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BOOK 628-0539

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

DECLARATION OF UNIT OWNERSHIP
AND COVENANTS, CONDITIONS AND
RESTRICTIONS OF MARINERS WACCHE

THIS DECLARATION OF UNIT OWNERSHIP, made this 5th day of September, 1985 by Carver, Williams, Tomblin and Madison, Inc., a North Carolina corporation, hereinafter called "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property located in Shallotte Township, Brunswick County, North Carolina, which is more particularly described in Exhibit "A", attached hereto and incorporated herein by reference.

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COUNTY OF BRUNSWICK

WHEREAS, Declarant has constructed or will construct on this real property certain improvements, more fully described hereafter, which real estate and improvements Declarant desires to submit to condominium ownership;

NOW, THEREFORE, Declarant declares its intention, by the filing of this Declaration, to submit, and does hereby submit, the above-described real property and improvements thereon to the provisions of the North Carolina Unit Ownership Act, Chapter 47A of the North Carolina General Statutes, as a unit ownership project to be named Mariners Wacche; and further publishes and declares that all of the property described herein is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved, subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the conversion of said property into a condominium facility, and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. DEFINITIONS. Certain terms in this Declaration and in the Bylaws appended hereto shall be defined as follows, unless the context clearly indicates a different meaning therefor:

a. "Act" or "Unit Ownership Act" means the provisions of the Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina, as such may be supplemented or amended from time to time.

b. "Association" means Mariners Wacche Unit Owners Association, Inc., which is an entity comprised of all owners of units in Mariners Wacche.

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c. "Assessment" means a share of the funds required for the payment of common expenses which from time to time is assessed against a unit owner by the Association.

d. "Building" means the building or group of buildings which the Declarant has constructed or will construct upon the real property described in Exhibit "A" and which houses the condominium units.

e. "Board of Directors" or "Board" means the Board of Directors of the Association or its agents, and "Director" means a member of the Board.

f. "Bylaws" means the bylaws of the Association providing for the government and administration of the Association. "Articles" means the Articles of Incorporation of the Association.

g. "Common areas and facilities" means the portion of the condominium property owned in common by all of the unit owners, as more specifically set forth herein.

h. "Common expenses" means the expenses incurred by the Association for the administration, maintenance, operation, enjoyment, safety, repair, and replacement (including a capital reserve for repair, maintenance, and replacement) of the common areas and facilities as well as any other expense incurred by the Association which is and declared to be a common expense by the Association, this Declaration, the Bylaws or the Act.

i. "Common profits" means the balance of all income, rents, profits and revenues of the Association remaining after the deduction of the common expenses.

j. "Condominium" means a single unit in a multi-unit structure along with its appurtenant common areas and facilities.

k. "Condominium project" or "Project" means the entire proposed development consisting of all the land, the building and other "property" as that term is herein defined.

l. "Declarant" means Carver, Williams, Tomblin and Madison, Inc., its successors and assigns.

m. "Declaration" means this instrument as it may from time to time be lawfully amended or supplemented.

n. "Limited Common Areas and Facilities" means those common areas and facilities which are reserved for the use of a certain unit or units to the exclusion of other units, as more specifically identified herein.

o. "Master Association" means the Brick Landing Master Community Association, Inc.

p. "Person" means an individual, corporation, partnership, association, trustee, or other legal entity.

q. "Property" means and includes the land, the building, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith which are submitted to condominium ownership by this Declaration.

r. "Real Property" shall mean and refer to all of the real property described in Exhibit "A" attached hereto.

s. "Unit" or "Condominium Unit" shall mean that enclosed space within each building as shown on the building plans attached to this Declaration, together with any additional area or space accompanying the same and described herein, which is intended for private ownership and to be sold as a dwelling unit pursuant to this Declaration and the Act. The enclosed space representing each unit shall be bounded by the interior surface material of its perimeter walls, ceilings and floors. Each unit is defined to include:

(a) all non-load bearing partition walls located entirely within the above-defined enclosed space;

(b) all interior finished surfaces of the perimeter walls and ceilings;

(c) all carpet, vinyl, wood floor or other decorative floor covering;

(d) all windows, window frames, exterior doors, and exterior door frames;

(e) all heating and air conditioning equipment and accompanying ducts and components (if separate for each unit);

(f) all wires, ducts, pipes, lines and other facilities for the furnishing of utility services located within the above-defined enclosed space, but specifically excluding all wires, ducts, pipes and other facilities which lie within the above-defined enclosed space but are for the common use of one or more other units in the project.

t. "Unit Designation" means the number, letter, or combination thereof which designates a unit within the condominium.

u. "Unit Owner" means a person, corporation, partnership, association, trust, other legal entity, or any combination thereof, in whose name or names the title to or an interest in the title to any unit is vested, excluding those who own or hold such title or interest under the terms of any mortgage or deed of trust or other similar instrument for the purposes of securing the payment of an indebtedness or the performance of an obligation.

2. DESCRIPTION OF REAL PROPERTY. The real property on which the building and improvements are or are to be located is described in Exhibit "A", attached hereto and incorporated herein by reference.

3. DESCRIPTION OF BUILDINGS. The buildings in which the units are or are to be located are described in building plans which are attached hereto as Exhibit "B" and incorporated herein by reference. The buildings will consist of two and three stories and will be constructed principally of lapped cedar or cypress siding.

4. UNIT DESIGNATION AND DESCRIPTION. The unit designation of each unit and a description of its location, area, floor plan, number of rooms, and the immediate common and limited common areas to which it has access are shown on the building plans attached as Exhibit "B".

5. DESCRIPTION OF COMMON AREAS AND FACILITIES. The common areas and facilities shall consist of all the real property described in Exhibit "A" and all of the improvements and facilities thereon which are not units as defined herein and which are not items of personal property owned, held, or maintained by unit owners. Without in any way limiting the scope thereof, the common areas and facilities shall include the following:

- a. All foundations, columns, girders, beams, supports, roofs, exterior walls, interior load bearing walls, ventilation fans and vents of the building;
- b. All stairways, stairwells, halls, passageways, corridors, lobbies, exits and entrances which give access to the units;
- c. All yards, gardens, parking areas and swimming pools;
- d. All installations for the provision of utility services, including, but not limited to, electricity, water, gas, refrigeration, telephone, heating, air conditioning, sewer, trash disposal, incineration, and television which are for the common use and benefit of the unit owners and which are not defined as being a part of the units;

e. All tanks, pumps, motors, fans, compressors and control equipment existing for common use.

6. PROPORTIONATE INTEREST OF UNIT OWNERS IN COMMON AREAS AND FACILITIES. Unless and until this project shall be expanded as herein provided, the percentage of each unit owner's undivided interest in the common areas and facilities of Mariner's Wacche is set forth in Exhibit "C", attached hereto and incorporated herein by reference. This percentage is based on the relation that the fair market value of each unit bears to the aggregate fair market value of all units as of the date of this Declaration. In the event this project shall be expanded as herein provided, percentage of ownership shall be as provided in Exhibit "G" of this Declaration.

7. LIMITED COMMON AREAS AND FACILITIES. The decks or porches adjacent to each unit and any storage space allotted to each unit, designated on the plats and plans attached hereto as "limited common areas" are limited common areas for the sole use of the unit owner of a unit to which the same are adjacent or allocated as indicated on said plans.

