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RECORDED AND VERIFIED
REBECCA P. TUCKER
REG. CLERK OF DEEDS
NEW HANOVER CO. NC

STATE OF NORTH CAROLINA

DECLARATION OF JUL 25 2 35 PM '85

COUNTY OF NEW HANOVER

DOCKSIDER CONDOMINIUMS

BUILDERS MANAGEMENT COMPANY OF ROCKY MOUNT, INC., a North Carolina Corporation with its principal place of business in the County of Nash, State of North Carolina (herein "Developer") does hereby make, declare and establish this Declaration of Condominium as and for the plan of dwelling ownership of DOCKSIDER CONDOMINIUMS, being the property and improvements hereinafter described.

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1. ESTABLISHMENT OF CONDOMINIUM. Developer proposes to create nine condominium units, each of which, if developed, will be located within (but not necessarily encompassing all) the real property described in Exhibit "A" attached hereto and incorporated herein by reference. All of these condominiums are being developed under a Common Plan which includes this Declaration, the features of which include common recreating facilities and the providing of maintenance and other services through a common administration. Each parcel or tract of land, with the improvements thereon or to be placed thereon, which may be submitted to the condominium form of ownership pursuant to this Common Plan, shall be designated as "Docksider Condominiums". In addition, in order to facilitate the operation and administration of the condominium under the Common Plan, there shall be formed the non-profit corporation known as DOCKSIDER HOMEOWNERS ASSOCIATION, INC., which shall have the general authority and responsibility for the operation and administration of the condominium. The authority and responsibility of DOCKSIDER HOMEOWNERS ASSOCIATION, INC. shall be as described in this Declaration, and its Articles of Incorporation and By-Laws.

Developer does hereby submit the property, more particularly described on Exhibit "B" attached hereto and incorporated herein by reference, and the improvements located thereon to condominium ownership under the provisions of Chapter 47A of the General Statutes of North Carolina (Unit Ownership Act), and hereby declares the same to be a condominium to be known and identified as DOCKSIDER CONDOMINIUMS, which shall contain nine (9) living units and their supporting facilities and other appurtenant improvements. The buildings are constructed of wood framing and wood siding upon wood pilings. Ground floors and patios are wooden. The roof contains fiberglass shingles, and there are no basements. The property contains sufficient parking space to accommodate at least one automobile for each Condominium Unit. Each Unit Owner has the right to the use, for at least one automobile, of such space.

2. SURVEY AND DESCRIPTION OF IMPROVEMENTS: Filed simultaneously herewith and expressly made a part hereof as Exhibit "B", consisting of four pages, which is a Survey of the land and graphic descriptions and plans of the improvements constituting the Condominium, identifying the Condominium Units and Common Areas and Facilities, as said terms are hereinafter defined, and their respective locations and approximate dimensions. Each Condominium Unit is identified by specific numerical designation on said Exhibit "B", and no Condominium Unit bears the same designation as any other Condominium Unit.

3. DEFINITIONS: The Condominium consists of Condominium Units and Common Areas and Facilities, as said terms are hereinafter defined.

A. Condominium Units as defined herein shall comprise the separate numerically identified Dwelling Units which are designated in said Exhibit "B" (and any subsequent additions), excluding all spaces and improvements lying:

- (1) Beneath the subflooring material of all floors;
- (2) Beneath the interior surfacing material of all perimeter walls, interior bearing walls and/or bearing partitions;
- (3) Above the interior surfacing material of the ceilings;

and further excluding all pipes, ducts, wires, conduits and other facilities for the furnishing of utilities and other services to Condominium Units and Common Areas and Facilities up to and including the point of entry of such pipes, ducts, wires, and conduits through the interior surfacing material for walls and ceilings and subflooring surfacing material for floors. All pipes, ducts, wires, conduits and other such facilities within the interior surfacing

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materials shall be a part of the respective Condominium Unit. The decoration and painting of the exterior surface of doors and window frames shall be the responsibility of the Association, as hereinafter defined.

B. Common Areas and Facilities (herein "Common Property") shall comprise all of the real property, improvements and facilities of the Condominium other than the Condominium Units and all personal property held and maintained for the use and enjoyment of all the Owners of Condominium Units.

C. Certain portions of the Common Areas and Facilities are reserved for the use of a particular Condominium Unit to the exclusion of other Units and are designated as "Limited Common Areas and Facilities." Limited Common Areas and Facilities and the Condominium Units to which they are reserved are as follows:

Patio and storage shed adjoining each unit as shown on plans and surveys of dwelling units.

Boat slips, which will be made available upon a "first come, first served" basis.

The terms "Association of Unit Owners", "Building", "Common Areas and Facilities", "Common Expenses", "Common Profit", "Condominium", "Declaration", "Majority" or "Majority of Unit Owners", "Person", "Property", "Recordation", "Unit" or "Condominium Unit", "Unit Designation", and "Unit Owner", unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall have the meaning set out in Section 3 of Chapter 47A of the General Statutes of North Carolina. The terms "75% of the members" or "75% of the membership", (or "3/4" in lieu of "75%") when used in the context of membership voting rights, shall mean the owners of at least 75% of the aggregate interest in the Common Areas and Facilities.

4. OWNERSHIP OF CONDOMINIUM UNITS AND APPURTENANT INTEREST IN COMMON PROPERTY: Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit shall also own, as an appurtenance to the ownership of each said Condominium Unit, an undivided interest in the Common Property. The undivided interest appurtenant to each Condominium Unit shall be as set out in Exhibit "C" attached hereto and made a part hereof. The proportional interest in the Common Property that is appurtenant to each Condominium Unit has been determined by a ratio formulated upon the approximate relation that the fair market value of each Unit at the date of the Declaration bears to the then aggregate fair market value of all of the Units having an interest in the Common Property. The fair market value of each Unit and the aggregate fair market value of all the Units have been determined by the Developer, and are binding upon all Unit Owners.

5. RESTRICTION AGAINST FURTHER SUBDIVISION OF CONDOMINIUM UNITS: SEPARATE CONVEYANCE OF APPURTENANT COMMON PROPERTY PROHIBITED:

No Condominium Unit may be divided or subdivided into a smaller Unit or Units than as shown in Exhibit "B" nor shall any Condominium Unit or portion thereof be added to or incorporated into any other Condominium Unit. The undivided interest in the Common Property declared to be appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon a Condominium Unit, shall be null and void insofar as it purports to affect any interest in a Condominium Unit and its appurtenant undivided interest in Common Property, unless it purports to convey, devise, or encumber the entire Condominium Unit. Any instrument conveying, devising, or encumbering any Condominium Unit, which describes said Condominium Unit by the numerical designation assigned thereto in Exhibit "B" shall be construed to affect the entire Condominium Unit and its appurtenant undivided interest in the Common Property. No limitation is placed on the ownership of the Condominium Unit by any person as tenants in common, joint tenants, or as tenants by the entirety.

6. THE CONDOMINIUM SUBJECT TO RESTRICTION: The Condominium Units, Common Property and Limited Common Areas are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein

governing the use of said Condominium Units, Common Property and Limited Common Areas and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Property, and said Condominium Units, Common Property and Limited Common Areas are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Condominium.

7. PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON PROPERTY: The Common Property is hereby declared to be subject to a perpetual non-exclusive easement in favor of all the Owners of Condominium Units for their use and the use of their immediate families, guests and invitees, for all property purposes, and for the furnishing of services and facilities for which they are intended, and for the enjoyment of the Owners. Notwithstanding the foregoing, the Association, hereinafter defined, shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his family, guests and invitees, may be entitled to use the Common Property, including the right to assign parking spaces, and to establish regulations concerning their use.

8. EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS: In the event that any Condominium Unit shall encroach upon any Common Property, or any other Condominium Unit for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agents of such Owners, then an easement appurtenant to such Condominium unit shall exist for the continuance of such encroachment upon the Common Property or upon a Condominium Unit for as long as such encroachment shall naturally exist; and, in the event that any portion of the Common Property shall encroach upon any Condominium Unit, then an easement shall exist for the continuance of such encroachment of the Common Property upon any Condominium Unit for so long as such encroachment shall naturally exist. If any Condominium Unit or Common Property shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such Unit and/or Common Property in accordance with Article 21 hereof, there exist encroachments of portions of the Common Property upon any Condominium Unit, or of any Condominium Unit upon any other Condominium Unit or upon any portion of the Common Property, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

9. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON PROPERTY: Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Property in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the ownership of the Common Property be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Property appurtenant to each Condominium Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division.

