENT:** All covenants, conditions or restrictions set forth within these Articles shall run with the property, and all portions thereof, and shall be binding upon all parties having any right, title or interest in the property, or any portion thereof, their personal representatives, heirs, devisees, successors and assigns, and shall inure to the benefit of the same, for the term of twenty (20) years, commencing with the date these Articles are recorded in the New Hanover County Registry, after which term these Articles shall be automatically extended for successive periods of ten (10) years, unless seventy-five percent (75%) of the then owners agree to revoke the same and do so by an instrument signed by seventy-five percent (75%) of the then owners and recorded in the New Hanover County, North Carolina Registry. These Articles may be amended during the first twenty (20) years by an instrument signed by not less than ninety percent (90%) of the owners and recorded in the New Hanover County Registry; and thereafter by an instrument signed by not less than seventy-five percent (75%) of the owners and recorded in the New Hanover County Registry. The word "owner" as used in this Paragraph is intended to include the DECLARANT as well as the owners of lots and townhouses, but not those having an interest in any of the property for the purpose of securing the performance of any obligation.

**GENDER:** The use of the masculine gender in these Articles shall be deemed to include the feminine gender and the neuter gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

**CAPTIONS:** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit the scope of these Articles, or the intent of any provision thereof.

**INCORPORATION:** All of the powers, duties, privileges, obligations and rights of the Associations, their Boards of Directors, officers, members, the DECLARANT and all others who may hereafter own, hold or have any right, title or interest in or to the property or any portion thereof all as set forth in, and all other provisions of, the duly enacted By-Laws and Rules and Regulations, and all duly adopted amendments, modifications and repeals thereof, of the Associations are incorporated herein by reference and are made a part hereof as if fully stated herein.

IN WITNESS WHEREOF, SUGGS AND HARRELSON, INC., the DECLARANT, has caused this Declaration to be signed in its corporate name by its President and attested by its Assistant Secretary and sealed with its corporate seal, all the day and year first above written.

SUGGS AND HARRELSON, INC.

ATTEST:

Cecil Knight  
ASSISTANT SECRETARY

BY: [Signature]  
VISE PRESIDENT



STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Dale B. Cowil, a Notary Public in and for the State and County aforesaid do hereby certify that Cecil Knight personally appeared before me this day and acknowledged that he is Assistant Secretary of SUGGS AND HARRELSON, INC., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was

1285 1117

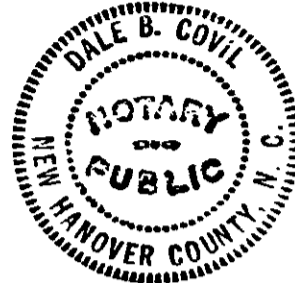
signed in its name by its \_\_\_\_\_ president, sealed with its corporate seal and attested by \_\_\_\_\_ self as its Assistant Secretary.

WITNESS my hand and notarial seal this the 23rd day of April, 1985.

My Commission Expires:

3/16/86

Dale B. Covil  
NOTARY PUBLIC



STATE OF NORTH CAROLINA

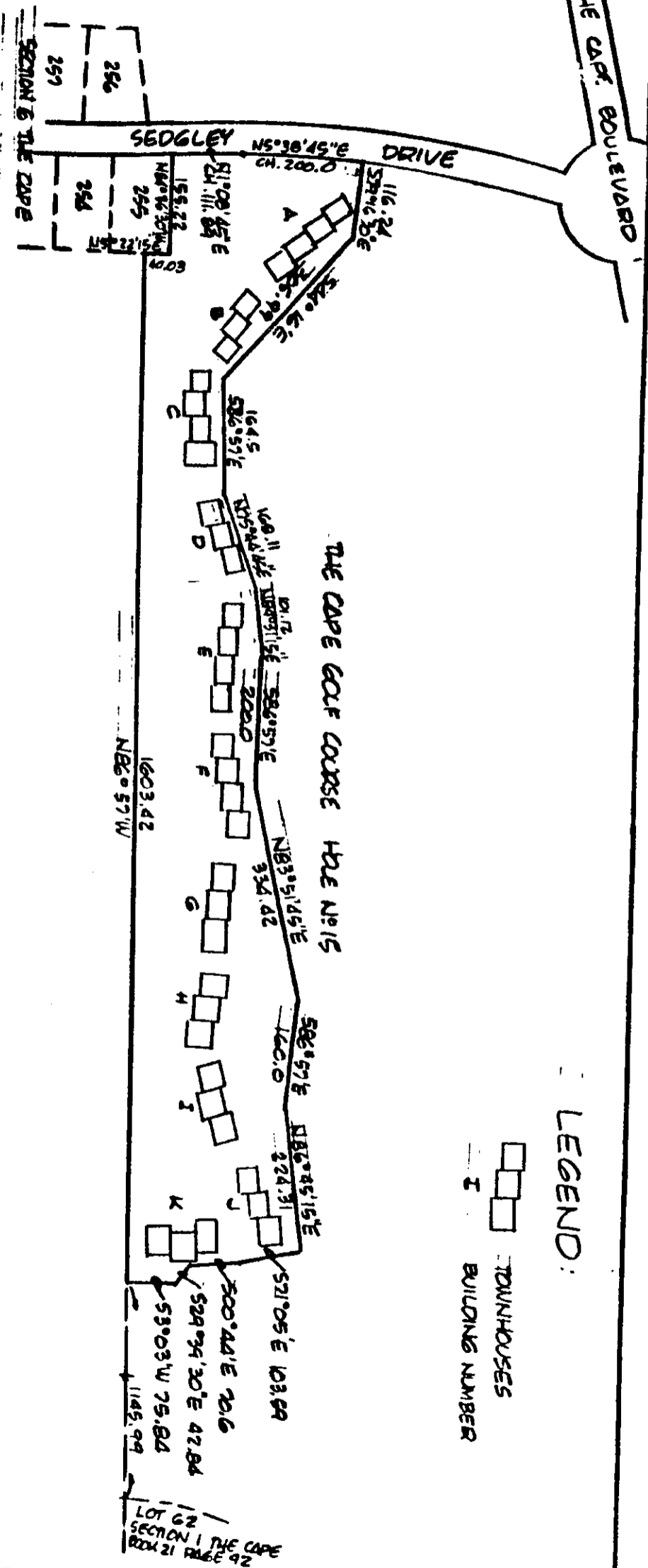
COUNTY OF NEW HANOVER

The foregoing Certificate of Dale B. Covil, a Notary Public is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

This the 24 day of April, 1985.

REBECCA P. TUCKER, Register of Deeds for  
New Hanover County, North Carolina

BY: Rebecca P. Tucker  
Deputy/Assistant-Register of Deeds



ALL PHASES  
 LINKSIDER TOWNHOUSES AT THE CAPE  
 FEDERAL POINT TOWNSHIP NEW HANOVER COUNTY  
 SCALE 1" = 200'  
 NORTH CAROLINA  
 APRIL 16, 1985

*Jack G. Spocks*  
 JACK G. SPOCKS  
 N.C. REGISTRATION NO. L 856  
 WILMINGTON NC

9,846 ACRES

LOT 62 SECTION 1 THE CAPE BOOK 21 PAGE 92

BY-LAWS  
OF  
LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION

ARTICLE I.