8. NATURE AND INCIDENTS OF UNIT OWNERSHIP.

a. Nature of interest. Every unit, together with its undivided interest in the common areas and facilities, shall for all purposes be treated as a separate parcel of real property with all the incidents thereof. Each unit may be individually conveyed, leased and encumbered and may be inherited or devised by will as if it were solely and entirely independent of the other units in the building of which it forms a part. Each unit may be held and owned by more than one person, either as tenants in common or tenants by the entirety, or in any other manner recognized under State law.

b. Partitioning. No unit may be divided or subdivided into a smaller unit or units, nor shall any unit or portion thereof be added to or incorporated into any other unit unless written approval is first obtained from the Board of Directors of the Association. The common areas and facilities shall remain undivided and no unit owner or any other person shall bring an action for partition or division of any part thereof, unless the property has been removed from the provisions of the Unit Ownership Act.

c. Common Areas Appurtenant to Unit. The undivided interest in the common areas and facilities shall not be conveyed, encumbered, or otherwise separated from the unit to which it appertains and shall be deemed conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

d. Taxes. Each unit and its percentage of undivided interest in the common areas and facilities shall be

deemed to be a separate parcel and shall be separately assessed and taxed for all types of taxes authorized by law, including, but not limited to, special ad valorem levies and special assessments. Each unit owner shall be liable solely for the amount of taxes on his individual unit and shall not be affected by the consequences resulting from the tax delinquency of other unit holders. Neither the buildings, the property, nor any of the common areas and facilities shall be deemed to be a separate parcel for purposes of taxation.

9. USE RESTRICTIONS.

a. Each unit shall be used for single-family residential purposes only, which shall include the rental of individual units by the owner. No unit shall be used for transient hotel, commercial or business purposes.

b. No immoral, improper, offensive, noxious or unlawful use shall be made of any unit or of the common areas and facilities, and all applicable laws, zoning ordinances and regulations of all governmental authorities shall be observed. No owner of any unit shall permit or suffer anything to be done or kept in his unit, or on the common areas and facilities, which will increase the rate of insurance on the unit, or which will obstruct or interfere with the rights of other occupants of the other units or annoy or embarrass them, nor shall any owner undertake any use or practice which shall constitute a nuisance to any other owner of a unit, or which interferes with the peaceful possession and proper use of any other unit or the common areas and facilities.

c. No owner of a unit shall permit any structural modification or alteration to be made to the unit without first obtaining the written consent of the Board of Directors of the Association, nor alter nor cause any changes to be made to the exterior of the building (including painting, installing television or radio antenna or installing signs), or in any manner alter the appearance of the exterior portion of the building without obtaining such consent. No unit owner shall fix any object to the common areas and facilities (including fences, flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the common areas and facilities or limited common areas and facilities without first obtaining the written consent of the Board of Directors of the Association.

d. The Declarant or its agent shall have the right to maintain a sales office or model unit in any of the units of its choice for the sole purpose of selling the remaining units in the project. This right will terminate upon the sale of the last unit by the Declarant.

e. The use of the property shall be subject to any restrictions contained in the Bylaws of the Association

and to any Rules and Regulations established by the Board of Directors of the Association. These additional use restrictions shall have the same force and effect as the restrictions contained herein.

10. EASEMENTS.

a. In case of any emergency originating in or threatening any unit, regardless of whether the owner is present at the time of such emergency, the Declarant, the Board of Directors of the Association, or any other person authorized by it, or the manager, shall have the right to immediately enter the unit for the purpose of remedying or abating the cause of the emergency.

b. Each unit owner shall have an easement to use all pipes, wires, ducts, cables, conduits, public utility lines and other such facilities which are located in another unit and serve his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other such facilities which are located in such unit and serve other units. The Board of Directors of the Association shall have a right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair, or replace the common facilities contained therein or elsewhere in the building.

c. The Board of Directors may grant or assume easements, leases, or licenses for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair, and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits and wires over, under, along and on any portion of the units or common areas. Each unit owner hereby grants to the Board of Directors, or the manager, an irrevocable power of attorney to execute, acknowledge and record for or in the name of the Association or each unit owner such instruments as may be necessary to effectuate the foregoing.

d. In the event that any unit shall encroach upon any of the common areas and facilities, or any other unit or units, for any reason not caused by the purposeful or negligent act of the unit owner, or agents of such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment upon the common areas and facilities or upon a unit for so long as such encroachment shall naturally exist. In the event that any portion of the common areas and facilities shall encroach upon any unit, an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any unit for so long as such encroachment shall naturally exist. If any unit or any portion of the 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 the unit or the common areas and facilities in accordance with this Declaration, portions of the common areas and facilities encroach upon any unit, or any unit encroaches upon another unit or upon any portion of the common areas and facilities, then such encroachment shall be permitted and a valid easement for the maintenance thereof shall exist so long as the encroachment naturally remains.

11. MANAGEMENT.

a. Generally. The management of the affairs of the Mariner's Wacche project shall be the right and responsibility of the Association of unit owners known as the "Mariners Wacche Unit Owners Association, Inc." (herein referred to as the "Association") and said management duties shall be carried out in accordance with the terms and conditions of this Declaration, the Articles of Incorporation and the Bylaws of the Association, copies of which are attached hereto and incorporated herein by reference; provided, however, that the Association shall not be authorized to take over management rights and responsibilities until conveyance of management responsibilities to the Association, as provided in this Declaration and in the Bylaws.

b. Interim Management. Until the assumption of management responsibilities by the Association, the Declarant or its designee shall manage the affairs of the project in a manner consistent with the terms and conditions of this Declaration and the Bylaws of the Association. Each unit owner, from the time of purchase of the unit until the assumption of management responsibilities by the Association, shall pay Declarant a management fee of \$10.00 a month.

c. Working Capital. The Declarant or the Association shall be authorized to establish a working capital fund for the initial months of the project's operation by levying an initial assessment equal to at least two months assessment for each unit. Each unit's initial assessment for the working capital fund shall be collected and transferred to the Declarant or the Association at the time of closing of the sale of the unit and maintained in the account for the use and benefit of the Declarant or the Association. The purpose of this fund is to insure that the capital will be available for unforeseen expenses and expenditures, and to acquire necessary equipment or services. Amounts paid into this working capital fund are not and shall not be considered as an advance payment of regular assessments.

d. Interim Assessment. Until the Association takes over the management of the condominium project, each unit owner shall pay a monthly assessment to be fixed by the Declarant, which assessment will be equal to the unit's percentage of undivided interest in the common areas and faci-

lities, as set forth in Exhibit "C", multiplied by the estimated total operating expenses of the project. Declarant shall use these sums for the upkeep and maintenance of the common areas, for the provision of common services, for the payment of taxes, and for the procurement of comprehensive insurance and other common expenses, as those expenses are defined herein. During such interval, the Declarant shall supplement this assessment by such amounts as may be required to meet the total operating expenses of the project.

e. Conveyance of Control and Management Responsibilities. Conveyance of control and management responsibilities to the Association shall take place no later than the earlier of the following events:

- (i) Four months after 75% of the units in the project have been conveyed to unit purchasers; or
- (ii) Five years following conveyance of the first unit.

After the management rights, responsibilities and control have been turned over to the Association by the Declarant, the Declarant shall surrender all remaining unexpended funds to the Association and shall make a full accounting to the Association for all sums spent and shall transfer to the Association all insurance policies then in effect on the units and common areas and facilities. At the first annual meeting, the Association shall establish an annual budget and, if necessary, adjust the monthly assessment accordingly. The owner of each unit shall thereafter make all future payments directly to the Association for common expenses as provided in the Bylaws.

f. Manager. The Board of Directors of the Association shall have the right to contract with or employ a manager for the purpose of operating, supervising, maintaining and managing the property. All the management powers and duties of the Association may be delegated to the manager by the Board of Directors, except those which are specifically reserved to the Board of Directors by this Declaration, the Articles and Bylaws, or the Act.

12. MAINTENANCE. The respective responsibilities of the unit owners and the Association to maintain, repair and replace the property shall be as set forth in the Bylaws.

13. COMMON EXPENSES AND ASSESSMENTS. The unit owners are bound to contribute, according to their percentage undivided interest in the common areas and facilities as set forth in Exhibit "C", toward the common expenses of the Association. No unit owner may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the common areas and facilities or by abandonment of the

unit belonging to him. The common profits of the property, if any, shall be distributed among the unit owners according to the same percentage undivided interest, as set forth in Exhibit "C". Each unit owner shall be subject to an assessment from the Board of Directors for his share of the common expenses. The manner of computing and collecting this assessment is set forth in the Bylaws.