10. ADMINISTRATION OF THE CONDOMINIUM BY DOCKSIDER HOMEOWNERS ASSOCIATION, INC.: To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, a non-profit North Carolina Corporation known and designated as DOCKSIDER HOMEOWNERS ASSOCIATION, INC. (herein "Association") has been organized, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. A true copy of said By-Laws and Articles of Incorporation are annexed hereto and expressly made a part hereof as Exhibits "D" and "E", respectively. The Owner or Owners of each Condominium Unit shall automatically become members of the Association upon acquiring an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Property, such membership shall terminate automatically upon the Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of how much ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing

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 the use of the Condominium Units and Common Property as its Board of Directors may deem to be in its best interest.

11. RESIDENTIAL USE RESTRICTIONS APPLICABLE TO CONDOMINIUM UNITS: Each Condominium Unit is hereby restricted to residential use by its Owner, his immediate family, guests, invitees and lessees. With the exception of a lender in possession of a Condominium Unit following a default in a first deed of trust, a foreclosure proceeding or any deed in lieu of foreclosure, no Unit Owner shall lease his Unit for transient, hotel or commercial purposes. No Unit Owner may lease less than the entire Unit. Any lease agreement must provide that it shall be subject to the provisions of this Declaration, and that any failure by the lessee to comply with the terms hereof shall be a default under the lease, and shall be in writing. There is no other restriction on the right of any Unit Owner to lease his Unit.

12. USE OF COMMON PROPERTY SUBJECT TO RULES OF ASSOCIATION: The use of all Common Property by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be subject to such rules and regulations as may be prescribed and established by the Association.

13. THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES: RESTRICTION AGAINST NUISANCES: No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Property, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Condominium Unit shall permit anything to be done or kept in his Condominium Unit, or on the Common Property, which will increase the rate of insurance on the Condominium, or which will interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Owner undertake any use which shall constitute a nuisance to any other Owner of a Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Property.

14. RIGHT OF ENTRY INTO CONDOMINIUM UNITS IN EMERGENCIES AND FOR MAINTENANCE OF COMMON PROPERTY: In case of any emergency originating in or threatening any Condominium Unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by either, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

Whenever it may be necessary to enter any Condominium Unit in order to perform any maintenance, alteration or repair to any portion of the Common Property, the Owner of each Condominium Unit shall permit other Owners or their representatives, or an agent of the Association, to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

15. LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS: NO RIGHT TO ALTER COMMON PROPERTY: No Owner of a Condominium Unit shall permit any structural modification or alteration to be made to such Condominium Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine that such structural modifications or alterations would adversely affect or in any manner endanger the Condominium in part or in its entirety. No Owner shall cause any improvements or changes to be made on the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects or machines which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first obtained. No Unit Owner shall cause any object to be fixed to the Common Property or to any Limited Common Property (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the Common Property or Limited Common Property without the written consent of the Association being first obtained.

16. RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON PROPERTY AND ASSESSMENT THEREFOR: The Association shall have the right to make such alterations or improvements to the Common Property which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium

Unit, provided the making of such alterations and improvements are unanimously approved by all members of the Association, and their costs shall be common expenses to be assessed and any alterations and improvements are exclusively or substantially for the benefit of the Owner or Owners of certain Condominium Unit or Units requesting them, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be unanimously determined by all members of the Association.

17. MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS: Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the maintenance, repair and replacement of all heating and air conditioning equipment, regardless of where located, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of the interior surfaces of all walls, ceilings and floors within his Unit, including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair and replacement of any item for which the Owner is obligated to maintain, replace or repair at his own expense if occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Owner of a Condominium Unit who has exclusive use of any Limited Common Area shall maintain such at his own expense. All doors, window panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners.

18. MAINTENANCE AND REPAIR OF COMMON PROPERTY BY THE ASSOCIATION: The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property, including those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Property for the furnishing of utility, heating and other services to the Condominium Units and said Common Property, and should any incidental damage be caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Property, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his immediate family, guests, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provisions of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

19. AUTHORITY TO PURCHASE INSURANCE: Insurance policies upon the Property (except title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustees for the Condominium Unit Owners, for the benefit of the Condominium Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Condominium Units or any of them, 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 Condominium Unit Owners, the Association and their respective servants, agents and guests. Each Condominium Unit Owner may obtain insurance, at his own

expense, affording coverage upon his Condominium Unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation referred to above if available.

20. INSURANCE COVERAGE TO BE MAINTAINED: USE AND DISTRIBUTION OF INSURANCE PROCEEDS:

A. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium Units and Common Property:

(1) Casualty insurance covering the buildings and all improvements upon the land and all personal property subject to this Declaration and any additions added by amendment, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company affording such coverage; and provided that such policies may be written on a co-insurance basis of not less than eighty percent (80%). If co-insurance is purchased by the Association, an insurance policy with an agreed amount endorsement or its equivalent will be obtained. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including but not limited to vandalism and malicious mischief.

(2) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, including legal liability, hired automobile, non-owned automobile and off-premises employee coverages.

(3) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

(4) Fidelity Coverage protecting against dishonest acts by Association officers, directors, trustees, and employees and all others who are responsible for handling funds of the Association in the amount of one year's operating budget, plus projected reserve balances during the budget year. If professional management is obtained by the Association and it has this coverage and it handles the funds, then this requirement will be satisfied.

B. Premiums upon insurance policies purchased by the Association shall be paid by said Association and charged as Common Expense.

C. Insurance Provisions. The Board of Directors of the Association shall make diligent efforts to insure that said insurance policies provide for the following:

(1) A waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the unit owners and their employees, agents, tenants and invitees.

(2) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash.

(3) Coverage may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 30 days' prior written notice to the named insured and all mortgagees.

(4) Coverage will not be prejudiced by act or neglect of the unit owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control.

(5) The master policy on the property cannot be cancelled, invalidated or suspended on account of the conduct or any one or more individual unit owners.

(6) The master policy on the property cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cured the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any unit owner or any mortgagee.

D. All insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Condominium Unit Owners and their respective mortgagees in the following shares:

(1) Proceeds on account of damage to Common Property: in undivided shares for each Condominium Unit Owner and his mortgagee, if any, which is set forth as the Condominium Unit Owner's share as then exists under paragraph 4 above.

(2) Proceeds on account of damages to Condominium Units shall be held in the following undivided shares:

(a) Partial destruction when the Condominium is to be restored: for the Owners of damaged Condominium Units in proportion to the costs of repairing the damage suffered by each damaged Condominium Unit;

(b) Total destruction of the Condominium or where the Condominium is not to be restored; for all Condominium Unit Owners and their mortgagees, the share of each being set forth in paragraph 4 above.

E. In the event a mortgagee endorsement has been issued as to a Condominium Unit, the share of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owner as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

F. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial Condominium Unit Owners in the following manner:

(1) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Condominium Unit Owners, all remittances to Condominium Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

(2) If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Condominium Unit Owners, remittances to Condominium Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

G. Each Unit Owner, at his expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Owner's Unit, or another Unit, or upon the Common Area and facilities in such amounts as the Board of Directors shall, from time to time, determine, but in no case less than \$100,000 for each occurrence.

21. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE; DAMAGE TO COMMON PROPERTY; DAMAGE TO CONDOMINIUM UNITS.

A. If any part of the Common Property shall be damaged by casualty, the determination of whether or not to reconstruct or repair it shall be made as follows:

(1) Partial destruction shall be destruction of two-thirds (2/3) or less of the building. In the event of partial destruction, the Common Property shall be reconstructed or repaired unless this Declaration is terminated by the unanimous vote of all of the Condominium Unit Owners at a meeting of the members of the Association called and held prior to commencement of such reconstruction or repair.