General Provisions

SECTION 1. - IDENTITY: These are the By-Laws of LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, a nonprofit corporation organized pursuant to the laws of the State of North Carolina; the Articles of Incorporation for which have been recorded in Book 1285, at Page 581, of the Office of the Register of Deeds of New Hanover County, North Carolina.

SECTION 2. - INCORPORATION: The provisions of these By-Laws supplement and are enacted pursuant to the provisions of the above referenced Articles of Incorporation and that certain Declaration of Articles of Covenants, Conditions and Restrictions applicable to that residential development more particularly described as follows:

BEING all of LINKSIDER TOWNHOUSES located within the Federal Point Township, New Hanover County, North Carolina, and being the same as appears on maps of LINKSIDER TOWNHOUSES, all Sections, recorded or to be recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

The provisions of said Declaration are incorporated herein and made a part hereof as if fully set forth.

SECTION 3. - APPLICATION: These By-Laws shall, in conjunction with the above referenced Articles of Incorporation and Declaration, govern the affairs, rights, privileges, duties and obligations of the Association, all owners, the Declarant, all mortgagees, beneficiaries under Deeds of Trust, Lessees and occupants of all lots and townhouses, their employees and all others who may use or enjoy any of the property known as LINKSIDER TOWNHOUSES, any section, and the acceptance of a Deed for or conveyance of, or the succeeding to title to, or the entering into a lease for, or the actual occupancy of, or use of a lot, townhouse, the common elements or any of the improvements thereon by any of the above shall constitute an acceptance by the same of the provisions of these By-Laws, the Rules and Regulations enacted pursuant hereto and the provisions of the herein above referenced Declaration, and an agreement to comply and abide by the same.

SECTION 4. - PRINCIPAL OFFICE: The principal office of the Association and of the Board of Directors shall be located at 725 Wellington Avenue, Wilmington, New Hanover County, North Carolina 28401.

ARTICLE II.

Membership

SECTION 1. - IDENTIFICATION: The Association shall have any number of memberships. Each membership shall be appurtenant to and shall not be severed from the fee simple ownership of a lot and townhouse within the development. The rights, duties, obligations, powers and privileges appurtenant to each membership shall be exercised by the fee simple owner of the lot and townhouse to which such membership is appurtenant. Any devise, contract for the sale of, Deed, or other means of conveyance of any lot and townhouse within the development shall be deemed to include the appurtenant membership in the Association. No portion of the rights, privileges, powers, duties or obligations appurtenant to each membership in the Association may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the lot and townhouse to which such membership is appurtenant.

SECTION 2. - RECORDS: The Secretary of the Association shall maintain at the principal office of the Association a register of all of the current owners of memberships in the Association and the mailing address of each owner

and of all mortgagees or beneficiaries under Deeds of Trust of all lots and townhouses.

**SECTION 3. - VOTING RIGHTS:** Each membership shall be entitled to one (1) vote in all matters of the Association requiring a vote of the membership. If a membership is owned by one (1) person his right to vote shall be established by the record title to his lot and townhouse. If a membership is owned by more than one (1) person, or is under lease, the person entitled to cast the vote for such membership shall be designated by a certificate signed by all of the record owners of such membership and filed with the Secretary of the Association. If a membership is owned by a corporation, the person entitled to cast the vote for that membership shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or the Assistant Secretary of such corporation and filed with the Secretary of the Association. If a membership is owned by a partnership, whether general or limited, or a joint venture, the certificate designating the voting member shall be signed by all partners or joint venturers, as the case may be. Such certificates shall be valid until revoked or superceded by a subsequent certificate or until a change occurs in the ownership of the membership concerned. A certificate designating the person entitled to cast the vote of a membership may be revoked by any owner of such membership. If such a certificate is not on file, the vote of such membership shall not be considered in determining the requirements for a quorum nor for any other purpose under these By-Laws.

**SECTION 4. - MORTGAGEES AND TRUSTEES UNDER DEEDS OF TRUST:** In the event that any lot and townhouse are conveyed by mortgage or by Deed of Trust, then the rights, duties, obligations, powers and privileges appurtenant to the membership appurtenant to such lot and townhouse shall be exercised by the owner of the equity in the lot and townhouse, and not by the mortgagee under any mortgage or the trustee or beneficiary under any Deed of Trust against such lot and townhouse.

**SECTION 5. - ANNUAL MEETINGS:** Subject to the provisions of Article VI of these By-Laws, the annual meetings of the Association shall be held on the last Saturday in March of each succeeding year unless such date shall occur on a legal holiday, in which event, the meeting shall be held on the next succeeding business day. The purpose of the annual meeting shall be for the election of the Directors of the Association for the succeeding year and for the transaction of any and all business of the Association as may properly come before the meeting.

**SECTION 6. - SPECIAL MEETINGS:** It shall be the duty of the President to call a special meeting of the membership if so directed by resolution of the Board of Directors or upon a petition calling for a special meeting presented to the Secretary of the Association and signed by at least twenty-five percent (25%) of the owners of memberships in the Association. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

**SECTION 7. - NOTICE OF MEETINGS:** The Secretary shall mail to each owner of a membership in the Association notice of each annual or special meeting of the membership at least ten (10) days but not more than sixty (60) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. Said notice shall be mailed to the address which the owner of each membership has designated to the Secretary and maintained by the Secretary on his current register of owners. The mailing of a notice of a meeting in the manner provided in this section shall be considered service of notice.

**SECTION 8. - ADJOURNMENT OF MEETINGS:** If any meeting of the membership cannot be held because a quorum has not attended, a majority of the membership who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

**SECTION 9. - QUORUM:** A quorum at all membership meetings shall consist of persons representing and entitled to cast the vote appurtenant to at least fifty-one percent (51%) of the memberships in the Association. The acts

1285 1121

approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the membership, except when approval by a greater number of members is required by the Declaration, these By-Laws or by law; but those present at any meeting, though less than a quorum, may adjourn said meeting to a future time.

SECTION 10. - PROXIES: The vote appurtenant to each membership may be cast by the person designated as entitled to cast such vote by proxy. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner of the membership to which said vote is appurtenant. Such proxy shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of such meeting.

SECTION 11. - PLACE OF MEETINGS: Meetings of the Association's membership shall be held at the principal office of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

SECTION 12. - ORDER OF BUSINESS: The order of business at all meetings of the Association shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of Board of Directors; (f) reports of committees; (g) election of members of the Board of Directors, if necessary; (h) unfinished business; and (i) new business.

### ARTICLE III.

#### Board of Directors

The property, affairs and business of the Association shall be managed by the Board of Directors; provided, however, that the provisions of this Article are subject to the provisions of Article VI of these By-Laws.