14. INSURANCE.

a. Hazard Insurance. The Board of Directors of the Association, or the manager, shall obtain insurance upon the property for the benefit of the unit owners and their mortgagees against (1) loss or damage by fire and other hazards covered by the standard extended coverage endorsement and (2) such other hazards or risks covered for similar projects, including those covered by the standard "all risk" endorsement. Such policies shall make provision for the issuance of certificates of insurance or mortgagee endorsements to the mortgagees of unit owners, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against unit owners, the Association and their respective servants, agents and guests. In addition to the above, the Board of Directors may obtain such other insurance coverage as they deem necessary and desirable. All liability insurance shall contain cross-liability endorsements to cover liability of the unit owners as a group to a single unit owner. Each unit owner may obtain insurance, at his own expense, affording coverage upon his own unit, his personal property and such other coverage as he may desire. All hazard insurance shall meet the minimum requirements and standards of the Federal National Mortgage Association.

b. Amount of Coverage. The Board of Directors or the manager shall insure all buildings and improvements upon the land and all personal property included in the common areas and facilities in an amount equal to their maximum insurance replacement value as determined annually by the Board of Directors, or manager, with the assistance of the insurance company or companies providing coverage. This insurance coverage amount shall never be less than the total principal balance due on all mortgages outstanding on the property.

c. Premiums. All premiums on insurance policies purchased by the Board of Directors or manager and any deductibles payable in the event of loss shall be paid by the Association and chargeable to the Association as a common expense.

d. Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board of Directors or manager as insurance trustee for the unit owners and their

mortgages. The insurance trustee shall have authority to deal with the insurer in the compromise and settlement of claims and to execute and deliver releases to the insurer upon the payment of claims. The insurance trustee's duty upon receipt of any insurance proceeds shall be to hold the same in trust for the benefit of the unit owners and their mortgagees.

e. Distribution of Insurance Proceeds.

Proceeds of insurance policies shall be distributed by the insurance trustee to or for the benefit of the beneficial unit owners in the following manner:

(i). Expenses of the insurance trustee.

All expenses of the insurance trustee shall be paid first.

(ii) Reconstruction or repair.

If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds remaining after deduction of the insurance trustee's expenses shall be paid to defray the cost of such repair or reconstruction. Any proceeds remaining after defraying such costs shall be distributed to the unit owners, in accordance with each unit owner's percentage undivided interest in the common areas and facilities, as set forth in Exhibit C. In the event a mortgagee endorsement has been issued for a condominium unit, any proceeds remitted under this section shall be payable jointly to the unit owner and the mortgagee.

(iii) Failure to Reconstruct or Repair.

If it is determined as provided below that the damage for which the proceeds are paid will not be reconstructed or repaired, the remaining proceeds shall be distributed to the unit owners in accordance with each unit owners percentage undivided interest in the common areas and facilities, as set forth in Exhibit C.

f. Damage and Destruction.

(i) Determination to reconstruct or

repair. Damage to or destruction of the buildings and improvements, except that which is solely the responsibility of the unit owner, shall be promptly repaired or restored by the Board of Directors or manager, using the proceeds of insurance on the building for that purpose, and unit owners shall be liable for assessment for any deficiency in accordance with their percentage undivided interest in the common areas and facilities; provided, however, if the buildings shall be more than two-thirds destroyed and the owners of three-fourths of the units resolve not to proceed with repair or reconstruction, then in that event, the property shall be deemed to be owned as tenants in common by the unit owners and shall be governed by the provisions of Section 47A-25 of the North Carolina General Statutes and any amendments thereto. No mortgagee shall have any right to participate in the decision to reconstruct or repair the damaged property.

(ii) Plans and specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications of the original building and improvements unless other plans and specifications are unanimously approved by the unit owners.

g. Flood Insurance. If any part of the project is in a special flood hazard area -- as defined by the Federal Emergency Management Agency -- the owners' Association must maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover the buildings and any other property located within the designated hazard area. The amount of insurance should be at least equal to the lesser of:

(i) 100% of the current replacement cost of all buildings and other insurable property located in the flood hazard area; or

(ii) the maximum coverage available for the property under the National Flood Insurance Program.

h. Liability Insurance. The Association must maintain a comprehensive general liability insurance policy covering all common areas, public ways and any other areas that are under its supervision. The policy should provide coverage of at least \$1,000,000 for bodily injury and property damage for any single occurrence. The liability insurance should provide coverage for:

(i) bodily injury and property damage that results from the operation, maintenance or use of the project's common areas; and

(ii) any legal liability that results from law suits related to employment contracts in which the owners' Association is a party.

15. COMPLIANCE WITH DECLARATION, BYLAWS AND REGULATIONS.

a. Binding nature of Declaration, Bylaws and Regulations. The restrictions and obligations imposed by this Declaration, the Articles and Bylaws of the Association, and any Rules and Regulations adopted by the Association are intended to and shall constitute covenants running with the land and shall constitute an equitable servitude upon each unit and its appurtenant undivided interest in the common areas and facilities. Each unit owner, his tenants, invitees, guests, employees, agents, grantees, successors and assigns shall comply strictly with the covenants set forth in this Declaration, the Articles and Bylaws of the Association, and any Rules and Regulations adopted by the Association, as the same may be lawfully amended from time to time. The accept-

ance of a deed of conveyance, the entering into a lease, or occupancy of a unit shall constitute an agreement that the provisions of this Declaration, the Articles and Bylaws, and any Rules and Regulations are accepted and ratified by the grantee, tenant, or occupant whether or not these provisions are referred to in the deed or lease.

b. Remedies for violation. Failure to comply with the covenants and restrictions set forth in this Declaration, the Articles, Bylaws and the Rules and Regulations shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors or manager on behalf of the Association or by an aggrieved unit owner. The Board of Directors shall also have authority to enforce such covenants and restrictions by denial of the use of the common areas and facilities to violators, by levying fines for infractions in an amount not to exceed twenty-five dollars (\$25.00) per offense, and by such other means as are provided in this Declaration, Bylaws, and Rules and Regulations or by law.

c. Liability for expenses. Each unit owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include liability for any increase in fire insurance rates occasioned by the use, misuse, occupancy, or abandonment of a unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

d. Waiver. The failure of the Association, any unit owner, or other person to enforce any right, provision, covenant, or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the unit owner to enforce such right, provision, covenant, or condition in the future.

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

16. PROCESS AGENT. Michael R. Brazeale, whose business address is Route 2, Brick Landing Plantation, Ocean Isle Beach, North Carolina 28459, is hereby designated to receive service of process in any action which may be brought under the Act. The Board of Directors may change the process agent by filing a Declaration of Change in the office of Register of Deeds of Brunswick County, North Carolina.

17. MORTGAGE OF UNITS. Any unit owner may give a deed of trust or mortgage on his unit without prior notice to or authorization by the Declarant or the Board of Directors of the Association; provided, however, that any unit owner giving a deed of trust or mortgage on his unit, shall simultaneously with the recording thereof, record a Request for Notice as provided by law, providing that a foreclosing mortgagee shall provide notice of the institution of foreclosure proceedings to the Board of Directors of the Association.

18. TERMINATION. The condominium may be terminated and removed from the provisions of the Unit Ownership Act only by unanimous written agreement expressed in an instrument to that effect and duly recorded, provided that the holders of all liens affecting any of the units must consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of the undivided interest in the property which the unit owner owns after termination. The termination shall become effective when the above instruments have been duly recorded in the public records. After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the units formerly owned by such unit owners shall have mortgages and liens against the respective undivided shares of the unit owners. The undivided share or interest in the property owned as tenants in common which shall appertain to each unit owner shall be the percentage of the undivided interest previously owned by such unit owner in the common areas and facilities.