(2) Total destruction shall be destruction of more than two-thirds (2/3) of the building. In the event of total destruction, the Common Property shall not be reconstructed or repaired if, at a meeting which shall be called within thirty (30) days after the occurrence of the casualty, or if by such date the insurance loss has not been finally adjusted, then within thirty (30) days after each adjustment, Condominium Unit Owners who own three-fourths (3/4) or more of the building vote against reconstruction or repair.

(3) Any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

B. If the damage is only to those parts of one or more Condominium Units for which the responsibility for maintenance and repair is that of the Unit Owner, then the Condominium Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association as follows:

(1) Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the costs to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deem appropriate.

(2) When the damage is to both Common Property and Condominium Units, the insurance proceeds shall be applied first to the costs of repairing the Common Property and the balance to the Condominium Units.

C. Each Condominium Unit Owner delegates to the Board of Directors of the Association his right to adjust with insurance companies all losses under policies purchased by the Association, except in any case where the damage is restricted to one Condominium Unit.

22. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES: The Association shall maintain a Register setting forth the names of the Owners of all of the Condominium Units. In the event of the transfer of any Condominium Unit to a third party, the transferee shall notify the Association in writing of his interest in such Condominium Unit, together with the recording information necessary to identify the instrument by which the transferee has acquired his interest. The Owner of each Condominium Unit shall also notify the Association of the parties holding any mortgage on any Condominium Unit, the amount of such mortgage and the recording information necessary to identify the mortgage. The holder of any mortgage upon any Condominium Unit may notify the Association of the existence of any mortgage and the Association shall register in its records all pertinent information relating thereto.

23. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT: The Association is given the authority to administer the operation and management of the Condominium as being in the best interest of the Owners of all Condominium Units. To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Unit costs and expenses (herein "common expense"). To provide the funds necessary for such property operation, management and capital improvement, the Association has been granted the right to make, levy and collect assessments against the Unit Owners and their Condominium Units. In furtherance thereof, the following provisions shall be operative and binding upon the Owners of all Condominium Units:

A. All assessments levied against the Unit Owners and their Condominium Units shall be uniform and, unless specifically otherwise provided for herein, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Condominium Units as the undivided interest in Common Property appurtenant to each Condominium Unit bears to the total undivided interest in Common Property appurtenant to all Condominium Units. Should the Association be the Owner of

a Condominium Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and assessment therefor levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate interests in Common Property exclusive of the interests therein appurtenant to any Unit or Units owned by the Association.

B. Assessments provided for herein shall be payable in monthly installments, or in such other manner as the Board of Directors of the Association shall determine. Such assessments shall commence for each Unit when selected by the Board of Directors of the Association.

C. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with paragraph "D" hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors of the Association, copies shall be delivered to each Owner of a Condominium Unit and the assessment for said year shall be established based upon such budget, although the non-delivery of a copy of it to each Owner shall not affect the liability of any Owner for such assessment. A Majority of the Owners must approve an increase in the yearly assessment paid monthly if this increase exceeds the previous year's assessment by an amount greater than the percentage increase in the Consumer Price Index compiled by the Bureau of Labor Statistics of the United States Department of Labor from January 1 of the prior year to January 1 of the current year.

D. The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, shall designate a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Property (herein "Capital Improvement Fund") which shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Property, and the replacement of personal property constituting a portion of the Common Property held for the joint use and benefit of the Owners of Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by the Board of Directors to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Property. 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 Property. Any interest earned on the Capital Improvement Fund may be expended for current operation and maintenance.

E. All funds collected by the Association shall be treated as the separate property of the Association, and such funds may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by this Declaration, the Articles of Incorporation and the By-Laws of the Association. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Property, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all funds which any Owner has paid to the Association shall constitute an asset of the Association which may be used in the operation and management of the Condominium.

F. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of its due date. When in default, the delinquent assessment or delinquent installment thereof due to Association shall bear interest at ten (10%) percent per annum until paid in full to the Association.

G. The Owner or Owners of each Condominium Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit while such party or parties are Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in payment of any assessment or installment owed to the Association, such Unit Owner or Owners shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment and interest thereon, including reasonable attorney's fees, whether suit be brought or not.

H. No Owner of a Condominium Unit may exempt himself from liability for any assessment levied against him or his Condominium Unit by waiver of the use of enjoyment of any of the Common Property, or by abandonment of the Condominium Unit or in any other way.

I. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners of Condominium Units, and that the payment of such common expenses represented by the assessments levied and collected by Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Condominium Unit and its appurtenant undivided interest in Common Property, which lien shall secure the funds due for all assessments now or hereafter levied against the Owner of each Condominium Unit, which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said Condominium Unit. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to reasonable rental from the Owner of any Condominium Unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a Receiver for said Condominium Unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, including interest at ten (10%) percent on any such advances so made. All persons, who shall acquire any interest in the ownership of any Condominium Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.

J. The lien herein granted to the Association shall be enforceable from the time of recording a claim of lien in the Public Records of New Hanover County, North Carolina, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon. It shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, it shall be satisfied of records.

The lien provided for herein shall be subordinated to the lien of any mortgage or deed of trust. Any person, firm or corporation acquiring title to any Condominium Unit and its appurtenant undivided interest in Common Property by any foreclosure, deed in lieu of foreclosure, or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Property subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units as a part of the common expense, although nothing herein contained shall release the party liable for such delinquent assessment from the payment thereof of the enforcement of collection of such payment by means other than foreclosure.

K. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit Owners, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

In the event that a Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner of said Condominium Unit and such Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or mortgage proceeds, shall be applied by the lessee, purchaser or mortgagee first to the payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the Owner of any Condominium Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Condominium Unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

Institution of a lawsuit to attempt to collect the payment of any delinquent assessment shall not be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to Association.

24. COMMON SURPLUS: "Common Surplus", meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits and revenues from whatever source over amount of the common expense), shall be owned by the Owners of all Condominium Units in the same proportion that the undivided interest in Common Property appurtenant to each Owner's Condominium Unit bears to the total of all undivided interest in Common Property appurtenant to all Condominium Units; provided, however, that said common surplus shall be held by the Association in the manner, and subject to the terms, provisions and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any attribution or distribution of common surplus which may be made from time to time shall be made to the then Owners of Condominium Units in accordance with their percentage interest in common surplus as declared herein.

25. TERMINATION: The Condominium shall be terminated, if at all, in the following manner:

A. The termination of the Condominium may be effected only by the unanimous agreement of all Condominium Unit Owners expressed in an instrument duly recorded; and, provided that the holders of all liens affecting any of the Condominium Units consent thereunto, or agree, by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Condominium Unit Owner in the Property as provided in subparagraph "C" below. The termination shall become effective when such agreement has been recorded in the public records of New Hanover County, North Carolina.

B. If it is determined in the manner elsewhere provided that the Condominium shall not be reconstructed after casualty, the Condominium plan of ownership shall be terminated and the Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the Association certifying as to the facts effecting the termination, which Certificate shall become effective upon being recorded in the public records of New Hanover County, North Carolina.

C. After termination of the Condominium, the Condominium Unit Owners shall own the Property as tenants in common in undivided shares and the holders of mortgages and liens against the Condominium Unit or Units formerly owned by such Condominium Unit Owners shall have mortgages and liens upon the respective undivided shares of the Condominium Unit Owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the Common Area and Facilities previously owned by each Unit Owner. All funds held by the Association and insurance proceeds, if any, shall be held for the Unit Owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a Common Expense.

D. Following termination, the property may be partitioned and sold upon the application of any Condominium Unit Owner. Following a termination, if the Board of Directors determines by not less than a three-fourths (3/4) vote to accept an offer for the sale of the property, each Condominium Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the Board of Directors acting collectively as agent for all Condominium Unit Owners, shall continue to have such powers as granted herein, even though the Association may be dissolved upon a termination.

26. AMENDMENT OF DECLARATION OF CONDOMINIUM: This Declaration of Condominium may be amended in the following manner:

A. Developer shall have the right to amend this Declaration at any time prior to May 1, 1985, without the further consent of the Unit Owners and Institutional Lenders, to incorporate into the Property all the land described in Exhibit "A" attached hereto and incorporated herein by reference. No amendment made by Developer 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 and each Institutional Lender shall further be deemed by the Owner's acceptance of a deed to a Condominium Unit to have appointed Developer 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 Developer may wish to execute pursuant to the powers herein reserved.

