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

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DRAWN BY R.C. [Signature]  
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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

DECLARATION OF RESTRICTIONS  
BRITTANY LAKES, SECTION 1A

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, COASTAL CAROLINA DEVELOPERS, INC., (hereinafter "CCD") and TERHANE GROUP, INC., (hereinafter "TGI"), (hereinafter CCD and TGI shall be collectively referred to as "Developer") a North Carolina corporation are the owners of all of the interest and equity in that certain tract of land known as BRITTANY LAKES, SECTION 1A, and it is the desire of the undersigned, to ensure the use of said property for attractive residential purposes only, to prevent the impairment of the attractiveness of the property, to maintain the desired tone of the community, and thereby to secure to each lot owner the full benefit and enjoyment of his home with no greater restriction upon the free and undisturbed use of his lot than is necessary to ensure the same advantages to the other lot owners;

NOW, THEREFORE, the undersigned do hereby covenant, agree and declare to and with all persons, firms or corporations now owning or hereafter acquiring any property in BRITTANY LAKES, SECTION 1A, that all of the lots in said subdivision as shown on a map recorded in Map Book 30 at Page 114 of the New Hanover County Registry, are hereby made subject to the following restrictions as to the use thereof, running with the land by whomsoever owned, to-wit:

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ARTICLE I  
Use Restrictions

1. All lots in said Subdivision shall be known as single-family residential lots, and shall be used for residential purposes only, except that Developer reserves the right to convert any of the lots shown on map into a street right of way. Further, Developer may, in its sole discretion, convert any lot(s) in said subdivision to use for recreational purposes including facilities and/or a club house. Also, any house constructed on any lot in said subdivision may be used as a model home.

2. No improvement shall be erected, altered, placed upon, or permitted to remain on any lot other than one detached single-family dwelling subject, however, to the provisions hereof.

3. The building plans for all improvements to the lots in this subdivision must first be approved by Developer. If plans are submitted for approval to a nominee or successor to Developer and after a period of twenty days from the delivery thereof, the person or corporation so delivering the plans has not received either approval, disapproval or request for modification of the plans, then the plans shall be deemed to be approved so long as the improvements, dwelling or structure is in general conformity with the other improvements, dwellings and structures in the subdivision.

4. No dwelling shall be located on any lot nearer than 25 feet from the front street line. Further, no dwelling shall be permitted nearer than 10 feet to any side lot line, except as may be expressly permitted in writing by Developer, and which are permitted by New Hanover County zoning, subdivision or other ordinances that may from time to time exist. Provided, that in the event deviation from the side lot line distance is allowed, there must be at least 20 feet between structures. No other structure shall be permitted on any lot nearer than 5 feet to any side lot line. If the owner of two or more

adjoining lots shall elect to use them for one residence, the boundary line or lines between the lots so used shall not be regarded as side boundary lines of the lots.

On corner lots, the side having the least frontage shall be considered the front lot line.

In computing the front set back and the distances between dwellings on adjoining lots, measurements shall be from the base or ground level of the building or structure, or the base of any wraparound porch, if any dwelling has such, and neither overhang of eaves, not in excess of three feet, nor the establishment of uncovered stoops or steps within the setback area, shall be considered a violation of this covenant. In the event of unintentional violation of any of the building line restrictions herein set forth, Developer reserves the right to change such restrictions accordingly; provided, however, that such change shall not exceed ten percent (10%) of the marginal requirement of the building line restrictions existing as to such lot.

5. No dwelling erected on any of the lots shown on said map as aforesaid shall have less than 1400 square feet with attached garage for at least one (1) car, or a minimum of 1500 square feet without a garage, when measured by exterior foundation, which square footage shall be exclusive of porches, steps, walks, garages, carports, storage areas, etc. No garage shall be used as a so called "garage apartment". Detached garages and storage buildings may be permitted with the written consent of Developer, so long as the design, materials and construction are in keeping with that of the main structure on said lot.

6. Developer reserves for itself, its successors and/or assigns an easement and right at any time in the future to grant an easement or right of way under, over and along the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, cables, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service or other utilities including water and sewer service, and for drainage.

7. No culvert or pipe shall be placed in any street or road, ditch or drain unless it in all respects meets the standards set by the governmental authority having jurisdiction over the same. No drainways along any lot within the subdivision may be filled or modified except with the written permission from Developer.