SECTION 1. - NUMBER, TERM OF OFFICE AND QUALIFICATIONS: The number constituting the Board of Directors shall not be fewer than five (5). Each Director shall continue in office until the annual meeting of the membership held next after his election and until his successor shall have been elected and qualified or until his death or until he shall resign or shall have become disqualified or removed from office. Directors need not be residents of the State of North Carolina, nor year-round residents of the development; provided, however, that each Director shall be an owner or spouse of an owner in the development and in the case of partnership owners, shall be a member or employee of such partnership, and in the case of corporate owners, shall be an officer, shareholder, or employee of such corporation, and in the case of fiduciary owners, shall be the fiduciary, or an officer or employee of such fiduciary.

SECTION 2. - ELECTION OF DIRECTORS: The election of the Board of Directors shall be conducted in the following manner: (a) election of Directors shall be held at the annual meeting of the membership; (b) nominations for Directorships shall be made from the floor by the membership or by the Board of Directors; (c) the election shall be by written ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person representing a membership entitled to vote being entitled to cast one (1) vote for each of as many nominees as there are Directorships to be filled. There shall be no cumulative voting.

SECTION 3. - REMOVAL OF DIRECTORS: Any Director may be removed by concurrence of two-thirds (2/3rds) of the votes of the membership of the Association present at a special meeting of the membership called for the consideration of such removal. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

SECTION 4. - ORGANIZATIONAL MEETING: The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

1285 1122

**SECTION 5. - REGULAR MEETINGS:** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by personal delivery, mail or telegraph, at least five (5) business days prior to the day named for such meetings.

**SECTION 6. - SPECIAL MEETINGS:** Special meetings of the Board of Directors may be called by the President of the Association on five (5) business days notice to each member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notices on the written request of any member of the Board of Directors.

**SECTION 7. - WAIVER OF NOTICE:** Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**SECTION 8. - QUORUM:** At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at such a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

**SECTION 9. - COMPENSATION:** No member of the Board of Directors shall receive any compensation from the Association for acting as such.

**SECTION 10. - JOINDER IN MEETING BY APPROVAL OF MINUTES:** The joinder of a Director in the action of a meeting by signing and concurring with the minutes of that meeting shall constitute the presence of such Director at such meeting for the purpose of determining a quorum.

**SECTION 11. - PRESIDING OFFICER AT DIRECTORS' MEETINGS:** The presiding officer of a Directors' meeting shall be the President of the Association. In the absence of the presiding officer the Directors present shall designate one (1) of their number to preside.

**SECTION 12. - ORDER OF BUSINESS AT DIRECTORS' MEETINGS:** The order of business at Directors' meetings shall be: (a) the calling of the roll; (b) the proof of due notice of the meeting; (c) reading and disposal of any unapproved minutes; (d) the reports of officers and committees; (e) the election of officers; (f) unfinished business; (g) new business; and (h) adjournment.

**SECTION 13. - POWERS AND DUTIES:** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Directors by the membership of the Association. The powers and duties to be exercised and performed by the Board of Directors shall include, but shall not be limited to, the following:

- a. the operation, care, upkeep and maintenance of the common elements and the improvements thereon;
- b. the care, upkeep and maintenance of the roof of each cluster of townhouses and the exterior surfaces of all townhouses;

- c. the determination of the amounts required for the operation, maintenance, care and upkeep of the roofs and exteriors of the townhouses and of the common elements and the improvements thereto, and the amounts required for the general operation of the Association;
- d. the levying and collection of the assessments from the membership owners;
- e. the employment and dismissal of personnel as necessary for the efficient maintenance of the development and operation of the Association;
- f. the adoption and the amendment of rules and regulations governing the operation of the Association and the use and enjoyment of the townhouses and the common elements;
- g. the opening and maintaining of bank accounts on behalf of the Association and designating the signatories required therefor;
- h. the purchasing, leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, on behalf of all members of the Association, lots and/or townhouses offered for sale or lease;
- i. the purchasing of townhouses and/or lots at foreclosure or other judicial sales in the name of the Association, or its designee, corporate or otherwise, on behalf of the membership;
- j. the selling, conveying, leasing, mortgaging of, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with the lots and townhouses acquired by, and subleasing lots and townhouses by the Board of Directors on behalf of the membership of the Association;
- k. the organizing of the corporations to act as designees of the Board of Directors in acquiring title to or leasing lots and townhouses by the Board of Directors on behalf of the membership of the Association;
- l. the purchasing and maintaining of insurance for the lots, townhouses, common elements and the improvements thereto pursuant to the provisions of these By-Laws;
- m. the making of repairs, additions and improvements to, or alterations of, the property, and repairs to and restoration of the property, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- n. the appointing of committees to be composed of members of the Association to aid in governance of the Association in such numbers and for such specific purposes as the Board may determine necessary and proper;
- o. the adoption of a seal for the Association;
- p. the enforcing of the obligations of the members of the Association, allocating income and expenses of the Association and doing anything and everything else necessary and proper for the sound management of the Association;
- q. the levying of fines or expenses against the members of the Association, allocating income and expenses of the Association;
- r. the borrowing of money on behalf of the Association when required in connection with the operation, care, upkeep or maintenance of the lots, townhouses, common elements and the improvements thereon; PROVIDED, HOWEVER, that (i) except for borrowing funds to purchase insurance, the consent of at least seventy-five percent (75%) of the entire membership, obtained at a special called meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$2,500.00, (ii) no lien to secure payment of any sum borrowed may be created on any of the lots and townhouses without the

written consent of each owner thereof or on any of the common elements or the improvements thereon without the consent of at least seventy-five percent (75%) of the entire membership, obtained at a special called meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, and (iii) the owner of any townhouse and lot will not be liable for payment of any portion of any such loans.

s. adjusting and settling claims under insurance policies obtained pursuant to the By-Laws and executing and delivering releases on settlements of such claims on behalf of all lot and townhouse owners, all holders of mortgages, Deeds of Trust or other liens on the lots and townhouses and all owners of any other interest in the property.

**SECTION 14. - LIABILITY OF THE BOARD OF DIRECTORS:** The members of the Board of Directors shall not be liable to the Association or any of its members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles of Incorporation, the Declaration or these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any member of the Association arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Association bears to the interest of all members of the Association in the Association. Every agreement made by the Board of Directors on behalf of the Association shall provide that the members of the Board of Directors are acting only as agents for the Association and shall have no personal liability thereunder (except as members of the Association), and that each member of the Association's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interest of all members in the Association in the Association.

**SECTION 15. - FIDELITY BONDS:** The Board of Directors shall obtain adequate fidelity bonds for all officers and employees of the Association. The premiums on such bonds shall constitute an expense of operating the affairs of the Association.

#### ARTICLE IV.

##### Officers

**SECTION 1. - DESIGNATION:** The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice President must be members of the Board of Directors. All other officers need not be members of the Board of Directors or of the Association.