B. Except for amendment pursuant to subparagraph A, an amendment to this Declaration of Condominium may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Condominium Units, whether meeting as members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board of Directors or members, such proposed Amendment shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each member written notice of such Special Meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the Amendment proposed must be approved by an affirmative vote of seventy-five (75%) percent of the members owning Units in the Condominium in order for such Amendment to become effective. Thereupon such Amendment of this Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such Amendment so certified and executed with the same formalities as a deed, shall be recorded in the New Hanover County Public Registry within ten (10) days from the date on which the same became effective. At any meeting held to consider such Amendment, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

C. No alteration in the percentage of ownership in Common Property appurtenant to each Condominium Unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of Common Surplus, or alteration of voting rights in the Association, shall be made without the prior written consent of all of the Owners of all Condominium Units and all of the Lenders holding first mortgages or first deeds of trust on the Condominium Units, subject to the provisions for adding additional phases pursuant to subparagraph A above.

D. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Lender shall be made without prior written consent of all Lenders holding mortgages on Condominium Units in the Condominium being first had and obtained.

E. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Developer shall be made without the written consent of said party being first had and obtained.

27. REMEDIES IN EVENT OF DEFAULT: The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association, as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owners of other Condominium Units to the following relief:

A. Failure to comply with any of the terms of this Declaration of other restrictions and regulations contained in the Articles of Incorporation, or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. 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 any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Condominium Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by a Unit Owner, the Association shall be entitled to recover the costs of the proceeding and reasonably attorney's fees.

D. The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other abovementioned 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. All rights, remedies and privileges granted to the Association or the Owner or Owners of a Condominium Unit pursuant to any terms, provisions, covenants or conditions of this Declaration or other abovementioned documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies or privileges as may be available to such party at law or in equity.

F. The failure of Developer to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other abovementioned documents shall not constitute a waiver of the right of Developer to thereafter enforce such right, provision, covenant or condition in the future.

G. The failure of a Lender to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration or other abovementioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

28. RIGHTS RESERVED UNTO LENDERS: As long as any Lender shall hold any mortgage upon any Condominium Unit or Units, or shall be the Owner of any Condominium Unit or Units, such Lender shall have the following rights:

A. To approve the company or companies with whom casualty insurance is placed.

B. To examine, upon request and at reasonable times and upon reasonable notice, the books and records of the Association; and to be furnished at least one copy of the Annual Audited Financial Statement and Report of the Association prepared by a Certified Public Accountant designated by the Association, such Financial Statement and Report to be furnished by April 1 of each calendar year.

C. To be given written notice by the Association of the call of any meeting of the membership, which notice shall state the purpose of such meeting; and to designate a representative to attend.

D. To be given written notice of default by any Owner owning a Condominium Unit encumbered by a mortgage held by the Lender, such notice to be sent to the place which it may designate in writing.

E. To be given written notice of any loss to or taking of, the common elements of the Condominium if such loss or taking exceeds \$10,000 or damage to a Condominium Unit in excess of \$1,000.

F. To receive written notice of any condemnation or eminent domain proceeding or proposed acquisition by a condemning authority.

Whenever any Lender desires the provisions of this Article to be applicable to it, it shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, identifying the Condominium Unit or Units upon which any such Lender holds any mortgage, or identifying any Condominium Units owned by it, together with sufficient facts to identify such mortgage and which notice shall designate the place to which notices are to be given by the Association to such Lender.

29. RIGHT OF DEVELOPER TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION: So long as Developer owns twenty-five percent (25%) of the total Condominium Units in the Condominium, but in any event, no longer than December 31, 1986, Developer shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association.

In the event of dissolution of Developer at the time when it is the Owner of a Condominium Unit, then the rights of the Developer shall pass to and may be exercised by its successors receiving ownership of any such Condominium Unit in dissolution.

Whenever Developer shall be entitled to designate and select any person to serve on the Board of Directors of the Association, the manner in which such person shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association, and Developer shall have the right to remove any person selected by it to act and serve on said Board of Directors and to replace such person with another person to act and serve in the place of any Director so removed for the remainder of the unexpired term of any Director so removed. Any Director designated and selected by Developer need not be a resident in the Condominium. However, Developer shall be responsible for the payment of any assessments which may be levied by the Association against any Condominium Unit or Units owned by the said Developer, and for complying with the remaining terms and provisions hereof in the same manner as any other Owner of a Condominium Unit or Units.

30. MISCELLANEOUS:

A. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable, such holding shall not affect, alter, modify or impair in any manner any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

B. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender, the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

C. The restrictions and burdens imposed by the covenants of this Declaration shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Condominium Unit and its appurtenant undivided interest in Common Property. This Declaration shall be binding upon Developer, its successors and assigns, and upon all parties who may subsequently become Owners of Condominium Units in the Condominium, and their respective heirs, legal representatives, successors and assigns.

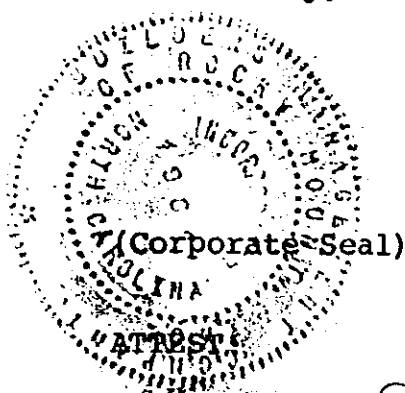
D. The following named individual is designated as the person to receive service of process for the Association:

Robert Calder
411 Chestnut Street
Wilmington, North Carolina 28401

IN WITNESS WHEREOF, BUILDERS MANAGEMENT COMPANY OF ROCKY MOUNT, INC. has caused these presents to be executed in its name, by ROBERT D. BRANTLEY, its President, this 13th day of June, 19 85 at Rocky Mount, Nash County, North Carolina.

BUILDERS MANAGEMENT COMPANY OF
ROCKY MOUNT, INC.

By: Robert D. Brantley
Robert D. Brantley, President



William B. Brantley
Secretary

NORTH CAROLINA

COUNTY OF Nash

I, a Notary Public of the County and State aforesaid, certify that William B. Brantley, personally came before me this day and acknowledged that (s)he is Secretary of Builders Management Company of Rocky Mount, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by WBB as its Secretary. Witness my hand and official stamp or seal, this 13th day of June, 1985.

SHARON J. BATTS
NOTARY PUBLIC
NASH COUNTY, NC
COMMISSION EXPIRES 8-2-88

Sharon J. Batts
Notary Public

My Commission Expires: 8/2/88

NORTH CAROLINA/NEW HANOVER COUNTY

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

REBECCA P. TUCKER REGISTER OF DEEDS FOR NEW HANOVER COUNTY

BY: Mary Sue Oates Deputy/Assistant-Register of Deeds

CERTIFICATE OF OWNERSHIP AND DECISION
 I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED
 HEREON AND THAT I ACCORD THIS REALTY OF SUBDIVISION WITH MY SEE CONSENT
 SETTING UP MINIMUM BUILDING SET BACKS AND SETTING THE FRONT ALLEYS
 VOLUMES, BOOKS AND OTHER STATE AND FEDERAL RECORDS TO BE OPENED FOR
 I DOUBT THE PUBLIC RECORDS OFFICE AND ALL NUMBER LINES TO THE OWN OF
 CAROLINA BEACH, IS APPLICABLE.