19. AMENDMENT OF DECLARATION. This Declaration may be amended at any regular or special meeting of the Association, called and convened in accordance with the Bylaws, by the affirmative vote of 67% of the total number of votes of the Association, and the prior approval of holders of first mortgages on units representing 51% of the votes attributable to all units subject to first mortgages. Any holder of a first mortgage on a unit who receives a written request from the Association to approve any proposed modification and does not deliver or post to the Association a negative response within thirty (30) days following receipt of such request shall be deemed to have approved same. Notwithstanding the aforesaid, and except as provided in paragraph 23 herein, no amendment shall change, affect or alter the percentage interest in the common areas appurtenant to a unit, a unit owner's propor-

tionate share of the common expenses or common profits, or the voting rights appurtenant to any unit unless the unit owner and all holders of first mortgages on units shall join in the execution of the amendment. Further, no amendment shall be effective until certified by the President and Secretary of the Association and recorded in the office of the Register of Deeds of Brunswick County.

20. SEVERABILITY. The invalidity of any provision of this Declaration shall not impair or affect the validity and enforceability of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included.

21. LAW CONTROLLING. This Declaration, the Bylaws and any Rules and Regulations adopted thereunder shall be construed under and controlled by the laws of the State of North Carolina.

22. WARRANTIES. The Declarant disclaims any intent to have made any warranty or representation in connection with the condominium project, except as specifically set forth herein, and no person shall rely upon any warranty or representation not specifically made herein. Any estimates of common expenses, taxes, or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

23. EXPANSION:

(a) Buildings number one and number three, as shown in Exhibit B, and the amenities as shown in Exhibit B as being located on the property described in Exhibit A, shall be constructed initially and made subject to this Declaration.

(b) Declarant shall have the right to amend this Declaration at any time prior to December 31, 1987, without the further consent of the Unit Owners, to incorporate into the Property (i) the additional land described in Exhibit "F" attached hereto and incorporated herein by reference (hereinafter called "Possible Expansion Property") and (ii) the additional thirty-five (35) dwelling units to be constructed upon such Possible Expansion Property by Declarant. In the event that this Declaration is so amended, the terms "Property" and "Real Property" as used herein shall be deemed to mean and include the property described in Exhibit "A" and in Exhibit "F" and all improvements and structures now or hereafter placed by Declarant thereon, all easements, rights and appurtenances thereto, and all articles of personal property provided by Declarant and intended for use in connection therewith. Upon such Amendment, the undivided interest appurtenant to each condominium unit shall be as set out in Exhibit "G", attached hereto and made a part hereof. In

addition, in the event this Declaration is amended as provided herein all references in this Declaration, the Articles and Bylaws, to Exhibit "C" shall be deemed to refer to and mean Exhibit "G". The additional units shall be approximately the same size and design as the corresponding units in the original twenty-nine (29) units. The materials used in the construction of the additional thirty-five (35) units and the buildings housing said units shall be of comparable quality as those used in the original twenty-nine (29) units and buildings, and the architectural style of the additional buildings and units shall be substantially the same as, or compatible with, the original buildings and units. The number of buildings containing dwelling units to be constructed, in addition to the original two such buildings, shall be two (2). Each additional building to be constructed shall contain approximately the same mix of units having approximately the same sizes and configuration as contained in the original two (2) buildings. All buildings and other amenities to be constructed on said expansion property shall be constructed as shown on the plat referred to in Exhibit B. Buildings number 2 and 4 and all the amenities shown as lying within the property described in Exhibit "F" shall be constructed as part of the possible expansion property. Such additional buildings shall be constructed or under construction no later than December 31, 1986, provided that, for the purpose of construing this paragraph, recording of an amendment to this Declaration pursuant to this paragraph shall be deemed commencement of construction. No amendment made by Declarant in accordance with this paragraph shall divest an owner of any portion of his dwelling unit without the consent of such owner and no such amendment shall materially alter the plan of development set forth herein without the consent of all owners affected thereby.

Each unit owner shall be deemed by his acceptance of a deed to a condominium unit to have consented to the powers of amendment herein reserved by Declarant and to any amendments previously or thereafter executed by Declarant pursuant thereto. Each unit owner and each institutional lender shall further be deemed by the owner's acceptance of a deed to a condominium unit to have appointed Declarant their attorney-in-fact to give, execute and record the consent of said owner and said institutional lender to any and all amendments to this Declaration which Declarant may wish to execute pursuant to the powers herein reserved.

24. ADOPTION OF MASTER DECLARATION:

(a) The Declarant hereby adopts by reference, as if fully set out herein, all provisions of the Master Declaration of Covenants, Conditions and Restrictions for Brick Landing Plantation, executed by the Declarant and recorded on the 14th day of November, 1984, in Book 587, page 611, in the Brunswick County Register of Deed's office.

(b) In addition to the provisions of paragraph 10 of said Declaration of Covenants, Conditions and Restrictions for Brick Landing Plantation, the following provision shall be applicable to the property described in this Declaration:

(1) The rights of any owner, as provided herein, shall not include mortgagees of any property within the project.

25. ASSOCIATION. The Association shall be formed in accordance with the Articles and Bylaws attached hereto as Exhibits "D" and "E". The Association shall have all the powers and duties set forth in the Act as well as all of the powers and duties granted to or imposed upon it by this Declaration, the Bylaws attached hereto as Exhibit "E", and the Articles attached hereto as Exhibit "D" as the same may be amended from time to time. Each unit owner, by the acceptance and recording of the deed to such unit owner's unit, appoints irrevocably the Association as attorney-in-fact to do all things necessary or reasonably required to effect the powers and duties of the Association as herein provided, including the right to execute in such unit owner's name any and all instruments or documents necessary or reasonably required in regard thereto. The operation of the Association shall be governed by the Bylaws and Articles. No modification or amendment of the Bylaws or Articles shall be valid unless set forth in or annexed to an amendment to this Declaration certified by the President and Secretary of the Association and recorded in the office of the Register of Deeds of Brunswick County. The Association hereby is granted authority and directed to become and remain a member of the Master Association, to pay such dues and assessments as may be levied against the Association by the Master Association, and to include such dues and assessments as part of the common expenses.

IN TESTIMONY WHEREOF, the Declarant has caused this Declaration to be signed in its corporate name and duly attested and sealed with its corporate seal, this the 5th day of September, 1985

CARVER, WILLIAMS, TOMBLIN
AND MADISON, INC.

By: Jan L. Madison



(CORPORATE SEAL)

ATTEST:

Shirley L. Williams
Secretary

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Joyce L. Phelps, a Notary Public of the County and State aforesaid, certify that Charles Z. Wilkins personally came before me this day and acknowledged that he is the secretary of Carver, Williams, Tomblin and Madison, a North Carolina corporation with its principal office in Brunswick County, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its president, sealed with its corporate seal, and attested by himself as its secretary.

WITNESS my hand and official stamp or seal, this 5th day of August, 1985.



Joyce L. Phelps
Notary Public

(NOTARIAL SEAL)

My commission expires:

9-4-90

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

The foregoing certificate of Joyce L. Phelps, Notary Public, is certified to be correct.

This the 26th day of November, 1985.
at 11:48 A.M.