**SECTION 2. - ELECTION OF OFFICERS:** Officers shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected.

**SECTION 3. - REMOVAL OF OFFICERS:** Upon the affirmative vote of a majority of the members of the Association or members of the Board of Directors, any officer may be removed, either with or without cause; and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

**SECTION 4. - PRESIDENT:** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the membership and at all meetings of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Laws of the State of

North Carolina, including, but not limited to, the power to appoint from among the membership any committee which he deems appropriate to assist in the conduct of the affairs of the Association.

**SECTION 5. - VICE PRESIDENT:** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President or Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

**SECTION 6. - SECRETARY:** The Secretary shall keep the minutes of all meetings of the membership and the Board of Directors; he shall have charge of all books, papers, accounts and records of the Board of Directors as the Board of Directors may direct; and he shall, in general, perform all of the duties incident to the office of Secretary of a corporation organized under the Business Corporation laws of the State of North Carolina.

**SECTION 7. - TREASURER:** The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all of the duties incident to the office of Treasurer of a corporation organized under the Business Corporation laws of the State of North Carolina.

**SECTION 8. - COMPENSATION:** No officer shall receive any compensation from the Association for acting as such.

**SECTION 9. - EXECUTION OF INSTRUMENTS:** All instruments, including, but not limited to, agreements, contracts, Deeds or leases of the Association shall be executed in the name of the Association by the President or Vice President and attested to by the Secretary or Assistant Secretary of the Association. All checks of the Association are to be executed by such person or persons as may be designated by the Board of Directors.

#### ARTICLE V.

##### Operation of the Association

**SECTION 1. - RULE MAKING:** The Board of Directors shall promulgate and establish, pursuant to the provisions set out hereinbelow, reasonable rules and regulations governing the use, enjoyment, maintenance, repair of and additions or alterations to the lots, townhouses, common elements and the improvements thereon.

**Subsection 1.1. - PROCEDURES:** The Board of Directors, or a rule making committee specifically appointed by the President, shall formulate reasonable rules and regulations, or amendments or modifications thereto, to be proposed to the membership of the Association. Such proposals may be considered by the membership of the Association for adoption either at the annual meeting of the membership or at a special meeting of the membership called by the President specifically for the consideration of the adoption of such proposals. All such proposals shall be stated in writing and sent to the owners of the memberships in the Association in any notice of the special meeting called for the consideration thereof, or at least fifteen (15) days prior to the annual meeting of the membership of the Association at which they will be considered. At such meeting such proposed rules and regulations shall be considered new business of the Association. In order to be adopted as rules and regulations, amendments or modifications thereof, of the Association such proposed rules and regulations must receive assent from seventy-five percent (75%) of the votes of the entire membership of the Association present in person or by proxy at such meeting.

Subsection 1.2. - AMENDMENT, MODIFICATION, ADDITIONS OR REPEAL: In addition to the above, any member of the Association may propose a modification, amendment, addition to or repeal of any and all rules and regulations of the Association by stating the same in writing to the Board of Directors. If any such member shall have obtained to such proposal the signatures of at least twenty-five percent (25%) of the membership owners in the Association, then the Board of Directors shall submit such proposal to the Association at the next annual meeting of the Association for consideration or at a special meeting of the Association called pursuant to a request therefor made in such proposal when submitted to the Board of Directors. Adoption of any such proposal shall be as stated in Subsection 1.1. hereinabove.

Subsection 1.3. - PROHIBITIONS: No rule or regulation, nor amendment, modification, addition to or repeal of any or all of the rules and regulations of the Association shall discriminate against any townhouse and lot owner or against any townhouse and lot or group of townhouses and lots unless the owners thereof so affected shall consent in writing; nor shall any of the above change any townhouse or lot nor the share in the common elements appurtenant to it, nor shall any of the above increase any owner's share in the common expenses of the Association nor change the voting rights of any member unless the owner of the membership appurtenant to the lot and townhouse so affected and all record owners of liens thereon shall join in the execution of such rule, regulation, amendment, modification, addition to or repeal of the same.

Subsection 1.4. - RECORDING: A copy of all rules and regulations or amendments, additions, modifications to or repeals of rules and regulations of the Association shall be certified by the President and Secretary of the Association as having been duly adopted by the Association and shall be effective from the date the same is recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

SECTION 2. - INSURANCE: The Board of Directors shall be required to obtain and maintain, to the extent possible, the following insurance:

Subsection 2.1. - FIRE INSURANCE with extended coverage, vandalism and malicious mischief endorsements, insuring all improvements upon the common elements and all townhouses (including the bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings or other personal property supplied or installed by owners or tenants of owners) and covering the interests of the Association, the Board of Directors, and all owners and their mortgagees or beneficiaries under Deeds of Trust, as their respective interests may appear, in an amount at least equal to the full replacement value of all structures insured, without deduction for depreciation; each of said policies shall contain a North Carolina standard mortgage clause in favor of each mortgagee or beneficiary under a Deed of Trust of a townhouse and lot which shall provide that the loss, if any, thereunder shall be payable to such mortgagee or beneficiary under Deed of Trust as its interest may appear; subject, however, to the loss payment provisions in favor of the Board of Directors hereinafter set forth.

Subsection 2.2. - FLOOD INSURANCE covering all of the lots and townhouses when required or deemed necessary.

Subsection 2.3. - PUBLIC LIABILITY INSURANCE in such limits as the Board of Directors may, from time to time, determine covering each member of the Board of Directors, each officer of the Association, the Association and each owner of a lot and townhouse; such public liability coverage shall also cover cross-liability claims of one insured against another.

Subsection 2.4. Such other insurance as the Board of Directors may

determine is necessary for the protection of the development, the Association, its Directors, officers and members.

Subsection 2.5. - PREMIUMS: The premiums for all such insurance shall be an annual expense of the Association, and as such, shall constitute a portion of the annual assessment to be levied against each member of the Association pursuant to the provisions of these By-Laws.

Subsection 2.6. - ADJUSTMENT FOR LOSS: All such insurance policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors.

Subsection 2.7. - WAIVERS, CANCELLATIONS, MODIFICATIONS, RENEWALS: All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on coinsurance or other insurance or of invalidity arising from any acts of the insured and of prorata reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all insureds, including all mortgagees and beneficiaries under Deeds of Trust. Duplicate originals of all policies of physical damage insurance and all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees or beneficiaries under Deeds of Trust at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the townhouses and improvements to the common elements, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant hereto.

Subsection 2.8. - OWNERS' INSURANCE: The owners of townhouses and lots shall not be prohibited from carrying other insurance for their own benefit provided that such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any townhouse and lot owner.

Subsection 2.9. - INITIAL MINIMUM AMOUNTS: Until the first regular meeting of the Board of Directors following the first annual meeting of the membership of the Association, the Board of Directors shall obtain and maintain all such insurance in the following amounts:

- a. Fire insurance in an amount of not less than \$60,000 per townhouse, and
- b. Public liability insurance in an amount of not less than Five Hundred Thousand Dollars (\$500,000.00) covering all claims for personal injury arising out of one occurrence, and not less than One Hundred Thousand (\$100,000.00) Dollars covering all claims for property damage arising out of one occurrence.