3-27-85
 DATE

Rebecca P. Tyler
 REGISTERED LAND SURVEYOR

CERTIFICATE OF SURVEY AND ACCURACY

I, JACK G. STOKES CERTIFY THAT THIS MAP WAS DRAWN UNDER MY SUPERVISION AND
 FROM AN ACCURATE SURVEY (UNDER HIS SUPERVISION) DONE ACCORDING TO THE
 BOOK 3 PAGE 67 THAT THE SPACES OF CLOSURE AS OF THIS DATE ARE
 LISTED AND THE PERCENTAGES IS: 100.00 THAT THE EQUILIBRIUM POINTS
 SURVEYED AND FOUND TO BE CORRECTLY LOCATED AND THE DISTANCES
 IN NEW HANOVER COUNTY REGISTERED UNDER HIS SUPERVISION OF
 A.D. 1985. *Jack G. Stokes*
 REGISTERED LAND SURVEYOR

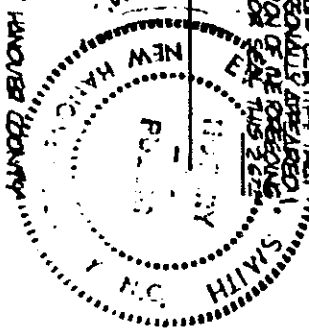
NORTH CAROLINA

NEW HANOVER COUNTY

I, A NOTARY PUBLIC OF THE COUNTY AND STATE ABOVE SAID CERTIFY THAT
 JACK G. STOKES A REGISTERED LAND SURVEYOR BEING DULY QUALIFIED
 BEFORE ME HAS DRAWN AND SIGNED THE EXECUTION OF THE FOREGOING
 INSTRUMENT. WITNESS MY HAND AND OFFICIAL SEAL OF OFFICE THIS 27TH
 DAY OF MARCH 1985.

Evoanne M. Smith
 NOTARY PUBLIC

MY COMMISSION EXPIRES NOVEMBER 19, 1986.



STATE OF NORTH CAROLINA
 THE FOREGOING CERTIFICATE OF EVOANNE M. SMITH NOTARY PUBLIC OF
 NEW HANOVER COUNTY IS CERTIFIED TO BE CORRECT BY THE REGISTERED
 LAND SURVEYOR OF THE COUNTY AND STATE ABOVE SAID AND ONLY
 BECORDED IN THE CONDOMINIUM PLAT BOOK AT PAGE

BY REBECCA P. TYLER, REGISTER (F DEEDS)

1296 051

SURVEY REF:
 LOT 14A & PORTION LOT 8A BLOCK 12A
 CAROLINA BEACH
 NEW BOOK 3 PAGE 67

MYRTLE GROVE SOUND

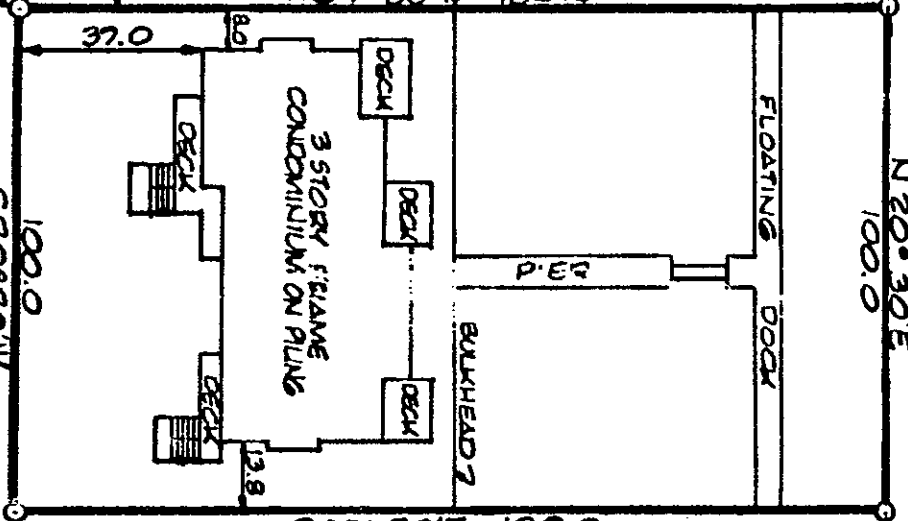
N 20° 30' E
 100.0

PIERHEAD LINE

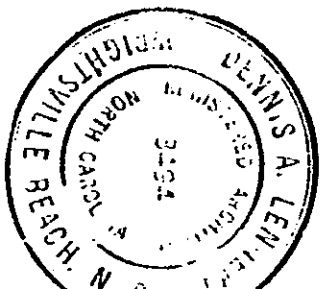
SEA GULL LANE
 (FORMERLY 4TH AVENUE N.)
 N 69° 30' W 180.0

CONTROL POINT
 S 20° 30' W
 100.0

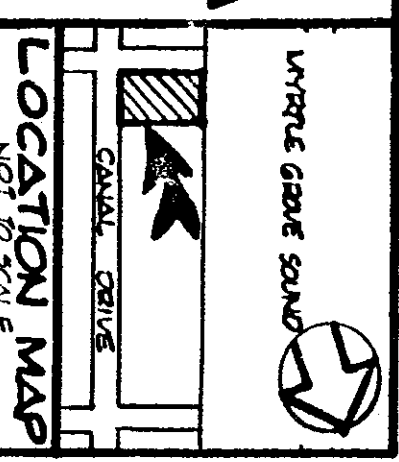
CANAL DRIVE



S 69° 30' E 180.0



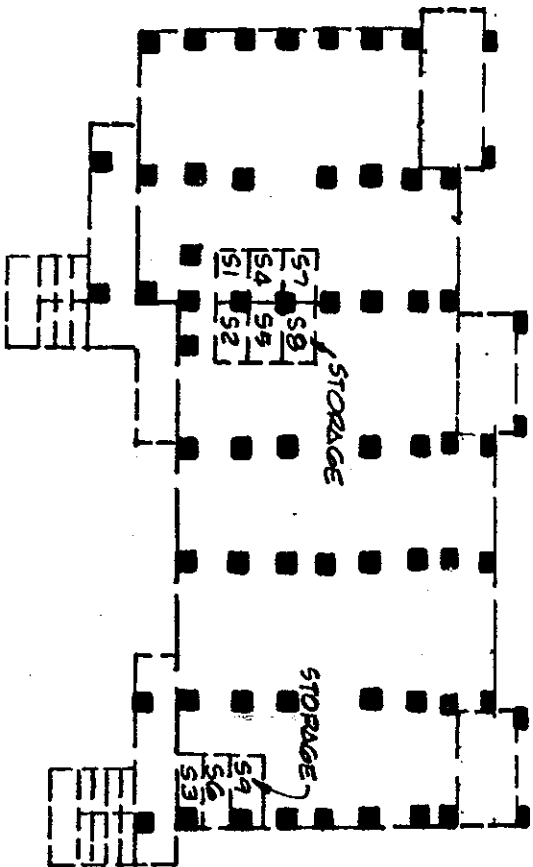
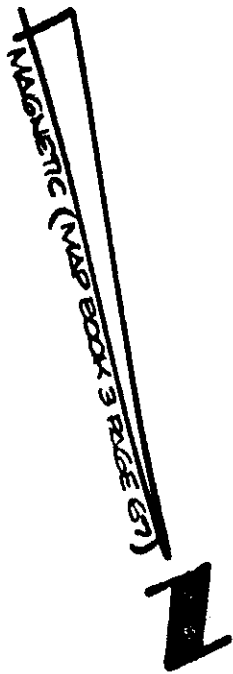
CERTIFICATION BY ARCHITECT THE UNDERSIGNED IN ACQUITTANCE
 OF MY DUTY TO THE PUBLIC UNDER THE LAWS OF THE STATE OF
 NORTH CAROLINA HEREBY CERTIFIES THAT THESE PLANS SUBMITTED
 TO ME FOR RECORD AND A SET OF PLANS ARE AN ACCURATE COPY
 AND THE SITE PLAN AND A SET OF FLOOR PLANS ARE AN ACCURATE COPY
 BY THE PLAN OF THE PLANS OF THE BUILDING(S) SHOWN AND ACCURATELY
 REFLECT THE LOCATION OF UNITS AND FLOOR ELEVATIONS.
 UNIT NUMBERS AND DIMENSIONS OF THE UNITS AS SHOWN.
Dennis A. Lennert
 ARCHITECT N.C. REGISTRATION NO: 3494



JACK G. STOKES
 REGISTERED LAND SURVEYOR
 N.C. REGISTRATION NO 1856
 WILMINGTON, N.C.