8. No commercial trade or activity, or any noxious trade or activity whatsoever, shall be carried on upon any lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to other lot owners. In the event yards in the subdivision are not properly maintained they may be cleaned by Developer at the owner's expense. Unsightly, inoperative junk cars and like eyesores cannot be maintained on any lot or on any street in the subdivision either prior to or after the dwelling has been erected and any such automobiles may be removed by Developer at the lot owner's expense.

9. No structure of a temporary character, trailer, mobile home, tent, shack, garage apartment, barn or other outbuilding shall be used on any lot, either temporarily or permanently, either by the owners of said lot or any other persons, as living quarters.

10. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair, and in the event of destruction by fire or other casualty, premises are to be cleared and debris removed within ninety (90) days from date of such casualty.

11. No animals, other than domesticated dogs, cats or other household pets, may be kept or housed on any lot. No dogs, cats or other household pets may be kept, bred or maintained for any commercial purposes; nor may they be kept in such numbers or of such nature as to be or become a nuisance to adjoining property owners or any residents of the subdivision.
12. No lot area shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such materials may not be kept on any lots, except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.
13. Sewerage disposal for any dwelling or other building erected on any lot shall be by septic tank if approved by the County Board of Health and all others shall be serviced by a community sewerage disposal system.
14. No lot as shown on the map of the subdivision above referred to shall be resubdivided unless each part of the subdivided lot becomes a part of another whole lot as shown on the hereinabove referred to map, except, that Developer may subdivide any lot, so long as each portion of any such resubdivided lot meets requirements for said lots established by the New Hanover County Board of Commissioners or other governmental authority having jurisdiction over the property in question.
15. No fence in excess of six (6) feet in height may be erected on any lot. No such fence may be erected nearer to the front street line than the rear corners of the house constructed on said lot. All such fences must be of wood or chain-link type composition. However, Developer may, in its sole discretion, allow the erection of split-rail, brick, wrought-iron or other decorative fencing along the sides and front lot lines of any lot, provided that any such decorative fencing shall not exceed four (4) feet in height and shall be erected only after Developer has given its consent in writing to the erection of same.
16. No signs of any type or description shall be placed on or displayed on any residential lot except signs "For Rent" or "For Sale" which signs shall not exceed six square feet in size.
17. Water to be used for human consumption by the residents of any lot in the subdivision must be obtained from the community water system serving said subdivision unless other sources are approved and authorized by the City-County Board of Health and the utility company furnishing the subdivision.
18. Invalidation of any one of these covenants by judgments or court order shall in no way affect any of the other covenants herein, which shall remain in full force and effect.
19. If the parties hereto, or any of them, or their heirs and assigns shall violate or attempt to violate any of the covenants, herein, it shall be lawful for any person or persons, owning any real property situated in said BRITTANY LAKES, SECTION 1A to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants, and either to prevent him or them from doing or to recover damages or other dues for such violation.
20. In the event that Developer shall seek to obtain approval of these covenants and the plan of development of the Properties in order that the Dwelling Units and Sites and improvements constructed thereon will be eligible for loans approved or guaranteed by the Veterans

Administration, hereinafter called "VA", or the Department of Housing and Urban Development, hereinafter called "HUD", or Federal National Mortgage Association, hereinafter called "Fannie Mae", or the Federal Home Loan Mortgage Corporation, hereinafter called "Freddie Mac", it is likely that HUD, VA, Fannie Mae or Freddie Mac will require changes in this Declaration in order to make the lots and improvements thereon eligible for VA, HUD, Fannie Mae or Freddie Mac loans. In such event, Developer, without the consent or approval of any Owner or Member shall have the right to amend this Declaration. When this Declaration, By-Laws and Articles of Incorporation have been approved by VA, HUD, Fannie Mae, and Freddie Mac, then this paragraph shall be considered null and void and Developer shall not have any further rights hereunder to amend except upon approval of Membership.

21. These restrictions are subject to being altered, modified, cancelled or changed at any time as the said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by Developer, its successor and/or assigns and by the owners of not less than sixty percent (60%) of the lots of said subdivision to which these restrictions apply, and recorded in the office of the Register of Deeds of New Hanover County, North Carolina; provided, Developer shall have the right to amend said restrictions at any time prior to December 31, 1993, without consent of any such owner or owners.

22. Coastal Carolina Owners Association shall be responsible for maintaining all drainage areas and ways and easements over all lots in the subdivision. No structure, planting or other material shall be placed or permitted to remain in any drainage area, way, easement or any other easement which would interfere with the installation or maintenance of utilities or which may change the direction or flow of drainage channels in the easements.