Subsection 2.10. - REPAIR OR RECONSTRUCTION AFTER CASUALTY: In the event of damage to or destruction of any or all of the townhouses in any cluster of townhouses and/or improvements to the common elements as a result of fire or other casualty (UNLESS EIGHTY-FIVE PERCENT [85%] OR MORE OF SUCH TOWNHOUSES ARE DESTROYED OR SUBSTANTIALLY DAMAGED AND OWNERS OF EIGHTY-FIVE PERCENT [85%] OR MORE OF THE LOTS AND TOWNHOUSES IN SAID CLUSTER DO NOT DULY AND PROMPTLY RESOLVE TO PROCEED WITH REPAIR OR RESTORATION), the Board of Directors shall arrange for the prompt repair and restoration of all damaged improvements (including any damaged townhouse, and the kitchen and bathroom fixtures initially installed therein by the Declarant, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, equipment or other personal

property installed or supplied in said townhouse by the owner[s] thereof), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the net insurance proceeds received by or payable to the Board of Directors shall constitute a common expense of the Association.

If eighty-five percent (85%) or more of the townhouses in any cluster of townhouses are destroyed or substantially damaged and the owners of eighty-five percent (85%) of the lots and townhouses do not duly and promptly resolve to proceed with repair or restoration of such damaged improvements, all of the property in the cluster shall be subject to an action for partition at the suit of any owner of any such townhouse, in which event the net proceeds of the sale, together with the net proceeds of all insurance policies shall be divided by the Board of Directors among all of the owners of townhouses in said cluster in proportion to their respective ownership interest in said cluster, after first paying out of the share of such owner the amount of any unpaid liens on his lot and townhouse, in the order of the priority of such liens.

In the event of a repair or restoration of the improvements to the property and in the event that the net proceeds of insurance received by or payable to the Board of Directors shall exceed the cost of such repair or restoration, then such excess shall be paid by the Board of Directors to all owners of townhouses and lots in proportion to their respective interests in the cluster after first paying out of the share due each owner such amounts as may be required to reduce unpaid liens on such owner's lot and townhouse in the order of priority of such liens.

Whenever in this Subsection the words "promptly repair" or "prompt repair" are used, it shall mean repairs are to begin not more than sixty (60) days from the date of receipt of the Board of Directors of proceeds of insurance on account of such damage or destruction, whether or not sufficient to pay the estimated costs of such work. Wherever the words "promptly resolve" are used hereinabove, it shall mean not more than sixty (60) days from the date the Board of Directors notifies the interested members of the Association that it holds proceeds of insurance on account of such damage or destruction and that such proceeds are not sufficient to pay the estimated costs of such work, as the case may be.

**SECTION 3. - MAINTENANCE:** The Board of Directors shall provide for the upkeep, care, preservation, protection and maintenance of the common elements and the improvements thereon as well as the exterior surfaces and the roofs of the townhouses, as follows:

- a. repair and repave, when necessary, all pavements existing upon the property;
- b. repair, reconstruct, replace, maintain and provide for the safety of all pilings and walkways;
- c. upkeep, maintain and preserve all grasses, lawns, trees, shrubs, gardens and other vegetation maintained upon the common elements;
- d. repair, replace and care for the shingles on the roof of all townhouses;
- e. paint, repair, replace and care for all gutters, downspouts, exterior building surfaces and other exterior materials of the townhouses and all of the improvements located upon the common elements; and
- f. repair, reconstruct, repaint, maintain and keep safe any and all other improvements, of whatever nature, made to the common elements.

Subsection 3.1. - RIGHT OF ACCESS: For the purpose solely of performing all of the above described maintenance, etc., the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any and all owners concerned to enter upon any lot, the exterior of any townhouse or the roof thereof at any reasonable hour on any day.

Subsection 3.2. - OWNERS' REPAIRS: All maintenance, repairs, replacements and care for the lots and townhouses, not hereinabove provided for, whether structural or nonstructural, ordinary or extraordinary, of whatever nature or kind, shall be performed by the owner(s) of such lot and townhouse in such need of repair at said owner's sole cost and expense. In addition, any maintenance, repair, replacement, etc., to any of the common elements, any of the improvements thereon, the exteriors of the townhouses or the roofs of the townhouses caused by the negligence, misuse, neglect or willful act of any owner, his family, tenants, guests or invitees shall be performed by the Association at the sole cost and expense of said owner; said cost and expense therefor to be added to said owner's annual assessment.

Subsection 3.3. - EXPENSE: All maintenance, repair, reconstruction, replacement, etc., as outlined hereinabove, is to be performed by or through the Board of Directors and the cost and expense thereof shall, except as provided in Subsection 3.2. hereinabove, be an annual expense of the Association.

SECTION 4. - FISCAL MANAGEMENT: The Board of Directors shall, from time to time, and at least annually, prepare a budget for the Association, determining the projected annual costs to the Association of performing all of the duties of and fulfilling all of the obligations of the Association. These costs shall include all of the costs incurred by the Association in the performance of those duties and obligations outlined in the Articles of Incorporation, the Declaration of Articles of Covenants, Conditions and Restrictions applicable to the development, and Article III., Section 13., and Article V. of these By-Laws, as well as the costs necessary for the efficient management of the Association (including amounts for an operations reserve and a capital improvements reserve, if deemed necessary by the Board of Directors). The budget, so prepared, shall be submitted to the membership of the Association for approval at the annual meeting of the membership. The proposed budget must be approved by a vote of at least fifty-one percent (51%) of the votes of the entire membership of the Association, represented in person or by proxy at such meeting.

Subsection 4.1. - ANNUAL ASSESSMENTS: After approval of the proposed budget of the Association, the Board of Directors shall assess each lot and townhouse within the development for an equal amount of the projected annual costs to the Association as described hereinabove. The Board of Directors shall cause the Secretary of the Association to provide each member of the Association a statement of the annual assessment against his lot and townhouse in writing, stating the date payment thereof is due at least thirty (30) days prior to the due date. All assessments shall be due and payable on the date and in such installments, if allowed, as the Board of Directors may determine.

Subsection 4.2. - NATURE AND ENFORCEMENT OF ASSESSMENTS: The nature and enforcement of the collection of assessments is set forth in Article II of the Declaration of Articles of Covenants, Conditions and Restrictions pertaining to 'The Cape Townhouses, as recorded in the New Hanover County Registry.

Subsection 4.3. - SUBORDINATION: The lien for unpaid assessments provided for hereinabove shall be subordinate to the lien of any first mortgage or first Deed of Trust against any lot and townhouse.

SECTION 5. - RECORDS AND AUDITS: The Board of Directors shall keep detailed records of the action of the Board of Directors, minutes of the

1285 1130

meetings of the Board of Directors, minutes of the meetings of the membership of the Association and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each townhouse and lot which, among other things, shall contain the amount of each annual assessment, and other assessments, against each lot and townhouse, the date when due, the amount paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenses of the Association shall be rendered by the Board of Directors to all members of the Association at least semi-annually. In addition, an annual report of the receipts and disbursements of the Association shall be rendered by the Board of Directors to all members of the Association who have requested the same, promptly but after the end of each fiscal year. Each member of the Association shall be permitted to examine all of the books and accounts of the Association at reasonable times on business days, but not more than once a month.