DOCKSIDER

CAROLINA BEACH NEW HANOVER COUNTY NORTH CAROLINA
 SCALE 1" = 40' 40' 90' MARCH 1985

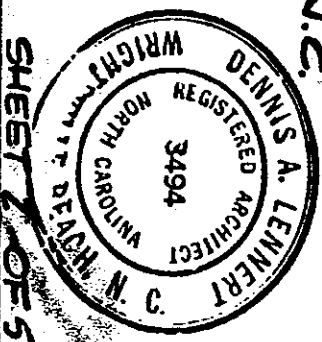


LEGEND:

- INDICATES BOUNDARY LINE OF UNITS
- - - - - INDICATES COMMON AREAS & STRUCTURAL BOUNDARIES
- ||||| INDICATES STAIRS
- [S7] INDICATES STORAGE FOR UNIT 7

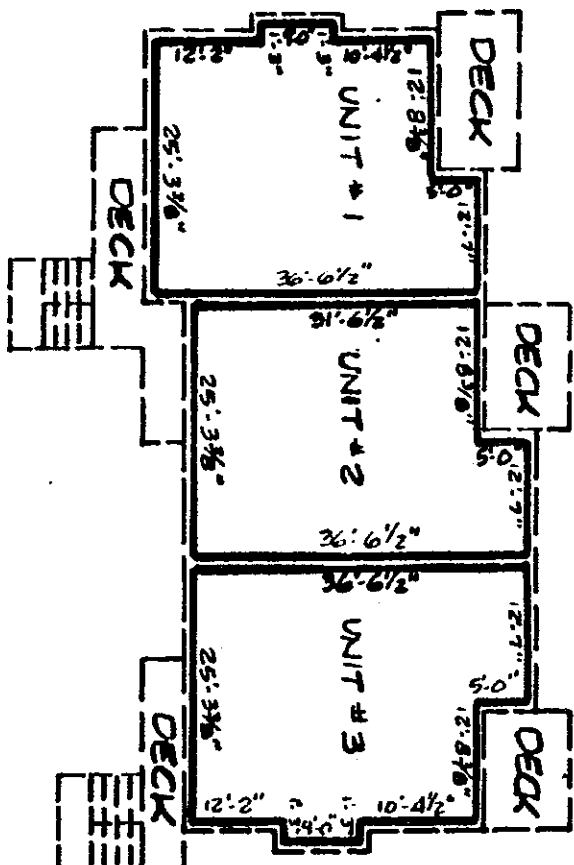
FINISH CONC. SLAB ELEVATION = 5.7

GROUND FLOOR PLAN DOCKSIDER CAROLINA BEACH, N.C.



1296 0521

MAGNETIC (MAP BOOK 3 PAGES)



LEGEND:

— INDICATES BOUNDARY LINE OF UNITS

- - - - - INDICATES COMMON AREAS & STRUCTURAL BOUNDARIES

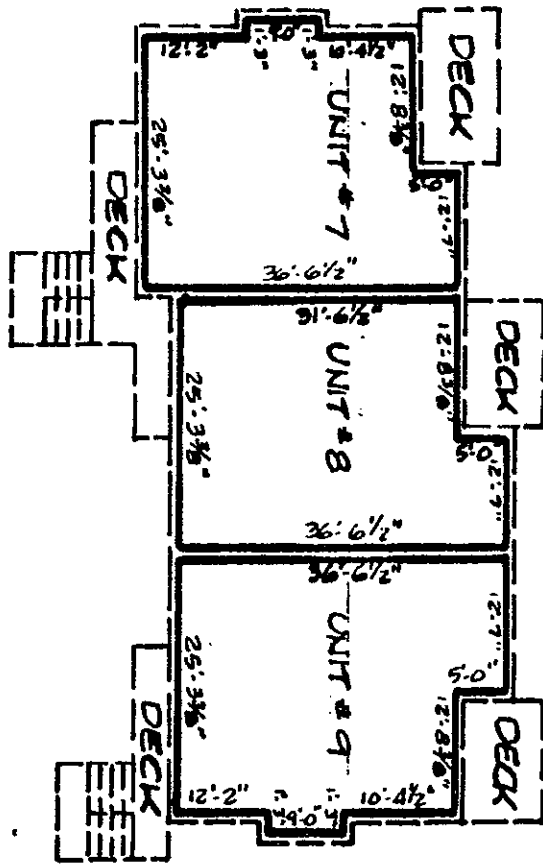
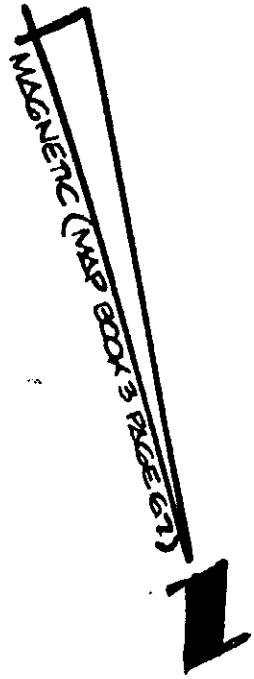
||||| INDICATES STAIRS

FINISH FLOOR ELEVATION = 15.2

FINISH CEILING ELEVATION = 23.2

FIRST FLOOR PLAN
DOCKSIDER
CAROLINA BEACH, N.C.





LEGEND:

- INDICATES BOUNDARY LINE OF UNITS
- - - - - INDICATES COMMON AREAS & STRUCTURAL BOUNDARIES
- ||||| INDICATES STAIRS

FINISH FLOOR ELEVATION = 33.6
 FINISH CEILING ELEVATION = 41.6

THIRD FLOOR PLAN DOCKSIDER CAROLINA BEACH, N.C.



Exhibit C
Declaration of Condominium
Docksider Condominiums

Percentage of Ownership of Each Unit in the Common Elements

<u>Unit</u>	<u>Percentage of Individual Interest</u>	<u>Estimated Annual Assessment</u>	<u>Estimated Monthly Assessment</u>
1	11.11	\$1320	\$110
2	11.11	1320	110
3	11.11	1320	110
4	11.11	1320	110
5	11.11	1320	110
6	11.11	1320	110
7	11.115	1320	110
8	11.11	1320	110
9	<u>11.115</u>	<u>1320</u>	<u>110</u>
TOTAL	100.000%	\$11,880	\$990

Exhibit F
Dockside Condominiums
Estimated Operating Expenses
(ANNUAL BASIS)

Insurance		\$6,275
fire, casualty, directors		
Landscape Maintenance and Building Repair		600
Common Utilities		2,360
1. Lights	\$480	
2. Water	800	
3. Trash Removal	1,080	
Pest Control		250
Management, Accounting, Legal, Etc.		1,080
Capital Reserve		<u>1,315</u>
	TOTAL	\$11,880

9 condominium units @ \$110/month x 12 months = \$11,880

BY-LAWSOFDOCKSIDER HOMEOWNERS ASSOCIATION, INC.ARTICLE IGENERAL

Section 1. The Name: The name of the corporation shall be Docksider Homeowners Association, Inc.

Section 2. The Principal Office: The principal office of the corporation shall be at DOCKSIDER CONDOMINIUM in Carolina Beach in New Hanover County, North Carolina, or at such other place as may be subsequently designated by the Board of Directors.

Section 3. Registered Office: The registered office of the corporation, which by law is required to be maintained in the State of North Carolina, shall be located at DOCKSIDER CONDOMINIUM in the Town of Carolina Beach, in New Hanover County, or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 4. Definition: As used herein, the term "corporation" may be used interchangeably with and shall be the equivalent to "Association" as defined in the Declaration of Condominium for DOCKSIDER CONDOMINIUM, and all definitions set forth in the Declaration, to which these By-Laws are attached, shall be applicable herein, unless otherwise defined herein.

ARTICLE IIMEMBERSHIP

Section 1. Definition: Each owner shall be a member of the corporation, and membership in the corporation shall be limited to owners of condominium units.

Section 2. Transfer of Membership and Ownership: Membership in the corporation may be transferred only as an incident to the transfer of the transferor's condominium unit and his undivided interest in the common areas and facilities of the condominium, and such transfer shall be subject to the procedures set forth in the Condominium Documents.