23. Developer reserves the right to subject the real property in the subdivision to contracts with public utility companies for the installation of utility lines, mains, poles and other equipment for the provision of utility service to the lots which may require a continuing monthly payment to such utility companies by the owners of each lot.

24. All boats and recreational, travel and utility vehicles and trailers shall be stored and placed in a garage or a screened area so as not to be visible from the front or rear of any lot.

25. The erection or installation of satellite TV dishes, radio or television antennas on any lot in the subdivision is expressly prohibited.

## ARTICLE II Owners Association

1. To provide for the maintenance, repair, upkeep and replacement of such amenities as may possibly be provided, such as, pool, club house, tennis facility, pier, dock, walkways, gazebo and other amenities, and common areas, TGI has formed BRITTANY LAKES CLUB AND HOMEOWNERS ASSOC., INC., a non-profit corporation organized pursuant to Chapter 55A of the General Statutes of North Carolina. The Association shall be responsible for providing any necessary liability insurance. The Articles of Incorporation for said corporation are recorded in Book \_\_\_\_\_, at Page \_\_\_\_\_ of the New Hanover County Registry. The By-Laws for said corporation are attached hereto as Exhibit "A", and are incorporated herein by reference.

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EXHIBIT "A"

BY-LAWS  
OF  
BRITTANY LAKES CLUB AND HOMEOWNERS ASSOC., INC.

ARTICLE I

General Provisions

SECTION 1. - IDENTITY: These are the By-Laws of BRITTANY LAKES CLUB AND HOMEOWNERS ASSOC., INC., a nonprofit corporation organized pursuant to the laws of the State of North Carolina; the Articles of Incorporation for which have been recorded in Book 1500, at Page 0142, in the Office of the Register of Deeds of New Hanover County, North Carolina,

SECTION 2. - INCORPORATION: The provisions of these By-Laws supplement and are enacted pursuant to the provisions of the above referenced Articles of Incorporation and are applicable to the record owners of lots located upon or within that certain development of real property known as BRITTANY LAKES, as shown upon a map thereof recorded in Map Book \_\_\_\_\_, at Page \_\_\_\_\_, of the New Hanover County Registry.

SECTION 3. - APPLICATION: These By-Laws shall, in conjunction with the above referenced Articles of Incorporation govern the affairs, rights, privileges, duties and obligations of the Club, all owners, the Developer, (hereinafter referred to as Terhane Group, Inc., or TGI) all mortgagees, beneficiaries under Deeds of Trust, Lessees and occupants of all lots subject hereto, their employees and all others who may use or enjoy any of the property subjected hereto, and the acceptance of a Deed for or conveyance of, or the succeeding to title to, or the entering into a lease for, or the actual occupancy of, or use of a lot, the common areas and amenities, or any of the improvements thereon by any of the above shall constitute an acceptance by the same of the provisions of these By-Laws, the Rules and Regulations enacted pursuant hereto and the provisions of the herein above referenced Articles, and an agreement to comply and abide by the same.

SECTION 4. - PRINCIPAL OFFICE: The principal office of the Club and of the Board of Directors shall be located at 2314 Waverly Drive, Wilmington, North Carolina 28403

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ARTICLE II.

Membership

SECTION 1. - IDENTIFICATION: The Club shall have two (2) classes of voting membership: Class A. Class A members shall be those owners, with the exception of the TGI and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot. Class B: Class B members shall be TGI, who shall be entitled to three (3) votes for each lot owned in fee simple or under contract to purchase from Coastal Carolina Developers or its assigns. The Class B membership shall cease and be converted to Class A membership on the happening of

*R.L. Carter, Esq.*

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either of the following events, whichever occurs earlier: 1. When the total votes outstanding in the Class A membership exceed the total votes outstanding in the Class B membership; or 2. On January 1, 2010.

**ADDITIONAL GUEST MEMBERSHIPS FOR PURPOSES OF USE OF THE FACILITIES MAY BE ESTABLISHED BY THE CORPORATION BOARD OF DIRECTORS.**

The rights, duties, obligations, powers and privileges appurtenant to each voting membership shall be exercised by the fee simple owner of the lot to which such voting membership is appurtenant. Any devise, contract for the sale of, Deed, or other means of conveyance of any such lot shall be deemed to include the appurtenant voting membership in the Club. No portion of the rights, privileges, powers, duties or obligations appurtenant to each voting membership in the Club may be sold, transferred or otherwise disposed of, except as part of a sale, transfer, or other disposition of the lot to which such membership is appurtenant.