SECTION 6. - CONDEMNATION: In the event of a taking in condemnation or by eminent domain of part or all of the property, the aware made for such taking shall be payable to the Board of Directors, and the Board of Directors shall disburse the net proceeds of such aware in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in these By-Laws.

#### ARTICLE VI.

##### Declarant Control

UNTIL ALL LOTS AND TOWNHOUSES IN THE DEVELOPMENT HAVE BEEN SOLD BY THE DECLARANT, SUGGS AND MARRELSON, INC., AND PAID FOR, OR UNTIL DECEMBER 31, 1994, WHICHEVER DATE FIRST OCCURS, THE BOARD OF DIRECTORS OF THE ASSOCIATION SHALL CONSIST OF SUCH DIRECTORS, OFFICERS OR EMPLOYEES OF THE DECLARANT AS SHALL HAVE BEEN DESIGNATED BY THE DECLARANT AND ALL OF THE AFFAIRS OF THE ASSOCIATION SHALL BE GOVERNED AND CONTROLLED BY SUCH INDIVIDUALS, WITHOUT HINDERANCE FROM ANY OF THE MEMBERS OF THE ASSOCIATION. FURTHER, UNTIL ALL LOTS AND TOWNHOUSES IN THE DEVELOPMENT HAVE BEEN SOLD BY THE DECLARANT AND PAID FOR, NO MEMBER OF THE ASSOCIATION SHALL HINDER THE DECLARANT'S CONSTRUCTION AND MARKETING OF UNSOLD AND UNFINISHED TOWNHOUSES.

ONCE THE ABOVE REFERENCED DATE OCCURS, THE PRESIDENT OF THE ASSOCIATION SHALL IMMEDIATELY CALL A SPECIAL MEETING OF THE MEMBERSHIP OF THE ASSOCIATION FOR THE PURPOSE OF THE RESIGNATION OF THE DIRECTORS AND OFFICERS OF THE ASSOCIATION WHO ARE EITHER DIRECTORS, OFFICERS OR EMPLOYEES OF THE DECLARANT AND THE ELECTION OF A NEW BOARD OF DIRECTORS AND OFFICERS OF THE ASSOCIATION, WHO SHALL PROMPTLY ASSUME ALL OF THE POWERS, PRIVILEGES, RIGHTS AND DUTIES OF THE ASSOCIATION AS SET FORTH IN THESE BY-LAWS. THEREAFTER, THE FIRST ANNUAL MEETING OF THE MEMBERSHIP OF THE ASSOCIATION SHALL BE HELD AS PROVIDED IN ARTICLE II., SECTION 5., OF THESE BY-LAWS. UNTIL THE ABOVE REFERENCED DATE OCCURS, NO ACTION TAKEN BY ANY OR ALL OF THE MEMBERS OF THE ASSOCIATION SHALL HINDER OR CONTROL ANY ACTION TAKEN BY THE DECLARANT IN DEVELOPING THE PROPERTY, SELLING LOTS AND TOWNHOUSES THEREIN, OR GOVERNING AND MANAGING THE ASSOCIATION, AND, FURTHER, ANY AND ALL ACTION TAKEN BY THE MEMBERSHIP OF THE ASSOCIATION PURSUANT TO THESE BY-LAWS SHALL BE SUBJECT TO THE PRIOR WRITTEN APPROVAL OF THE DECLARANT.

#### ARTICLE VII.

##### Parliamentary Rules

Robert's Rules of Order (latest edition) shall govern the conduct of all Association meetings, not in conflict with the Articles of Incorporation, the Declaration of Articles of Covenants, Conditions and Restrictions, and these By-Laws.

#### ARTICLE VIII.

##### Amendments

These By-Laws may be amended in the following manner: (a) any member of the Association may propose any amendment or modification to these By-Laws by

1285 1131

submitting the same in writing to the President of the Association, (b) in order to qualify for consideration by the Association, any such amendment or modification must be signed by at least twenty-five percent (25%) of the owners of the memberships in the Association; (c) upon receipt of such proposed amendment or modification, the President of the Association shall immediately follow the procedures outlined hereinabove under Article II., Section 6., entitled SPECIAL MEETINGS; (d) any such proposed amendment or modification in order to become a part of these By-Laws must be approved by seventy-five percent (75%) of the votes of the entire membership of the Association present in person or by proxy at such meeting; provided, however, that no amendment or modification shall discriminate against any owner, any townhouse, lot class or group of owners, townhouses or lots unless all of the owners so affected so consent; and further, no amendment or modification shall change any lot, townhouse nor the share in the common elements appurtenant thereto, nor increase any owner's assessment, nor change the voting rights of any members unless the owner or owners of the memberships or lots and townhouses so affected and all holders of liens against such owner's or owners' lots and townhouses shall approve in writing such amendment or modification. No amendment or modification shall change or alter any of the provisions of Article VI. hereinabove unless signed and approved by the authorized officers of the Declarant.

#### ARTICLE X.

##### Miscellaneous

SECTION 1. - NOTICES: All notices to the Board of Directors shall be sent by registered mail, return receipt requested, to the principal office of the Board of Directors. All notices to owners shall be sent by registered mail, return receipt requested, to such addresses as may have been designated by such owners in writing to the Secretary of the Association. All notices to mortgagees of or beneficiaries under Deeds of Trust against lots and townhouses shall be sent by registered mail, return receipt requested, to their respective addresses designated by them in writing to the Secretary of the Association. All notices, if received, as proven by the return receipt, shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

SECTION 2. - WAIVER OF NOTICE: Whenever any notice which is required to be given to any member, Director or officer of the Association by the provisions of the North Carolina Nonprofit Corporation Act, the provisions of the Article of Incorporation, the Declaration of Articles of Covenants, Conditions and Restrictions or these By-Laws, is waived in writing, signed by the person or entities entitled to such notice, whether before or after the time stated therein, such shall be equivalent to the giving of such notice.

SECTION 3. - INVALIDITY: The invalidation of any provision of these By-Laws by any court, agency, or legislature shall in no way affect the validity of any other provision of these By-Laws, and the same shall remain in full force and effect.

SECTION 4. - CAPTIONS: The captions herein used are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

SECTION 5. - GENDER: The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the neuter gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 6. - WAIVER: No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

SECTION 7. - FISCAL YEAR: The fiscal year of the Association shall be the calendar year.

SECTION 8. - SEAL: The seal of the Association shall be in such form as

1285 1132

shall be approved from time to time by the Board of Directors of the Association.

IN WITNESS WHEREOF, the President of the Association and the Secretary thereof do hereby certify that this is a true copy of the duly enacted By-Laws of LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, this 23rd day of April, 1985.