ARTICLE IIIMEETINGS OF MEMBERSHIP

Section 1. Place: All meetings of the corporate membership shall be held at Carolina Beach, North Carolina, or at such other place as may be stated in the notice.

Section 2. Annual Meeting:

A. The annual meeting of members shall be held at Carolina Beach, North Carolina, in each year commencing in 1986, provided, however, that the initial annual membership meeting will not be held until the earlier of (1) the sale by Declarant, as defined in the Declaration, of all units in this condominium, or (2) notice by the Declarant. If neither (1) nor (2) has occurred by the first Friday in December, 1985,

1296 0527

the first Board of Directors (the "Board") will notify all members that such initial annual meeting has been postponed, and that it will be re-scheduled at a later date. If same be re-scheduled, the first directors and the officers will hold office until the initial annual meeting.

B. Regular annual meetings subsequent to 1986 shall be held on the first Saturday in April in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, unless otherwise determined by the Board.

C. All annual meetings shall be held at such hour as is determined by the Board.

D. 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.

E. Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote thereafter at such address as appears on the books of the corporation, at least ten but not more than fifty days prior to the meeting. Each member shall notify the Secretary of any address change, and the giving of said notice shall be in all respects sufficient if sent to the address of the member which is then on file with the Secretary.

Section 3. Membership List: At least ten but not more than fifty days before every election of directors, a complete list of members entitled to vote at said election, with residence of each, shall be prepared by the Secretary. Such list shall be produced and kept for said ten days prior to and throughout the election at the office of the corporation, and shall be open to examination by any member throughout such time.

Section 4. Special Meetings:

A. Special Meetings of the members, for any purpose or purposes not prescribed by statute, the Certificate of Incorporation, or these By-Laws, may be called by the Board or at the request, in writing, of one-third of the members. Such request shall state the purpose or purposes of the proposed meeting.

B. Written notice of a Special Meeting of members, stating the time, place and object thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the corporation, at least ten days before such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, addressed to the member at such address as appears on the records of members of the Association.

C. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Quorum: Over seventy percent of the total number of members of the corporation, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, 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. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called. If adjournment extends past thirty days, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided for regular meetings.

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Section 6. Vote Required to Transact Business. When a quorum is present at any meeting, a unanimous vote cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Condominium Documents or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. There shall be no cumulative voting.

Section 7. Right to Vote. Each owner shall be entitled to one vote. At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. If more than one person or entity owns a unit, they shall file a certificate with the Secretary naming the person authorized to cast votes for said unit. If same is not on file, the vote of any co-owner present who is acceptable to other co-owners of that unit present shall be accepted as the vote of all co-owners. Any legal entity which is an owner shall have the right to membership in the corporation.

Section 8. Waiver and Consent. Whenever the vote of members at a meeting is required or permitted by any provision of the statutes the Condominium Documents, or these By-Laws to be taken in connection with any action of the corporation, the meeting and vote of members may be dispensed with if all members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. 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

Section 1. Number and Term. The number of directors which shall constitute the whole Board of Directors (the "Board") shall be five, except that the first Board of Directors shall be three. Until succeeded by directors elected at the first annual meeting of members, directors need not be members; thereafter, at least four directors shall be members. Within the limits above specified, the number of directors shall be determined by the members at the annual

meeting; the directors shall initially be elected to serve staggered terms, two for three years, two for two years, one for one year, and they shall serve until their successors shall be elected and shall qualify. Thereafter, each director shall be elected for a term of two years.

Section 2. Vacancy and Replacement. If the office of any director becomes vacant by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting of directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. Removal. Directors may be removed with or without cause, by an affirmative vote of a majority of the total membership.

Section 4. First Board of Directors. The first Board shall consist of William B. Brantley, Robert D. Brantley, and Robert Calder, who shall hold office and exercise all powers of the Board until the initial annual membership meeting, anything herein to the contrary notwithstanding; provided, any or all of said directors shall be subject to replacement in the event of resignation or death as above provided.

Section 5. Powers and Duties. The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited by statute, the Certificate of Incorporation or the Declaration to which these By-Laws 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 same are due.
- B. To use and expend the assessments collected to maintain, care for 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 purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.
- D. To enter into and upon the units when necessary and at as little inconvenience to the owner as possible in connection with such maintenance, care and preservation.
- E. To insure and keep insured the common areas and facilities of the condominium in the manner set forth in the Declaration against loss from fire and/or other casualty, and the unit owners against public liability, and to purchase such other insurance as the Board may deem advisable, including insurance against Directors' liability.
- F. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from owners for violations of these By-Laws and the terms and conditions of the Condominium Documents.
- G. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.
- H. To make appropriate changes in the Rules and Regulations for the occupancy of the condominium units as may be deemed necessary. Changes not approved at the next meeting of the membership by a majority of the votes cast shall be invalid from the date of such change.
- I. To acquire and/or rent and/or lease a condominium unit in the name of the corporation or a designee.

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J. To contract for management of the condominium and to delegate to such other party all powers and duties of the corporation except those specifically required by the Condominium Documents to have specific approval of the Board or membership.

K. To carry out the obligations of the corporation under any restrictions and/or covenants running with the land submitted to the Condominium membership of this corporation or its members.

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

M. To adopt Rules and Regulations pursuant to Article IX of the By-Laws.

N. To impose a special assessment (against any owner), not to exceed fifty dollars for each occurrence, for the violation by the owner of any By-Law contained herein, or the breach of any provision of the Declaration. Such assessment shall be in addition to any costs incurred or to be incurred by the corporation as a result of the violation of the rule, regulation, By-Law, or provision.

O. If any lessee, renter or guest fails to comply with the terms of the Condominium Documents, then to terminate any written or oral lease or rental agreement; and to remove from a unit, such lessee, renter or guest.

P. To propose and adopt an annual budget for the property.

Q. To recommend one or more rental agents in accordance with the Declaration.

Section 6. Liability. The directors shall not be liable to the owners except for their own individual willful misconduct, bad faith, or gross negligence.

Section 7. Compensation. Neither directors nor officers shall receive compensation for their services as such, provided that the corporation may budget such sums as it may deem appropriate for direct reimbursement of actual expenses incurred by the directors or officers in behalf of the corporation.

Section 8. Meetings.

A. The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general members' meeting, and immediately before or after the adjournment of same.

B. Special meetings shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three days before the date of such meeting, but the directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

C. All members of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of all members present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.

D. Action taken by all members of the Board without a meeting shall constitute Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 9. Order of Business. The order of business at all meetings of the Board shall be as follows:

- A. Roll call;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of Minutes of last meeting;
- D. Consideration of communications;
- E. Elections of necessary directors and officers;
- F. Reports of officers and employees;
- G. Reports of committees;
- H. Unfinished business;
- I. Original resolutions and new business;
- J. Adjournment.

Section 10. Annual Statement. The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the corporation, including a report of the operating expenses of the corporation and the assessments paid by each member.

ARTICLE V

OFFICERS

Section 1. Executive Officers. The executive officers of the corporation shall be a President; Secretary; and Vice President and Treasurer; all of whom shall be elected annually by the Board from the Membership. No two officers may be united in one person. If the Board so determines, there may be more than one Vice President. Any or all officers may also be directors of the corporation.

Section 2. Subordinate Officers. The Board may appoint such other officers and agents from the membership as they may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

Section 3. Tenure of Officers: Removal. All officers shall be subject to removal, with or without cause, at any time by action of the Board. The Board may delegate powers of removal of subordinate officers and agents to any officer.

Section 4. The President.

A. The President shall preside at all meetings of the members and directors; he shall have general and active management of the business of the corporation; he shall see that all orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages, deeds of trust and other contracts requiring a seal, under the seal of the corporation.

B. He shall have general superintendence and direction of all the other officers of the corporation, and shall see that their duties are performed properly.

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C. He shall submit a report of the operations of the corporation for the fiscal year to the directors whenever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge which the interest of the corporation may require to be brought to their notice.

D. He 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.

Section 5. The Secretary.

A. The Secretary shall keep the minutes of the members; and of the Board's meetings in one or more books provided for that purpose.