**SECTION 2. - RECORDS:** The Secretary of the Club shall maintain at the principal office of the Club a register of all of the current owners of memberships in the Club and the mailing address of each owner and of all mortgages or beneficiaries under Deeds of Trust of all such lots.

**SECTION 3. - VOTING RIGHTS:** If a membership is owned by one (1) person his right to vote shall be established by the record title to his lot. If a membership is owned by more than one (1) person, or is under lease, the person entitled to cast the vote for such membership shall be designated by a certificate signed by all of the record owners of such membership and filed with the Secretary of the Club. If a membership is owned by a corporation, the person entitled to cast the vote for that membership shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or the Assistant Secretary of such corporation and filed with the Secretary of the Club. If a membership is owned by a partnership, whether general or limited, or a joint venture, the certificate designating the voting member shall be signed by all partners or joint ventures, as the case may be. Such certificates shall be valid until revoked or superceded by a subsequent certificate or until a change occurs in the ownership of the membership concerned. A certificate designating the person entitled to cast the vote of a membership may be revoked by any owner of such membership. If such a certificate is not on file, the vote of such membership shall not be considered in determining the requirements for a quorum nor for any other purpose under these By-Laws. The Class B membership as defined herein shall be entitled to three (3) votes for each lot owned or under contract to purchase from Coastal Carolina Developers or its assigns, in any section of Brittany Lakes Subdivision.

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

**SECTION 5. - ANNUAL MEETINGS:** Subject to the provisions of Article VI of these By-Laws, the annual meetings of the Club shall be held on the last Saturday in November of each year unless such date shall occur on a legal holiday, in which event, the meeting shall be

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held on the next succeeding business day. The purpose of the annual meeting shall be for the election of the Directors of the Club for the succeeding year and for the transaction of any and all business of the Club as may properly come before the meeting.

**SECTION 6. - SPECIAL MEETING:** It shall be the duty of the President to call a special meeting of the membership if so directed by resolution of the Board of Directors or upon a petition calling for a special meeting presented to the Secretary of the Club and signed by at least fifty percent (50%) of the owners of memberships in the Club. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

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

**SECTION 8. - ADJOURNMENT OF MEETINGS:** If any meeting of the membership cannot be held because a quorum has not attended, a majority of the membership who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called.

**SECTION 9. - QUORUM:** A quorum at all membership meetings shall consist of persons representing and entitled to cast the vote appurtenant to at least fifty-one percent (51%) of the memberships in the Club. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the membership, except when approval by a greater number of members is required by the Declaration, these By-Laws or by law; but those present at any meeting, though less than a quorum, may adjourn said meeting to a future time.

If the required quorum is not present, another meeting may be called subject to the same notice requirement. And the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

**SECTION 11. - PLACE OF MEETING:** Meetings of the Club's membership shall be held at the principal office of the Club or at such other

suitable place convenient to the membership as may be designated by the Board of Directors.

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

### ARTICLE III

#### Board of Directors

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

**SECTION 1. - NUMBER, TERM OF OFFICE AND QUALIFICATIONS:** Until the first annual meeting of the Class A and B voting members, or until their successors are otherwise selected and qualified, the number constituting the Board of Directors shall be three (3). After such annual meetings, the number constituting the Board of Directors shall be a maximum of seven (7). Terms of office shall be staggered (three directors elected one year and four the following year). Each Director shall continue in office for two years until the annual meeting of the membership held next one year after his election and until his successor shall have been elected and qualified or until his death or until he shall resign or shall have become disqualified or removed from office. Directors need not be residents of the State of North Carolina, nor year-round residents or any development subject hereto; provided, however, that each Director shall be an owner or spouse of an owner in one of the developments subject hereto and in the case of partnership owners, shall be a member or employee of such partnership, and in the case of corporate owners, shall be an officer, shareholder, or employee of such corporation, and in the case of fiduciary owners, shall be the fiduciary, or an officer or employee of such fiduciary.

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

**SECTION 3. - REMOVAL OF DIRECTORS:** Except for the first Board of Directors, which is appointed in the Articles of Incorporation, and subject to the provisions of Article VII hereof, any Director may be removed by concurrence of two-thirds (2/3rds) of the votes of the membership of the Club present at a special meeting of the membership called for the consideration of such removal. The vacancy in the Board of Directors so created shall be filled by the members of the Club at the same meeting.