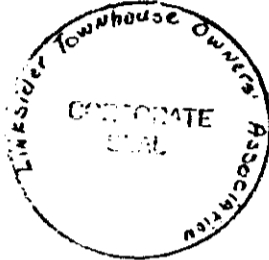
LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION

ATTEST:

Cecil Knight  
Asst SECRETARY

BY: [Signature]  
VICE PRESIDENT

(Attach Corporate Seal)



STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

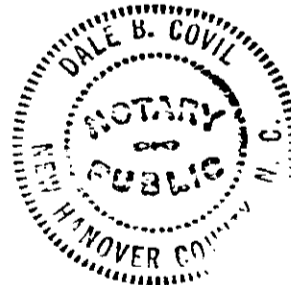
I, Dale B. Covil, a Notary Public in and for the State and County aforesaid, do hereby certify that Cecil Knight Asst personally appeared before me this day and acknowledged that he is the Secretary of LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, a North Carolina Nonprofit Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its [Signature] President, sealed with its corporate seal, and attested by [Signature] self as its Secretary.

Witness my hand and notarial stamp or seal, this the 23rd day of April, 1985.

My Commission Expires:

3/16/86

Dale B. Covil  
NOTARY PUBLIC



STATE OF NORTH CAROLINA  
New Hanover County  
The Foregoing Certificate of \_\_\_\_\_  
Dale B. Covil  
A Notary Public \_\_\_\_\_  
is certified to be correct.  
This the 24 day of April 1985

Rebecca P. Tucker, Register of Deeds  
By [Signature]  
Deputy

STATE OF NORTH CAROLINA

RULES AND REGULATIONS

COUNTY OF NEW HANOVER

OF  
LINKSIDER TOWNHOUSE OWNERS' ASSOCIATIONKNOW ALL MEN BY THESE PRESENTS:

The following Rules and Regulations governing the use and enjoyment of the lots, townhouses, common elements and the improvements thereon in the development known as LINKSIDER TOWNHOUSES, all sections or phases, maps of the same being recorded, or to be recorded, in the New Hanover County Registry, have been duly enacted by LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION. The definitions of the terms used herein are the same as those stated in that certain DECLARATION OF ARTICLES OF COVENANTS, CONDITIONS AND RESTRICTIONS applicable to the development recorded in Book 1285, at Page 1107 in the Office of the Register of Deeds of New Hanover County, North Carolina.

I. The Rules and Regulations governing the use and enjoyment of the lots and townhouses are as follows:

- a. All townhouses shall be used for single-family residential purposes only. No industry, business, trade, occupation or profession of any kind, commercial, religious, charitable, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, maintained or permitted within any townhouse.
- b. No lot or townhouse shall be subdivided, or its boundaries changed, by any owner; nor shall any portion of any lot or townhouse be sold, transferred, assigned or LEASED separate and apart from the whole thereof.
- c. Each lot and townhouse owner shall prevent the development of any unsanitary, unsightly or unkempt conditions on his lot or within his townhouse which would tend to substantially decrease the beauty of the development or destroy the enjoyment of the same by all of the owners thereof.
- d. No lot and townhouse owner shall use or permit the use of his lot and townhouse or any of the common elements or the improvements thereon in such a manner that would increase the rate of insurance upon any of the property.
- e. No lot and townhouse owner shall make or permit any immoral, improper, offensive or unlawful use of his lot and townhouse or any of the common elements or the improvements thereon. Additionally, no use or practice shall be permitted on or within any of the property which shall be a source of annoyance to the Declarant or any of the owners in the development or which interferes with the peaceful possession and proper use of the property by any of its residents.
- f. Each lot and townhouse owner shall observe and obey all valid laws, zoning and subdivision ordinances and regulations and all regulations of all governmental bodies having jurisdiction over the property.
- g. No lot and townhouse owner shall make any structural addition, alteration or improvement in or to his lot and townhouse without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by an owner for approval of a proposed structural addition, alteration or improvement on such owner's lot or to such owner's townhouse within thirty (30) days after the submission of such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Approval or denial of any such addition, alteration or improvement may be based upon any ground the Board of Directors deems sufficient or necessary. Any application to any governmental authority for a permit to make an additional, alteration or improvement in or to any lot or townhouse shall be executed by the Board of Directors. The Board of Directors shall not be liable to any contractor, subcontractor or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration or improvement. The provisions of

1285 1134

this Rule and Regulation shall not apply to any lot or townhouse which shall have been initially sold by the Declarant and paid for.

h. Each lot and townhouse owner shall permit a right of access to his lot and townhouse during reasonable daylight hours by any person authorized by the Board of Directors only for the following:

- (i) to make inspections of the townhouse structure and wiring;
- (ii) to correct any condition originating in the townhouse and threatening another townhouse or any of the common elements;
- (iii) to make any and all necessary repairs to the townhouses, which such repairs are the responsibility of the Association;
- (iv) to install, alter or repair mechanical or electrical services to the townhouses or the common elements and the improvements thereon;
- (v) to correct any condition which violates the provisions of any mortgage or deed of trust covering another lot and townhouse.

Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the owner. However, in case of an emergency, such right of entry shall be immediate, whether the owner is present at the time or not.

i. Each owner of a lot and townhouse shall be responsible for the maintenance of and repair of his townhouse, whether such pertains to structural or nonstructural, ordinary or extraordinary maintenance and repair (other than maintenance of and repair of the asphalt shingle roof and exteriors of the townhouses, which are the responsibility of the Association and other than repair necessitated by any cause covered by any of the casualty insurance carried on the lots and townhouses by the Association).

j. Each owner of a lot and townhouse shall be legally responsible for any and all damage to any other lot and/or townhouse and to any of the common elements, or the improvements thereon caused by the willful or negligent act of such owner, his family, guests, invitees or tenants.

k. Without limiting in any way any of the foregoing, each owner of a lot and townhouse shall abide by the following specific Rules and Regulations in using and enjoying his lot and townhouse:

- (i) the walkways in front of the townhouses and the entranceways to the townhouses shall not be obstructed or used for any purpose other than ingress to and egress from the townhouses;
- (ii) no exterior of any townhouse shall be decorated or painted by any owner in any manner without prior consent of the Board of Directors, as outlined in Rule g. hereinabove;
- (iii) no article shall be hung or shaken from the doors or windows or placed upon the exterior window sills of the townhouses;
- (iv) nothing shall be swept or thrown or be permitted to be swept or thrown from any townhouse or from the doors and windows thereof;
- (v) no shades, awnings, window guards, ventilators, fans or air conditioning units or devices shall be used in or about the lots or townhouses, except as shall have