REGISTER OF DEEDS OF BRUNSWICK COUNTY

Robert Q. Robinson
By: Faye Dickerson, Asst. Deputy

BOOK ...
9628 0557
EXHIBIT A

Located in Shallotte Township, Brunswick County, North Carolina and more particularly described as follows:

Beginning at a point in the southern right of way of State Road 1155, said beginning point being located the following courses and distances from a point having North Carolina grid coordinates $x = 2,182,471.660$ and $y = 56,869.300$, thence South 79 degrees 49 minutes 53 seconds West, 50.84 feet to a point; thence North 3 degrees 38 minutes 25 seconds West 313.49 feet to a point; thence North 3 degrees 36 minutes 49 seconds West 284.28 feet to a point in the southern right of way of State Road 1155; thence South 78 degrees 22 minutes 34 seconds West, with the southern right of way of State Road 1155, 370 feet to a point; thence South 78 degrees 22 minutes 34 seconds West, with the southern right of way of State Road 1155, 188 feet to the place and point of beginning. From said beginning point the following courses and distances: South 2 degrees 34 minutes 19 seconds East 237.02 feet to a point; thence South 86 degrees 18 minutes 45 seconds West 220 feet to a point; thence North 3 degrees 37 minutes 26 seconds West 90 feet to a point; thence South 86 degrees 22 minutes 34 seconds West, 40.05 feet to a point, thence North 3 degrees 37 minutes 26 seconds West 110.06 feet to a point in the southern right of way of State Road 1155; thence with the southern right of way of said State Road 1155 North 78 degrees 22 minutes 34 seconds East 267 feet to the place and point of beginning.

BOOK _____ PAGE _____

0628 0558

Exhibit B

For Plans and Specifications of Buildings and Units, see
Condominium Plat Book 4, pages 79 through 92,
Brunswick County Registry.

BOOK _____ PAGE _____
0628 0559

Exhibit C

<u>Unit No.</u>	<u>Percentage Individual Interest</u>
A 1101	2.70%
A 1102	2.70%
A 1103	2.70%
A 1104	2.70%
A 1201	2.70%
A 1202	2.70%
A 1203	2.70%
A 1204	2.70%
A+1301	2.70%
A+1302	3.65%
A+1303	3.65%
A+1304	3.65%
B 3103	3.65%
C 3104	3.38%
B 3105	3.65%
C 3106	3.38%
B 3107	3.65%
B 3203	3.38%
C 3204	3.38%
B 3205	3.65%
C 3206	3.38%
B 3207	3.65%
B 3303	3.38%
C+3304	3.38%
B+3305	4.48%
C+3306	4.21%
B+3307	4.48%
D 3101	4.21%
D 3102	4.04%
	4.04%

EXHIBIT D

ARTICLES OF INCORPORATION

OF

MARINERS WACCHE UNIT OWNERS ASSOCIATION, INC.

A NON-PROFIT CORPORATION

We, the undersigned natural persons of the age of eighteen years or more, do hereby associate ourselves into a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, and to that end do hereby set forth:

I. NAME

The name of the corporation is Mariners Wacche Unit Owners Association, Inc..

II. DURATION

The period of duration of the corporation shall be perpetual.

III. PURPOSES

The purposes for which the corporation is organized are:

a. To administer the affairs of the Mariners Wacche Condominium development in Brick Landing, Brunswick County, North Carolina in accordance with the Declaration of Unit Ownership and Covenants, Conditions and Restrictions applicable thereto as and when recorded in the office of the Register of Deeds of Brunswick County.

b. To hold title to any common areas as described in the Declaration of Unit Ownership and Covenants, Conditions, and Restrictions for Mariners Wacche Condominium, Brunswick County, which may be conveyed to the corporation at any time.

c. To represent the owners of units located in Mariners Wacche Condominium in the Brick Landing Master Community Association, Inc.

d. To collect and pay assessments due to the Brick Landing Master Community Association, Inc., to assess and collect assessments due to this corporation, and to improve and maintain any common areas or limited common areas within Mariners Wacche Condominiums.

e. Generally, to engage in any other lawful enterprise or activity for which corporations may be organized under Chapter 55A of the North Carolina General Statutes, and to do and perform all acts and things that may be deemed necessary or expedient for the proper and successful prosecution of the objects and purposes for which the corporation is organized.

IV. ORGANIZATION AND OPERATION

The corporation is organized and shall be operated exclusively for the charitable, scientific and educational purposes set forth in Article III.

The corporation shall not have capital stock and no stock or shares shall be issued. No incorporator, trustee, director or officer shall at any time be considered to be the owner of any of the assets, property or income of the corporation, nor shall he, by distribution, liquidation, dissolution or in any other manner, be entitled to or receive any of said assets, property or income, all of which shall be devoted exclusively and forever to the purposes of the corporation or disposed of as hereinafter provided. The corporation is not organized and shall not operate for profit, and no part of its net earnings shall inure or may lawfully inure to the benefit of any private shareholder, incorporator, trustee, director, officer or individual. The above provisions, however, shall not prevent the payment of reasonable compensation to any person, organization, firm or corporation for services rendered to this corporation.

The Corporation shall have one class of members who shall be all owners of Condominium units in Mariners Wacche at Brick Landing Plantation, as the same is shown on a plat to be recorded in the Brunswick County Registry.

The corporation shall not lend any part of its assets, property or income to any incorporator, trustee, director or officer of, or any substantial contributor, to the corporation, to any member of the family of any such person, or to any corporation controlled by any such person; nor shall the corporation pay any compensation in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered, to any such persons or corporations; nor shall the corporation make any part of its services available on a preferential basis to any such persons or corporations; nor shall the corporation make any substantial purchase of securities or other property from or sell any substantial part of its securities or other property to any such persons or corporations for other than an adequate consideration in money or money's worth; nor shall the corporation engage in any other transaction which results in a substantial diversion of its assets, property or income to any such persons or corporations.

The corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the corporation to the tax provided by Section 4942 of the Internal Revenue Code of 1954, as amended. The corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954, as amended, shall not retain any excess business holdings as defined in Section 4943(c) of said Code, shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of said Code and shall not make any taxable expenditures as defined in Section 4945(d) of said Code. The references herein to the Internal Revenue Code of 1954, as amended, shall include the regulations issued thereunder and the corresponding provisions of subsequent United States Internal Revenue laws and regulations.

In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations similar to this organization. The recipient or recipients of said residual assets shall be determined as provided in the by-laws of the organization.

V. MANAGEMENT

The management of the activities, affairs and property of the corporation shall be vested in a board of directors consisting of not less than three or more than twenty directors, said number to be fixed from time to time by the bylaws of the corporation.

Each director shall hold office for the term of office to which he is elected and until his successor is elected and qualified or until his earlier resignation, incapacity, removal or death.

The directors shall possess such qualifications, be elected and qualified in such manner, serve for such term and upon such conditions, have such voting rights, exercise such powers and perform such duties, in addition to those conferred upon them by statute, as may be prescribed by the bylaws of the corporation.

The board of directors may adopt bylaws, not inconsistent with these articles of incorporation or the laws of the State of North Carolina, for the management and control of the corporation, and may alter, amend and repeal any provision or provisions thereof from time to time as therein provided. The board of directors also may promulgate and amend from time to time suitable policies and rules and regulations governing the work and activities of the corporation, the care and use of its property, the qualifications, duties, performance of work and conduct of its staff and other personnel and employees and such other matters and things as may be necessary and desirable in the judgment of the directors.

The number of directors constituting the initial board shall be three and the names and addresses of the persons who are to serve as the initial board of directors for a term of one year and until their successors are elected and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Michael Brazeal	Brick Landing Plantation Route 2 Ocean Isle Beach, NC 28459
Dr. John Madison	Brick Landing Plantation Route 2 Ocean Isle Beach, NC 28459
Mr. Charles Williams	Brick Landing Plantation Route 2 Ocean Isle Beach, NC 28459

VI. REGISTERED OFFICE AND AGENT

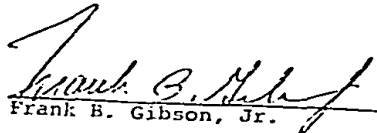
The address of the initial registered office of the corporation is Brick Landing Plantation, P. O. Box 2142, Shallotte, Brunswick County, North Carolina 28459, and the name of the initial registered agent at such address is Michael Brazeal.