**SECTION 4. - ORGANIZATIONAL MEETING:** The organizational meeting of a newly elected Board of Directors shall be held within thirty (30) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

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

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

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

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

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

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

**SECTION 11. - PRESIDING OFFICER AT DIRECTORS' MEETINGS:** The presiding officer of a Directors' meeting shall be the President of the Club. If the President is not in attendance, then the Vice President shall serve as presiding officer. In the absence of the

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President or Vice President, the Directors present shall designate one (1) of their number to preside.

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

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

- a. the operation, care, upkeep and maintenance of the Club facilities. To include the swimming pool, tennis courts, clubhouse, parking areas and grounds of the Club; and any other Club owned property, including the lakes of Brittany Lakes;
- b. the determination of the amounts required for the operation, maintenance, care and upkeep of the common areas and the amenities, and the improvements thereto, and the amounts required for the general operation of the Club;
- c. the levying and collection of the assessments from the membership owners;
- d. the employment and dismissal of personnel as necessary for the efficient maintenance of the development and operation of the Club;
- e. the adoption and the amendment of rules and regulations governing the operation of the Club and the use and enjoyment of the common areas and amenities, as may possibly be provided, if any, including the lakes of Brittany Lakes;
- f. the opening and maintenance of bank accounts on behalf of the Club and designating the signatures required therefor;
- g. the purchasing, leasing or otherwise acquiring in the name of the Club or its designee, corporate or otherwise, on behalf of all members of the Club, lots offered for sale or lease;
- h. the purchasing of lots at foreclosure or other judicial sales in the name of the Association, or its designee, corporate or otherwise, on behalf of the membership;
- i. the selling, conveying, leasing, mortgaging of, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with the lots acquired by, and subleasing lots by the Board of Directors on behalf of the membership of the Club;
- j. the organizing of the corporation to act as designee of the Board of Directors in acquiring title to or leasing lots by the Board of Directors on behalf of the membership of the Club;
- k. the purchasing and maintaining of insurance for the common areas and amenities, and the improvements thereto pursuant to the provisions of these By-Laws;

l. the making of repairs, additions and improvements to, or alterations of, the property, and repairs to and restoration of any property belonging to the Club, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

m. the appointing of committees to be composed of members of the Club to aid in governance of the Club in such numbers and for such specific purposes as the Board may determine necessary and proper;

n. the adoption of a seal for the Club;

o. the enforcing of the obligations of the members of the Club, allocating income and expenses of the Club and doing anything and everything else necessary and proper for the sound management of the Club;

p. the levying of fines or expenses against the members of the Club, allocating income and expenses of the Club;

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

r. employ or engage a manager, an independent contractor, attorney or accountant or such other employees and agents as they deem necessary, and to prescribe their duties. Provided, however, any such person so hired shall serve only at the pleasure of the Board of Directors hiring him, and no Board of Directors shall have the authority to bind any succeeding Board of Directors to any such contract.

s. to approve or disapprove requests from any member to store and/or park a boat, motor home, motor boat, camper, trailer, mobile home or other similar type vehicle on any lot or in any parking space other than in a garage, or screened as set forth in the Restrictions of Brittany Lakes Subdivision;

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

members in the Club.

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

#### ARTICLE IV

##### Officers

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

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

**SECTION 3. - REMOVAL OF OFFICERS:** Upon the affirmative vote of a two-thirds (2/3) majority of the members of the Club or members of the Board of Directors, any officer may be removed, either with or without cause; and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

**SECTION 4. - PRESIDENT:** The President shall be the chief executive officer of the Club. He shall preside at all meetings of the membership and at all meetings of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Laws of the State of North Carolina, including, but not limited to, the power to appoint from among the membership any committee which he deems appropriate to assist in the conduct of the affairs of the Club.

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

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

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

**SECTION 8. - COMPENSATION:** No officer shall receive any compensation from the Club for acting as such. However, the Board of Directors may appoint a manager to handle the day to day affairs of the Club, and may establish a rate of compensation and salary for said manager.

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

**ARTICLE V**

**Operation of the Club**

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

**Subsection 1.1 - PROCEDURES:** The Board of Directors, or a rule making committee specifically appointed by the President, shall formulate reasonable rules and regulations, or amendments or modifications thereto, to be presented to the membership of the Club. Such proposals may be adopted by a fifty-one percent (51%) majority of the Board of Directors at the next regular or special meeting of the Board.