- been approved by the Board of Directors, in accordance with the procedures outlined in Rule g. hereinabove;
- (vi) all garbage and refuse from the townhouses shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board of Directors may direct;
  - (vii) no animals, domesticated or undomesticated, shall be kept or housed on any lot or in any townhouse or on or about any of the common elements or the improvements thereto, without the prior written approval of and only upon the conditions allowed by the Board of Directors, given or made in accordance with the provisions of Rule g. hereinabove;
  - (viii) no signs of whatever nature and no window displays of whatever kind shall be permitted on any lot or any townhouse. Provided, however, that the right is reserved by the Declarant and the Board of Directors, or its agents, to place "For Sale", "For Rent" or "For Lease" signs on any unsold or unoccupied lots and townhouses and the right is hereby reserved for any mortgagees or beneficiaries under a Deed of Trust, or their assigns, who may become the owners of any lot and townhouse to place similar signs on any lot and townhouse owned by same, but in no event, will any such sign be larger than two square feet in size;
  - (ix) all radio, television or other electrical equipment of any kind or nature installed or used in each townhouse shall fully comply with the rules, regulations, requirements or recommendations of the Board of Fire Underwriters and the public authorities having jurisdiction, and the owner of the lot and townhouse in question shall alone be responsible and liable for any damage or injury caused by any radio, television or other electrical equipment in his townhouse, and which is not covered by the casualty insurance;
  - (x) no owner of a lot or townhouse shall be allowed to affix or place their names on any entry of the townhouses except in the proper place provided for such purpose;
  - (xi) each owner of a lot and townhouse shall install or cause to be installed draperies or curtains on all windows of his townhouse and the same must be maintained in such windows at all times;
  - (xii) no owner of a lot and townhouse shall use or permit to be brought upon any lot or townhouse any inflammable oils or fluids such as gasoline, kerosene, naphtha, or benzine or other explosive or articles deemed extra hazardous to life, limb or property, without in each case having obtained written consent therefore from the Board of Directors, in accordance with the provisions of Rule g. hereinabove.
  - (xiii) no boats, boat trailers, campers or trucks (other than pick-up trucks) or other recreational or commercial vehicles will be allowed upon any of the common elements of the Development, or the streets leading to said Development.

II. The Rules and Regulations governing the use and enjoyment of the common elements and the improvements thereon are as follows:

a. The common elements and the improvements thereon shall be used only for the purposes for which they are reasonably intended and suited and which are incidental to the use and occupancy of the townhouses.

b. Nothing shall be placed, constructed, removed or allowed to stand or remain upon any of the common elements by any owner of a lot or townhouse and no part of any of the common elements or the improvements thereon shall be decorated or painted by any owner of a lot and townhouse.

c. No uses or practices shall be made or allowed to be made by the owner of a lot and townhouse upon or around the common elements or the improvements thereon which are a nuisance or annoyance to the Declarant, the Association or any other owners or which interferes with the enjoyment of the common elements, the improvements thereon or the lots and townhouses of the development.

d. No immoral, improper, offensive or unlawful use shall be made of the common elements or the improvements thereon, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction of the property shall be complied with by all who shall make use of the common elements.

e. Any damage done to any of the common elements or the improvements thereon caused by an owner of a lot and townhouse, his family, guests, invitees or tenants shall be paid for by said owner, and if not paid upon demand made by the Association, the reasonable cost for repairing the same shall, after having been paid by the Association, be added to the annual assessment levied upon said owner's lot and townhouse.

f. The Board of Directors shall assign and designate the parking spaces available to each owner, and shall make such assignment and designation such that the spaces available to each owner shall be convenient to the use and occupancy of his lot and townhouse, when possible.

The parking spaces allotted to each owner may be used by that owner, his family, guests, invitees and tenants. Additionally, each owner shall prevent the blowing of any vehicle horn from any vehicle occupied by himself, his family, guests, invitees or tenants while such vehicle is on the property.

Each owner shall not use or permit the use of any parking space in the common elements other than the spaces allotted to his use.

### III. Enforcement of the Rules and Regulations are as follows:

a. The violation of any Rule or Regulation duly adopted by the Association by any owner, his family, guests, invitees or tenants shall give the Board of Directors:

- (i) the right to enter upon any lot or townhouse upon or in which, or as to which, such violation or breach exists, and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing or condition that may exist therein or thereon contrary to the intent and meaning of any of these Rules and Regulations, and such entry shall not thereby be deemed a trespass;
- (ii) The right to enjoin, abate or remedy such thing or condition by appropriate legal proceedings;

Any expense incurred by the Board of Directors acting pursuant to (i) or (ii), hereinabove, shall be the responsibility of the defaulting owner and if such expense is not paid by said owner upon demand by the Board of Directors, then the same shall be paid from Association funds and then the amount thereof shall be added to and become a part of said defaulting owner's next annual assessment.

IV. In the event any dispute or disagreement should arise between any

1285 1137

officer, director or member of the Association or any of their family, members, guests, invitees or tenants about either the meaning, intent or enforcement of any Rules and Regulations of the Association, such dispute shall be submitted in writing to the Arbitration Committee of the Association for resolution. The uninterested members of the Board of Directors shall appoint such committee from the membership of the Association and it shall have at least three members. However, no member, officer or director of the Association who is a party to a dispute or whose family members, guests, invitees or tenants are a party to a dispute shall be appointed to such committee. The Arbitration Committee shall call a meeting of all parties to the dispute and shall hear all parties fully before resolving the dispute. The committee shall make its decision in good faith and shall keep written records of all proceedings and decisions. The decision of the committee shall be binding on the members of the Association, the officers and directors thereof and all parties to the dispute. Any party aggrieved by such decision shall have the right to appeal the decision of the committee to the full membership of the Association and upon written notice of such appeal to the President of the Association, the President of the Association shall call a special meeting of the Association to consider and resolve such appeal, which said resolution shall be binding on all parties to the dispute, as well as all members of the Association.

IN WITNESS WHEREOF, LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, hereby certifies that the above are a true copy of the duly enacted Rules and Regulations for LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, all this the 23rd day of April, 1985.

ATTEST:

LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION

Cecil Knight  
 ASST SECRETARY

BY: Joan  
 PRESIDENT

(ATTACH CORPORATE SEAL)



STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Dale B. Covil, a Notary Public in and for the State and County aforesaid do hereby certify that Cecil Knight <sup>Asst.</sup> personally appeared before me this day and acknowledged that he is <sup>Asst.</sup> Secretary of LINKSIDER TOWNHOUSE OWNERS' ASSOCIATION, 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 self as its Secretary.

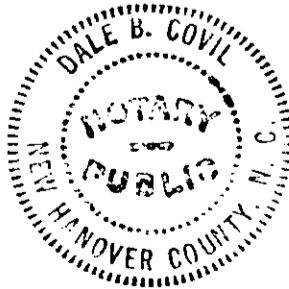
WITNESS my hand and notarial stamp or seal, this the 23rd day of April, 1985.

My Commission Expires:

3/16/86

Dale B. Covil  
 NOTARY PUBLIC

STATE OF NORTH CAROLINA  
 New Hanover County  
 The Foregoing Certificate of \_\_\_\_\_  
 -- Dale B. Covil \_\_\_\_\_  
 -- A Notary Public \_\_\_\_\_  
 is certified to be correct.  
 This the 24 day of April 19 85



Rebecca P. Tucker, Register of Deeds  
 By Rebecca P. Tucker  
 Deputy