B. He shall see that all notices are fully given in accordance with the provisions of these By-Laws or as required by law.

C. He shall be custodian of the corporate records and of the seal of the corporation and shall see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these By-Laws.

D. He shall keep a register of the post office address of each member, which shall be furnished to the Secretary by such member.

E. In general, he 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.

Section 6. The Vice President - Treasurer.

A. The Vice President and Treasurer shall be vested with all the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Board.

B. He shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board.

C. He shall disburse the funds of the corporation as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation. Such records shall be open to inspection by members at reasonable times.

D. He may be required to give the corporation, at the corporation's cost, a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the corporation, 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 corporation.

E. He shall maintain a register for the names of any mortgage holders or lien holders on units who have requested in writing that they be registered and to whom the corporation will give notice of default in case of non-payment of assessments. No responsibility of the corporation is assumed with respect to said register except that it will give notice of default of any owner in his obligations to the corporation to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor.

F. With the approval of the Board, he shall be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, pursuant to written definition of

the responsibilities delegated to, and the condition of performance imposed upon, such personnel, but, in such event, the Treasurer shall retain supervisory responsibilities.

Section 7. Vacancies. If the office of any director or officer becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining directors, by majority vote of the remaining directors provided for in these By-Laws, may choose a successor or successors who shall hold office for the unexpired term. If the number of directors falls below three, a special members' meeting shall be called for the purpose of filling such vacancies in the Board of Directors.

Section 8. Resignations. Any director or officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VI

NOTICES

Section 1. Definition. Whenever under the provisions of the statutes, the Condominium Documents, the Certificate of Incorporation, or these By-Laws, notice is required to be given to any director or member, it shall not be construed to mean personal notice, but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a post paid, sealed envelope, addressed as appears on the books of the corporation.

Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the statutes, the Condominium Documents, the Certificate of Incorporation, or these By-Laws a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 3. Address. The address for notice of the corporation shall be that of the Registered Agent for service of process on the corporation.

ARTICLE VII

FINANCES

Section 1. Fiscal Year. The fiscal year shall be the calendar year, unless changed by action of the Board of Directors.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by any one of the following officers: President, Secretary or Vice President and Treasurer, or by such officer or officers or persons as the Board of Directors may from time to time designate.

Section 3. Determination of Assessments.

A. The Board shall determine from time to time the sum or sums necessary and adequate for the common expense of the condominium property. At the annual meeting of the corporation, such budget shall constitute the basis for all regular assessments for common expenses against unit owners, which assessments shall be due and payable periodically as determined by the Board. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the common areas and facilities, costs of carrying out the powers and duties of the corporation, all insurance premiums and expenses from time to time by the Board of Directors of the corporation.

B. The Board is specifically empowered on behalf of the corporation to make and collect assessments and maintain repair and replace the common areas and facilities of the condominium. Funds for the payment of common expenses shall be assessed against the unit owners in the proportions of percentages of sharing common expenses provided in the Declaration. Assessments shall be payable periodically as determined by the Board.

C. Special assessments for common expenses not adequately funded through the regular assessments may be required by the Board and shall be levied and paid in the same manner as hereinbefore provided for regular assessments. Notwithstanding anything in these By-Laws or the Declaration which authorize assessments and expenditures, no special assessment shall be made without unanimous approval of the membership, except for the repair of the common areas and facilities due to damage and destruction, which repair shall occur as provided in the Declaration.

D. Special assessments against any owner for (1) any repair, maintenance or replacement undertaken in behalf of the owner pursuant to Paragraph 16 of the Declaration (2) any violation, as set forth in Article IV, Section 5N of the By-Laws or (3) any other valid purpose authorized by the Condominium Documents, shall be levied at such times as is determined by the Board.

E. When the Board has determined the amount of any assessment, the Vice President and Treasurer of the corporation (or the personnel to whom such authority has been delegated) shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the corporation, and upon request, the Vice President-Treasurer or his designated agent shall give a receipt for each payment made.

F. The Board may enter into a management contract with third parties to whom the Board may delegate the power to levy and collect assessments approved by the Board or required by the Condominium Documents.

G. All assessments not paid when due shall bear interest at such rate as is determined by the Board of Directors, not to exceed the maximum permissible rate allowed by law.

Section 4. Excess of Assessments. In any year in which there is an excess of assessments received over amounts actually used or payable for the purposes described in these By-Laws and in the Declaration, such excess shall, unless otherwise determined by the Board of Directors of the Association, be deposited in a capital reserve account for use in replacement, repair or maintenance of the common areas and facilities of the Association.

Section 5. Non-Profit Corporation. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Non-Profit". Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

ARTICLE VIII

DEFAULT

Section 1. Enforcement of Lien for Assessments. In the event an owner does not pay any sums, charges, or assessments required to be paid to the corporation by the due date, the corporation, acting on its

behalf or through its Board, may enforce its lien for assessments, or take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration and the statutes made and provided or both.

Section 2. Governmental Liens and Assessments. In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the corporation and specially assess such owner for the amount paid.

Section 3. Foreclosure. If the corporation becomes the owner of a unit by reason of foreclosure, it shall offer said unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for assessments and charges, all 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 repairing and refurbishing of the unit in question. All monies remaining after deducting the foregoing items of expenses, costs and other deductions shall be returned to the former owner of subject unit.

Section 4. Other Remedies. In the event of violation of the provisions of the Condominium Documents as the same are defined in the Declaration, for thirty days after notice from the Association to the unit owners to correct said violation, the corporation, on its own behalf or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of said Condominium Documents, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

Section 5. Legal Costs. In the event any legal action is brought against an owner and results in a judgment for the corporation, the owner shall pay the corporation's reasonable attorney's fees, costs of collection, and court costs.

Section 6. Intent. Each owner, for himself, his heirs, successors and assigns, agree to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the corporation and regardless of the availability of the other equally adequate legal procedures. It is the intent of all owners of units to give to the corporation a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the owners of units, and to preserve each unit owner's right to enjoy his unit, free from unreasonable restraint and nuisance.

ARTICLE IX

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, any Rules and Regulations (adopted by the Board), together with any subsequent changes shall govern, to the extent not inconsistent with these By-Laws and the Declaration, resident and guests, such Rules and Regulations shall be in effect until the first elected Board of Directors Meeting, at which time they shall be subject to such changes as may be deemed appropriate. Any further modifications in the Rules and Regulations may be made by the Board of Directors in accordance with Article IV, Section 5, of the By-Laws.

Membership may be held in the name of more than one owner. In the event ownership is in more than one person, all of the joint owners shall be entitled collectively to only one voice or ballot in the management of the affairs of the corporation, and the vote may not be divided between plural owners. The manner of determining who shall cast such vote shall be as set forth in Article III, Section 7.

ARTICLE XIINDEMNIFICATION

The corporation may indemnify any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of his being or having been a director or officer of the corporation, against the reasonable expenses including attorneys' fees actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the corporation.

ARTICLE XIIAMENDMENT

These By-Laws may only be altered, amended or added to at any duly called meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; that the quorum requirement for such proposed amendment; (2) that the quorum requirement for such purposes shall be all of the then members, in person or by proxy; (3) that there be an affirmative vote of owners holding not less than two-thirds of the qualified votes of members represented at such quorum; and (4) that there is or has been affirmative vote of the Board of Directors. Article III, Section 2A may not be amended without express approval of Declarant, as defined in the Declaration. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgages, and no amendment shall become operative unless set forth in an amended Declaration and duly recorded. 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 in the office of the Register of Deeds of New Hanover County, North Carolina.


ARTICLE XIIICONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, where the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

The foregoing were adopted as the By-Laws of FLAGSHIP II INC. at the first meeting of its first Board of Directors.

Certified to be correct, this the 25 day of July, 1985.


 SECRETARY OF THE MEETING OF THE FIRST
 BOARD OF DIRECTORS OF DOCKSIDER
 HOMEOWNERS ASSOCIATION, INC.

I certify that the foregoing are a true copy of the By-Laws of Docksider Homeowners Association, Inc.


 ROBERT CALDER, ATTORNEY