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

**Subsection 1.3 - PROHIBITIONS:** No rule or regulation, nor amendment, modification, addition to or repeal of any or all

of the rules and regulations of the Club shall discriminate against any lot owner or against any lot or group of lots unless the owners thereof so affected shall consent in writing; nor shall any of the above change any lot nor the common areas and amenities, nor shall any of the above increase any owner's share in the common expenses of the Club nor change the voting rights of any member unless the owner of the membership appurtenant to the lot so affected and all record owners of liens thereon shall join in the execution of such rule, regulation, amendment, modification, addition to or repeal of the same.

**Subsection 1.4 - RECORDS:** A copy of all rules and regulations or amendments, additions, modifications to or repeals of rules and regulations of the Club shall be certified by the President and Secretary of the Club as having been duly adopted by the Club and shall be effective from the date the same is signed by the Secretary of the homeowners association. A copy of the same shall be maintained by the Secretary of the homeowners association and available for inspection upon request.

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

**Subsection 2.1 - FIRE INSURANCE:** Fire Insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all improvements of the common areas and the amenities, and covering the interests of the Club; the Board of Directors, and all owners and their mortgages or beneficiaries under Deeds of Trust, as their respective interests may appear, in an amount at least equal to the full replacement value of all structures insured, without deduction for depreciation; each of said policies shall contain a North Carolina standard mortgage clause in favor of each mortgagee or beneficiary under a Deed of Trust of a lot which shall provide that the loss, thereunder shall be payable to such mortgagee or beneficiary under Deed of Trust as its interest may appear; subject, however, to the loss payment provisions in favor of the Board of Directors hereinafter set forth.

**Subsection 2.2 - FLOOD INSURANCE:** Flood Insurance covering all of the lots when required or deemed necessary.

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

**Subsection 2.4:** Such other insurance as the Board of Directors may determine is necessary for the protection of the development, the Club, its Directors, officers and members.

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

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

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

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

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

- a. Fire insurance in an amount of not less than \$10,000.00 for the common areas, the amenities, and the improvements thereon;
- b. Public liability insurance in an amount of not less than \$300,000.00 covering all claims for personal injury arising out of one occurrence, and not less than \$100,000.00 covering all claims for property damage arising out of one occurrence.

Subsection 2.10 - REPAIR OR RECONSTRUCTION AFTER CASUALTY: In the event of damage to or destruction of any or all of the streets, common areas and amenities, and/or improvements to the common areas as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration of all damaged improvements. The Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the net insurance proceeds received by or payable to the Board of Directors shall constitute a common expense of the Club.

In the event of a repair or restoration of the improvements to the property and in the event that the net proceeds of insurance received by or payable to the Board of Directors

shall exceed the cost of such repair or restoration, then such excess shall be held by the Club in its Capital Improvement account.

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

**SECTION 3. - MAINTENANCE:** The Board of Directors shall provide for the upkeep, care, preservation, protection and maintenance of the common areas, amenities, and the improvements thereon, as follows:

- a. repair and repave, when necessary, all pavements existing upon the common areas;
- b. upkeep, maintain and preserve all grasses, lawn, trees, shrubs, gardens and other vegetation maintained upon the common areas, and
- c. repair, reconstruct, repaint, and maintain any and all other improvements, of whatever nature, made to the common areas and amenities.
- d. maintenance, as necessary, of the lakes within the recorded sections of Brittany Lakes as shown on recorded maps in the New Hanover County Registry.

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

**Subsection 3.2 - OWNERS' REPAIRS:** Any maintenance, repair, replacement, etc., to any of the common areas, amenities, or any of the improvements thereon, caused by the negligence, misuse, neglect or willful act of any owner, his family, tenants, guests or invitees shall be performed by the Club at the sole cost and expense of said owner, said cost and expense therefor to be added to said owner's annual assessment.

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

**SECTION 4. - FISCAL MANAGEMENT:** The Board of Directors shall, from time to time, and at least annually, prepare a budget for the Club, determining the projected annual costs to the Club of performing all of the duties of and fulfilling all of the obligations of the Club. These costs shall include all of the costs incurred by the Club in the performance of those duties and obligations outlined in the

Articles of Incorporation, applicable to the development, and Article III, Section 13, and Article V of these By-Laws, as well as the costs necessary for the efficient management of the Club (including amounts for an operations reserve and a capital improvements reserve, if deemed necessary by the Board of Directors). The budget, so prepared, shall be submitted to the membership of the Club for approval at the annual meeting of the membership. The proposed budget must be approved by a vote of at least fifty-one percent (51%) of the votes of the entire membership of the Club, represented in person or by proxy at such meeting.