VIII. INCORPORATORS

The names and addresses of the incorporators are:

<u>NAME</u>	<u>ADDRESS</u>
Frank B. Gibson, Jr.	MURCHISON, TAYLOR & SPELL 16 North Fifth Avenue Wilmington, NC 28401

IN TESTIMONY WHEREOF, we have hereunto set my hands and seal this 2nd day of October, 1985.


Frank B. Gibson, Jr. (SEAL)

0628 0564

NORTH CAROLINA

CRAVEN COUNTY

I, Sandra Williams (Ballier), a Notary Public in and for the State and County aforesaid, do certify that Frank B. Gibson, Jr. personally appeared before me this day and acknowledged the due execution of the foregoing Articles of Incorporation.

WITNESS my hand and official seal this 2nd day of October, 1985.

Sandra Williams (Ballier)
Notary Public

My Commission Expires:

October 1, 1986

EXHIBIT E

BYLAWS

OF

MARINERS WACCHE UNIT OWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

1. Name and Location. The name of the Association is Mariners Wacche Unit Owners Association, Inc. The principal office of the Association shall be located at Brick Landing Plantation, Ocean Isle, North Carolina, or at such other place as may be subsequently designated by the Board of Directors of the Association.
2. Applicability. The provisions of these Bylaws are binding on all owners of units in Mariners Wacche, their tenants, guests, invitees, agents, employees, grantees, successors and assigns.
3. Fiscal Year. The fiscal year of the Association shall be the calendar year.
4. Definitions. The definitions of the terms used herein shall be the same as the definitions set forth in the Declaration, to which these Bylaws are attached.

ARTICLE II

MEMBERSHIP

Every owner of a unit shall be a member of the Association and membership in the Association shall be limited to unit owners.

ARTICLE III

MEETINGS OF MEMBERSHIP

1. Place. All meetings of members shall be held at such place as may be designated in the notice of the meeting.
2. Annual Meeting. The first annual meeting of the members of the Association shall be held within thirty (30) days from the date on which the management of the Mariners Wacche is turned over by the Declarant to the Association, as provided in the Declaration. Subsequent annual meetings shall be held at a date and time to be

determined by the Board of Directors of the Association in the month of _____ of each year. At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

3. Special Meetings. Special meetings of the members may be called at any time by the President of the Association or by the Board of Directors or at the written request of the members entitled to vote one-third (1/3) of all of the votes of the Association. Business transacted at all special meetings shall be confined to the objects stated in the notice of the meeting.

4. Notice of Meetings. Written notice of each annual and special meeting of the members shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days, but no more than fifty (50) days, before the meeting. The notice shall specify the place, day, time and purpose of the meeting. Waiver in writing of the notice required herein, signed by the member before, at, or after such meeting, shall be equivalent to the giving of such notice. Each member shall notify the Secretary of the Association of any address change, and the giving of notice shall be in all respects sufficient if sent to the address of the member which is then on file with the Secretary.

5. Membership List. At least ten (10) days before every election of directors, a complete list of members entitled to vote at the election, showing the unit owned by the member and the residence address of each, shall be prepared by the Secretary. Such list shall be open to examination by any member throughout the ten (10) day period preceding the election, until the election is completed.

6. Voting Rights. Each owner shall be entitled to vote in accordance with the owner's percentage interest in the common areas and facilities, as that percentage interest is reflected in the Declaration of Unit Ownership and Covenants, Conditions and Restrictions of Mariners Wacche. If more than one person or entity owns a unit, they shall file a certificate with the Secretary naming the person authorized to cast the vote for the unit. If no certificate is filed, the co-owners must designate, at the time of the meeting, the person authorized to cast such vote.

7. Proxies. At all meetings of the members, every member shall have the right to vote in person or by proxy. All proxies shall be executed in writing by the member or by his duly authorized attorney-in-fact and shall be filed with the Secretary. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

8. Quorum. The presence at a meeting of members entitled to cast, or of proxies entitled to cast, fifty (50) percent of the votes of the Association on the basis of common area ownership shall constitute a quorum for any action, except as otherwise provided in the Declaration or these Bylaws. If, however, such quorum is not present or represented at any meeting, the members present and entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. If adjournment extends thirty (30) days past the originally scheduled meeting date, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided.

9. Voting Required to Transact Business. When a quorum is present at any meeting, a majority of the votes entitled to be cast by the members present or represented by proxy shall decide any question brought before the meeting unless the question is one upon which, by express provision of the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

10. Action Without a Meeting. Any action which is required or permitted to be taken at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof and filed with the Secretary, whether done before or after the action so taken.

11. Order of Business. The order of business at annual members' meetings and as far as practical at other members' meetings, will be:

- A. Roll call and certification of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of prior meeting;
- D. Officers' reports;
- E. Committee reports;
- F. Appointment by Chairman of Inspectors of Election;
- G. Approval of budget;
- H. Elections of directors and officers;

- I. Unfinished business;
- J. New business;
- K. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

1. Number. The affairs of the Association shall be managed by a Board of Directors consisting of three directors, all of whom shall be members of the Association, except that none of the initial Board of Directors need be members.
2. Term. The term of office of a director shall be one year.
3. Nomination and Election. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members only. Election to the Board of Directors shall be by voice vote unless secret written ballot is demanded by the owners of at least 20% of the votes of all Association members. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.
4. Vacancy. Any vacancy occurring in the Board of Directors by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or other reason, may be filled by the remaining Board of Directors. A director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.
5. Removal. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the total membership of the Association.
6. First Board of Directors. The first Board of Directors shall consist of those named in the Articles of Incorporation of the Association. The first Board of Directors shall serve until the first annual meeting.

7. Compensation. No director shall receive compensation for any service he may render to the Association in his capacity as a director. However, each director shall be reimbursed for actual expenses incurred in the performance of his duties.

8. Powers. The Board of Directors may exercise all corporate powers not specifically prohibited by statute, the Articles of Incorporation or the Declaration to which these Bylaws are attached. The powers of the Board shall specifically include, but not be limited to, the following:

a. To make and collect regular and special assessments and establish the time within which payment of such assessments are due.

b. To use and expend the assessments collected to maintain, care for, manage and preserve the units and condominium property, except those portions thereof which are required to be maintained, cared for and preserved by the owners.

c. To insure the common areas and facilities of the condominium project in the manner set forth in the Declaration against loss from fire and other casualty, and to insure the unit owners against public liability, and to purchase such other insurance as the Board may deem advisable.

d. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

e. To make and amend rules and regulations governing the use of the common areas and facilities and the conduct of the unit owners, their tenants and guests.

f. To acquire, rent or lease a condominium unit in the name of the Association or its designee.

g. To contract for management of the condominium project and to delegate to such manager, employee or contractor all powers and duties of the Association except those specifically required by the Declaration to have specific approval of the Board of Directors or the membership of the Association.

h. To enforce the provisions of these Bylaws, the Declaration and the rules and regulations promulgated thereunder by any legal means, including the denial of a unit owner's right to use the common areas and facilities and assessment of penalties.

i. To designate, as the Board deems appropriate, assigned parking spaces for each unit, visitors, service vehicles, and other vehicles.

- j. To propose and adopt an annual budget for the property.

ARTICLE V

MEETINGS OF DIRECTORS

1. Regular Meetings. The first regular meeting of each newly elected Board of Directors shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum is present, or as soon thereafter as may be practicable. Subsequent regular meetings of the Board of Directors shall be held, at such place and hour as may be fixed from time to time by resolution of the Board, after not less than three (3) days notice to each director.

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

3. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be regarded as the act of the Board.

4. Waiver of Notice. Attendance of a director at any meeting shall constitute waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If a meeting of directors otherwise valid is held without proper call or notice, action taken at such a meeting is deemed ratified by a director who did not attend unless promptly, after having knowledge of the action taken and of the impropriety in question, he files with the Secretary of the Association his written objection to the holding of the meeting or to any specific action so taken.

5. Action Without a Meeting. Any action taken by a majority of directors without a meeting is nevertheless effective if written consent to the action is obtained from all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

6. Attendance by Telephone. Any director may participate in a meeting of the Board, by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other. Such participation by a director in a meeting shall be deemed presence in person by the director at such meeting.

ARTICLE VI

OFFICERS AND THEIR DUTIES

1. Executive Officers. The executive officers of the Association shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected annually by the Board of Directors from the membership. Any two offices may be held by the same person, except the offices of President and Secretary.
2. Special Officers. The Board of Directors may from time to time elect such other officers as the affairs of the Association require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may prescribe.
3. Term. The executive officers shall hold office for one year, unless they resign or are replaced.
4. Removal or Resignation. Any officer may be removed from office with or without cause, at any time, by action of the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of the notice, unless a later time is specified therein. The acceptance of the resignation shall not be required to make it effective.
5. Vacancy. A vacancy in any office may be filled by the Board of Directors. An officer appointed to fill a vacancy shall serve for the unexpired term of the officer he replaces.
6. Duties. The duties of the officers are as follows:
 - a. President. The President shall preside at all meetings of the members and Board of Directors; shall have general and active management of the business of the Association; shall see that all orders and resolutions of the Board are carried into effect; shall have general superintendence and direction of all the other officers of the Association and shall see that their duties are performed properly; shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the president of a corporation.
 - b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be prescribed by the Board.

c. Secretary. The Secretary shall record the notes and keep the minutes of all meetings of the members and of the Board of Directors in one or more books provided for that purpose; shall see that all notices are fully given in accordance with the provisions of these Bylaws or as required by law; shall be custodian of the Association's records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents requiring said seal; shall keep the records of the Association, except those of the Treasurer, and in general, shall perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

d. Treasurer. The Treasurer shall receive and deposit all monies and other property of the Association in such depositories as may be designated by the Board; shall keep proper books of account; shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association, which records shall be open to inspection by members at reasonable times; shall, if required, give the Association at the Association's cost, a bond satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association; shall prepare an annual budget and a statement of income and expenditures to be presented to the members at their regular annual meeting; shall with the approval of the Board, be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, but in such event, the Treasurer shall retain supervisory responsibilities, and, in general, shall perform all duties incident to the office of Treasurer and assigned to him by the President or the Board.

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

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

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

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

8. Fidelity Bond. The Association shall provide blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. A management agent that handles funds for the Association should also be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all other such bonds shall name the Association as an obligee and their premiums shall be a common expense and paid by the owners' Association. The fidelity bond shall cover the maximum funds that will be in the custody of the owners' Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of 3 months' assessments on all units in the project, plus the Association's reserve funds. The bonds must include a provision that calls for 10 days' written notice to the Association, any insurance trustee, or any servicer that services a FNMA-owned mortgage in Mariners Wacche, before the bond can be cancelled or substantially modified for any reason.

ARTICLE VII

COMMITTEES

The Board of Directors shall appoint a Nominating Committee and such other committees as they may from time to time deem appropriate.

ARTICLE VIII

MAINTENANCE

1. Association's Maintenance Responsibility. The Association, as a common expense, shall be responsible for the maintenance, repair and replacement of the common areas and facilities, and for any incidental damage caused to any unit by virtue of such maintenance, repair and replacement. The Association shall have the right to make alterations or improvements to the common areas and facilities and to assess unit owners for the same, provided these alterations are without prejudice to any unit owner and are approved by the Board of Directors; provided, further, that if any alterations or improvements are exclusively or substantially for the benefit of a small fraction of the unit owners who request the same, then the cost of such alterations or improvements shall be assessed against the unit owners benefited in such proportion as the Board of Directors determine.

2. Unit Owners' Maintenance Responsibility. Each unit owner shall be responsible for all maintenance and repair work within his unit, including, but not limited to, wiring, plumbing, air conditioning and heating equipment, appliances, interior wall and ceilings, surfaces, floors, exterior doors, and windows. Each unit owner is also responsible for keeping all parts of the unit in good, clean and safe condition, free of nuisance and for promptly complying with any requirements of the insurers of the common areas and facilities when so requested by the Board or the manager. Each unit owner is further responsible for any loss or damage to the common areas and facilities occasioned by his acts or by the acts of his family, guests, employees or agents, provided, that if such loss or damage is covered by any insurance maintained by the Association, the proceeds of the insurance shall be used for such maintenance, repair, or replacement and the unit owner shall only be required to pay the amount by which the costs of maintenance, repair or replacement exceed the insurance proceeds, including any deductible. The unit owner's maintenance responsibility must be exercised promptly if failure to undertake such maintenance and repair would endanger or impair the value of the common areas and facilities or the other units.

3. Association's Right to Repair. Should a unit owner fail to comply with his maintenance and repair responsibilities, the Association, upon written notice to the unit owner, may make the required repair and assess the unit owner for the expense.

4. Approval of Payment for Repairs. The Board of Directors or the manager shall establish a mechanism for approving payment for the expenses of maintaining, repairing and replacing the common areas and facilities.

ARTICLE IX

ASSESSMENTS

1. Annual Assessments. The Board of Directors of the Association shall establish a proposed annual budget for each fiscal year in advance of the annual meeting. This budget shall project all common expenses for the forthcoming year required for the proper operation, management, and maintenance of the condominium project, including a reasonable allowance for contingencies and reserves. At least ten days prior to the annual meeting, copies of the proposed budget shall be delivered to each member of the Association, together with the proposed assessments against each unit owner. At the annual meeting, the budget shall be submitted to the membership for approval. As approved, the budget shall constitute the basis for all regular assessments for common expenses against unit owners. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the condominium project, the Board of Directors shall have the authority to levy such additional assessments as may be necessary, not to exceed a fifteen percent (15%) increase over the previous year's assessment, without approval of the membership. Any increase in the annual assessments of greater than fifteen percent (15%) shall require approval of the membership.
2. Capital Improvements. The Board of Directors of the Association, in establishing the annual budget for operation, management, and maintenance of the condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the common areas and facilities, which capital improvement and replacement fund (capital improvement fund) shall be subject to the approval of the membership at the annual meeting. The amount collected for the capital improvement fund shall be maintained in a separate account by the Association and shall be used only to make capital improvements to common areas and facilities. Any interest earned on monies in the capital improvement fund may, in the discretion of the Board of Directors, be expended for current operation and maintenance.
3. Apportionment of Assessments. Assessments shall be apportioned among the unit owners on the basis of their proportionate undivided interests in the common areas and facilities, as set forth in the Declaration of Unit Ownership and Covenants, Conditions and Restrictions of Mariners Wacche.
4. Unit Owner's Interest in Assessments. All assessments collected by the Association shall be treated as the separate property of the Association, and such monies may

be applied by the Association to the payment of any expense of operating and managing the condominium project. As monies for any assessment are paid unto the Association by any owner of a unit, the same may be co-mingled with monies paid to the Association by the other owners of units. No member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest in the monies collected by the Association, except as an appurtenance to his unit. When the owner of a unit ceases to be a member of the Association by reason of transfer of ownership of the unit, the Association shall not be required to account to the owner for any share of the funds or assets of the Association which may have been paid to the Association by such owner.

5. Time of Payment. Assessments shall be payable in annual, monthly, or other installments, as determined by the Board of Directors.

6. Default. Assessments shall be in default if not paid within thirty (30) days of the due date. Delinquent assessments shall bear interest at the maximum permissible legal rate until paid. Any unit owner in default shall be obligated to pay such interest, together with all costs of collecting such assessments, including reasonable attorney's fees.