**Subsection 4.1 - ANNUAL ASSESSMENTS:** After approval of the proposed budget of the Club, the Board of Directors shall assess each lot within the developments subject hereto an equal amount of the projected annual costs to the Club as described hereinabove, subject to the provisions of Article VI (6) hereof, hereinafter set forth. The Board of Directors shall cause the Secretary of the Club to provide each member of the Club a statement of the annual assessment against his lot in writing, stating the date payment thereof is due at least thirty (30) days prior to the due date. All assessments shall be due and payable on the date and in such installments, if allowed, as the Board of Directors may determine.

**Subsection 4.2 - NATURE AND ENFORCEMENT OF ASSESSMENTS:** The nature and enforcement of the collection of assessments is set forth in the Declaration of Restrictions for Brittany Woods, which are recorded or to be recorded in the New Hanover County Registry.

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

**Subsection 4.4 - MAXIMUM ANNUAL DUES ASSESSMENT:** Until January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual dues assessment shall be Three Hundred Sixty Dollars (\$360.00) per voting member (\$30.00 per month). Guest membership dues will be set by the Board of Directors for each year.

a. From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year not more than twenty percent (20%) above the maximum assessment for the previous year without a vote of the membership.

b. From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased above twenty percent (20%) by a vote of fifty one percent (51%) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

c. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, provided that the Board of Directors may increase the amount of the annual assessment to a maximum of Five Hundred Dollars (\$500.00) per member notwithstanding the provisions of subparagraphs a and b above, and thereafter the limitations set forth in said paragraph shall apply to any annual increase.

**SECTION 5. - RECORDS AND AUDITS:** The Board of Directors shall keep detailed records of the action of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the membership of the Club and financial records and books of accounts of the Club, including a chronological listing of receipts and expenditures, as well as a separate account for each lot which, among other things, shall contain the amount of each annual assessment, and other assessments, against each lot, the date when due, the amount paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenses of the Club shall be rendered by the Board of Directors to all members of the Club at least semi-annually. In addition, an annual report of the receipts and disbursements of the Club shall be rendered by the Board of Directors to all members of the Club who have requested the same, promptly but after the end of each fiscal year. Each member of the Club shall be permitted to examine all of the books and accounts of the Club at reasonable times on business days, but not more than once a month.

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

#### ARTICLE VI

##### Liens and Assessments

The Club has heretofore been given the authority to administer the operation and management of the areas and the amenities, if any, subject hereto, of the property, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all lots subject hereto to properly administer the operation and management of the areas and amenities, if any, subject hereto, the Club will incur, for the mutual benefit of all the owners of such lots, costs and expenses sometimes herein referred to as "common expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Club has heretofore been granted the right to make, levy and collect assessments against the members of the Club and their lots. In furtherance of this grant of authority to the Club to make, levy and collect assessments to pay the costs and expenses for the operation of, the management of, and for capital improvements to areas and amenities, if any, subject hereto, and all other improvements, the following shall be operative and binding upon the owners of all lots;

(1) The owner of any lot subject hereto, with the exception of CCD or TGI, by acceptance of a Deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Club:

(i) annual assessments or charges, and

(ii) special assessments for capital improvements or special assessments as established by the Board of Directors of the Club, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with the interest, costs, and reasonable attorney's fees, if any, shall be a charge on the lots and shall be a continual lien upon each lot against

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

(2) The assessments levied by the Club shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the property and in particular for the maintenance, repair and replacement of the areas and amenities, if any, subject hereto.

(3) The annual assessments for each calendar year shall be established by the Board of Directors, and may be increased by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed twenty percent (20%) of the maximum annual assessment of the previous year. The maximum annual assessment for any calendar year may be increased without limit by a vote of fifty one percent (51%) of the voting members who are voting in person or by proxy at a meeting called for this purpose.

(4) In addition to the annual assessments authorized above, the Club may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement to the areas and amenities, if any, subject hereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the vote of the voting members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed to the uniform rate for all lots and may be collected on a monthly basis.

(5) Written notice of any meeting called for the purpose of taking any action authorized under (4) shall be sent to all voting members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(6) The annual assessments provided for herein shall be collected on a monthly, quarterly or yearly basis as determined by the Board of Directors and shall commence as to all lots on the first day of the month following the conveyance of the first lot to an owner who is a Class A member, and thereafter as to all other owners on the first day of the month following the conveyance of a lot to any such owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

(7) Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowed by North Carolina law. The Club may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the lot and interest, costs, and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment.