7. Remedies for Default. If an assessment against a unit owner is not paid when due, the unpaid assessment shall constitute a lien against the unit and its appurtenant undivided interest in the common areas and facilities, which lien shall secure the unpaid assessment, any interest thereon, any expenses incurred in collecting the assessment, and any advances for taxes, and payments on account of superior mortgages, liens or encumbrances required to be advanced by the Association in order to preserve and protect its lien. This lien shall be enforceable from the time it is filed in the public records of Brunswick County, North Carolina in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes. The lien may be foreclosed in the manner provided by North Carolina General Statutes §47A-22 and, in any such foreclosure proceeding, the Association shall be entitled to collect a reasonable rental for the unit from the unit owner and to appoint a receiver to collect the same. In addition, and without waiving its right to foreclosure, the Association shall have the right to maintain a suit to recover unpaid assessment or to exercise any other remedies provided in these Bylaws and the Declaration.

8. Foreclosure. The Association shall have the power to bid on the unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. If the

Association becomes the owner of a unit by reason of foreclosure, it shall offer said unit for sale. At such time as a sale is consummated, the Association shall deduct from the proceeds of said sale all sums of money due it for assessments and charges; the costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees; funds necessary to discharge any liens or mortgages of record; and any and all expenses incurred in the resale of the unit, which shall include, but not be limited to, advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the unit in question. All surplus monies remaining after deducting the foregoing items of expenses, costs and other deductions shall be returned to the former owner of the subject unit, or paid to the Clerk of Superior Court in accordance with the general mortgage foreclosure laws of North Carolina.

9. Liability of Purchaser at Foreclosure Sale. When the mortgagee of a first mortgage of record or other purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage, such purchaser, his successors and assigns, shall not be liable for the share of common expenses or assessments chargeable to such unit which became due prior to the acquisition of title to the unit by such purchaser. The unpaid share of the common expenses or assessments shall be absorbed and paid by the owners of all the units, including the purchaser, his successors and assigns, as common expenses, on the basis of their proportionate interest in the common areas and facilities.

10. Liability of Grantee in Voluntary Conveyance. In any voluntary conveyance of a unit, the purchaser shall be jointly and severally liable with the seller for all unpaid assessments against the seller up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor.

11. Notice of Unpaid Assessments to Prospective Purchaser, Tenant or Mortgagee. Whenever any unit is leased, sold, or mortgaged by the owner thereof, the Board of Directors or the manager, upon written request of the unit owner, shall furnish to the proposed purchaser, tenant or mortgagee, a statement verifying the amount of unpaid assessments chargeable to the unit. The purchaser, tenant or mortgagee may rely upon such statement in concluding the proposed purchase, lease or mortgage transaction, and the Association shall be bound by such statement.

12. Common Profits. If, in any year, there is an excess of assessments and other income over common expenses, the excess (common profits) shall, unless otherwise determined by the Board of Directors, be applied to payment of the next year's assessments.

ARTICLE X

FINANCES

1. Checks. All checks and notes of the Association shall be signed by the President, Vice-President, Secretary or Treasurer or by such other persons as the Board of Directors designate.
2. Depository. The Association shall deposit its monies in such bank or banks as the Board of Directors designate.

ARTICLE XI

RECORDS

1. Receipts and Expenditures. The Board of Directors or the manager shall keep detailed accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities and any other expenses incurred. Both said book and the vouchers accrediting the entries thereupon shall be available for examination by all unit owners, their duly authorized agents and attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices.
2. Other Records. The Board of Directors or the manager shall keep correct and complete books of records of account, minutes of the proceedings, and a record of the names and addresses of the members entitled to vote, which latter records must be kept at the Association's principal office. Any member, his agent or attorney may examine these books and records for any proper purpose at any reasonable time.
3. Inspection of Records. The Association shall make available to unit owners, lenders, holders, insurers or guarantors of any first mortgage, current copies of the Declarations, By-Laws or other rules concerning the project and the books, records and financial statements of the Association. Available means available for inspection upon request during normal business hours and under reasonable circumstances. Furthermore, upon written notice, any holder of a first mortgage on any unit of Mariners Wacche shall be entitled to a copy of the Association's financial statement for the immediately preceding fiscal year.
4. Request for Notice. Upon written request to the Association, any mortgage holder, insurer or guarantor

will be entitled to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (b) any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage, (c) a lapse, cancellation or material modification of any insurance policies or fidelity bond maintained by the Association, (d) any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XII

RULES AND REGULATIONS

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

ARTICLE XIII

AMENDMENT

These Bylaws may be amended at a duly called meeting of the members, following an affirmative vote on the amendment by a majority of the Board of Directors. The notice of the members' meeting shall contain a full statement of the proposed amendment. Amendments must be approved by an affirmative vote of a majority of the votes of all Association Members. No amendment shall become operative until it has been set forth in an amended declaration and duly recorded in the office of the Register of Deeds of New Hanover County, North Carolina. All unit owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended declaration, duly recorded.

The foregoing were adopted as the Bylaws of the Mariners Wacche Unit Owners Association, Inc., a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Board of Directors.

Certified to be correct, this the 27 day of November, 1985.

John J. Madison
Secretary

0028 0580

EXHIBIT F

Located in Shallotte Township, Brunswick County, North Carolina and more particularly described as follows:

Beginning at a point in the southern right of way of State Road 1155, said point being located the following courses and distances from a point having North Carolina grid coordinates $x = 2,182,471.660$ and $y = 56,869.300$, thence South 79 degrees 49 minutes 53 seconds West, 50.84 feet to a point; thence North 3 degrees 38 minutes 25 seconds West 313.49 feet to a point; thence North 3 degrees 36 minutes 49 seconds West 284.28 feet to a point in the southern right of way of State Road 1155; thence South 78 degrees 22 minutes 34 seconds West, with the southern right of way of State Road 1155, 370 feet to the place and point of beginning. From said beginning point the following courses and distances: South 3 degrees 37 minutes 26 seconds East 235 feet to a point, thence South 82 degrees 25 minutes 17 seconds West 191.55 feet to a point; thence North 2 degrees 34 minutes 19 seconds West 237.02 feet to a point in the Southern right of way of State Road 1155; thence with the southern right of way of said State Road 1155 North 78 degrees 22 minutes 34 seconds East 188 feet to the place and point of beginning.

Exhibit G

<u>Unit No.</u>	<u>Percentage Individual Interest</u>
A 1101	1.23%
A 1102	1.23%
A 1103	1.23%
A 1104	1.23%
A 1201	1.23%
A 1202	1.23%
A 1203	1.23%
A 1204	1.23%
A+1301	1.23%
A+1302	1.66%
A+1303	1.66%
A+1304	1.66%
B 3103	1.66%
C 3104	1.54%
B 3105	1.66%
C 3106	1.54%
B 3107	1.66%
B 3203	1.54%
C 3204	1.54%
B 3205	1.66%
C 3206	1.54%
B 3207	1.66%
B 3303	1.54%
C+3304	1.54%
B+3305	2.04%
C+3306	1.92%
B+3307	2.04%
D 3101	1.92%
D 3102	1.84%
A 2101	1.84%
A 2102	1.23%
A 2103	1.23%
A 2104	1.23%
A 2105	1.23%
A 2106	1.23%
A 2201	1.23%
A 2202	1.23%
A 2203	1.23%
A 2204	1.23%
A 2205	1.23%
A 2206	1.23%
A+2301	1.23%
A+2302	1.66%
A+2303	1.66%
A+2304	1.66%

<u>Unit No.</u>	<u>Percentage Individual Interest</u>
A+2305	1.66%
A+2306	1.66%
B 4101	1.54%
C 4102	1.92%
B 4103	1.54%
C 4104	1.66%
B 4105	1.54%
B 4201	1.54%
C 4202	1.66%
B 4203	1.54%
C 4204	1.66%
B 4205	1.54%
B+4301	1.92%
C+4302	2.04%
B+4303	1.92%
C+4304	2.04%
B 4305	1.54%
D 4106	1.84%
D 4107	1.84%