(8) The lien herein granted unto the Club shall be enforceable from and after the time of recording a claim of lien in the public records of New Hanover County, North Carolina, which claim shall state the description of the lot encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall

be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Club. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or Deed of Trust and any person, firm, corporation or other entity acquiring title to any lot by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a lot by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all lots as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

(9) Upon default by the Club in the payment to any governmental authority entitled thereto of any ad valorem taxes levied against the areas and amenities, if any, subject hereto, owned by the Club which default shall continue for a period of six (6) months, each owner of a lot in the Development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of lots subject hereto. If such sum is not paid by the owner thirty (30) days following the receipt of notice of the amount due, then said sum shall become a continuing lien on the lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may bring either an action at law or may elect to foreclose the lien against the lot of the owner.

#### ARTICLE VII

##### First Annual Meeting

The first annual meeting of all Class A and B membership shall be by or before such time as seventy-five percent (75%) of the lots have been sold by TGI. That meeting shall be set by the initial Board of Directors established in accordance with the Articles of Incorporation and these By-Laws of the Club. At the initial annual meeting, three directors will be elected. At the next annual meeting held the following year a maximum of four new directors will be elected. Terms of all directors will be two years and will be staggered (three one year, four the next year).

##### Parliamentary Rules

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

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Amendments

These By-Laws may be amended in the following manner: (a) any member of the Club may propose any amendment or modification to these By-Laws by submitting the same in writing to the President of the Club, (b) in order to qualify for consideration by the Club, any such amendment or modification must be signed by at least twenty-five percent (25%) of the owners of the memberships in the Club; (c) upon receipt of such proposed amendment or modification, the President of the Club shall immediately follow the procedures outlined hereinabove under Article II, Section 6, entitled SPECIAL MEETINGS; (d) any such proposed amendment or modification in order to become a part of these By-Laws must be approved by seventy-five percent (75%) of the votes of the entire membership of the Club present in person or by proxy at such meeting; provided, however, that no amendment or modification shall discriminate against any owner, any lot class or group of owners, or lots unless all of the owners so affected so consent; and further, no amendment or modification shall change any lot, the common areas, nor increase any owner's assessments, nor change the voting rights of any members unless the owner or owners of the memberships or lots so affected and all holders of liens against such owner's or owners' lots shall approve in writing such amendment or modification.

ARTICLE VIII

Miscellaneous

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

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

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

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

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

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

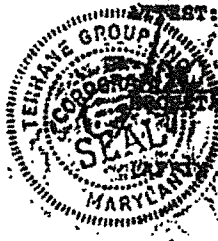
SECTION 7. - FISCAL YEAR: The fiscal year of the Club shall be the calendar year.

SECTION 8. - SEAL: The seal of the Club shall be in such form as shall be approved from time to time by the Board of Directors of the Club.

IN WITNESS WHEREOF, the President of the Club and the Secretary thereof do hereby certify that this is a true copy of the duly enacted By-Laws of BRITTANY LAKES CLUB, INC., this 1st day of JUNE, 1990.

BRITTANY LAKES CLUB, INC.

BY: *Terrence W. Bache*  
PRESIDENT



CORPORATE SEAL

STATE OF NORTH CAROLINA  
COUNTY OF NEW HANOVER

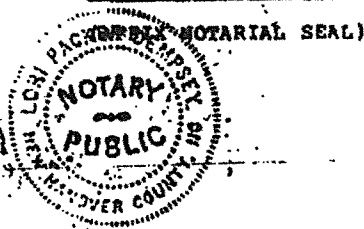
I, Lori Parker Dempsey, a Notary Public in and for the State and County aforesaid, do hereby certify that James M. Packer personally appeared before me this day and acknowledged that he is the Secretary of BRITTANY LAKES CLUB, INC., a North Carolina Nonprofit Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its president, sealed with its corporate seal, and attest by himself self as its Secretary.

Witness my hand and notarial stamp or seal, this the 1 day of June, 1990.

Lori Parker Dempsey  
Notary Public

My Commission Expires:

12/26/94



STATE OF NORTH CAROLINA  
New Hanover County  
The Foregoing/Annexed Certificate(s) of

Lori Parker Dempsey  
Notary (Notaries) Public is/are certified to be correct.

This the 12 day of June, 1990  
Rebecca F. Tucker, Register of Deeds

By [Signature]  
Deputy/Assistant