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STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR  
THE RIVERSIDE SUBDIVISIONS, FILED FOR REGISTRATION  
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THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RIVERSIDE I, RIVERSIDE II and RIVERSIDE III Subdivisions situate in Lockwood Folly Township and shown and described in those certain survey plats recorded in Map Cabinet H, at Page 377, in Map Cabinet L, at Page 53, in Map Cabinet M, at Pages 237, 238, 258 and 338, in Map Cabinet N, at Page 233, in Map Cabinet Q, at Page 193, in Map Cabinet H at Page 318, in Map Cabinet W, at Page 377, in Map Cabinet Y, at Page 272 and in Map Cabinet Z, at Page 70, in the office of the Brunswick County, North Carolina Registry, by the undersigned owners of lots in these subdivisions and by Wildcat, Inc., a North Carolina Corporation, the developer of these subdivisions (hereinafter referred to as Declarants").

W I T N E S S E T H T H A T :

WHEREAS Declarants are the owners of certain real property located in Riverside I, Riverside II and Riverside III Subdivisions, situate in Brunswick County, North Carolina; and

WHEREAS Declarants have caused a non-profit property owners' association, RIVERSIDE PROPERTY OWNERS ASSOCIATION, INC., to be incorporated and organized for the purpose of owning and maintaining the roadways and other common areas of the Riverside I, Riverside II and Riverside III Subdivisions; and

WHEREAS Declarants desire to subject any and all property which they own in these subdivisions to the provisions of this Declaration to provide a flexible and reasonable method for making assessments to finance the administration and maintenance of such common property; and

WHEREAS, the Declarants desire that other property owners in the Riverside I, Riverside II and Riverside III subdivisions subject their properties to this Declaration of Restrictive Covenants;

NOW, THEREFORE, Declarants hereby declare that any and all of the property now owned by them, in the Riverside I, Riverside II and Riverside III Subdivisions shall be subjected to this Declaration, shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of these lands and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with the title to the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in these described properties or any portion of them. This instrument also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns of the Declarants, and shall inure to the benefit of anyone who purchases or takes an interest in real property within the lands subject to this instrument.

RET M. Lewis  
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REC# 17 CK AMT 54.00 06.80  
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ARTICLE I

DEFINITIONS

Section 1. Definitions.

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have all the following meanings, and all definitions shall be applicable to the singular and plural forms of any such term(s):

1.1 "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Riverside Property Owners Association, Inc., as it may be constituted or amended from time to time.

1.2 "Assessment" shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided. The term "Assessment" may include Special Assessment and Segment Assessment as herein provided.

1.3 "Association" shall mean and refer to Riverside Property Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

1.4 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association.

1.5 "Bylaws" shall mean and refer to the Bylaws of the Association, as the same may be amended from time to time.

1.6 "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of all Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws, and the Articles of Incorporation.

1.7 "Common Properties" shall mean and refer to all real property, together with any improvements thereon, and to all personal property, now or hereafter owned by or leased to the Association or with respect to which the Association holds an easement for the use, care or maintenance thereon or held for the common use and enjoyment of some or all of the Owners as provided herein and/or for other purposes as may be permitted by this Declaration. Provided, however, that any properties that are leased to the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such

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lease. "Common Properties" shall include "Limited Common Properties" except where the context otherwise provides. "Common Properties" shall further include that property designed as "Common Area(s)" on plats, maps, drawings, or documents pertaining to the Development.

1.8 "Declarants" shall mean and refer to Wildcat, Inc., a North Carolina Corporation, the other signatories hereto and other owners of land within the Riverside Subdivisions who may subsequently subject their property to this Declaration.

1.9 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for the Riverside Subdivisions and all supplements or amendments to it as filed for record in the office of the Register of Deeds of Brunswick County, North Carolina.

1.10 "Developer" shall mean and refer to Wildcat, Inc., a North Carolina Corporation.

1.11 "Development" shall mean and refer to those tracts or parcels of land described on the above-referenced survey plats, together with all improvements constructed thereon.

1.12 "Lease" shall mean and refer to any lease, sublease or rental contract, whether oral or written, and for a term of hours, days, months or years.

1.13 "Limited Common Properties" shall mean those portions of the Common Properties reserved for the use of a particular Owner or group of Owners to the exclusion of other Owners and which are designated "Limited Common Properties" on the recorded plat showing such property.

1.14 "Member" shall mean and refer to all those Owners who are Member of the Association as defined in Section 1 of Article II.

1.15 "Mortgage" with an initial capital letter, shall mean and refer to a mortgage, deed of trust, installment land sales contract and security agreement or other similar security instrument granting, creating or conveying a lien upon, a security interest in, or a security encumbered title to any lot or parcel of land in the Development.

1.16 "Mortgagee" with an initial capital letter, shall mean and refer to the holder of a Mortgage.

1.17 "Owner" shall mean and refer to the Owner as shown on the real estate records of Brunswick County, North Carolina, whether it be one or more Persons, firms, associations, corporations or other legal entities of fee simple title to any lot or parcel of land in the Development, but shall not mean any Mortgagee, his or its successors or assigns, unless and until such

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Mortgagee has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is of record a deed granting one or more parties a life estate in any lot or parcel of land in the Development, the Owner of such lot or parcel of land in the Development shall be the holder or holders of the life interest, regardless of who holds the interest. In the event that there is of record a long-term contract of sale covering any lot or parcel of land in the Development, the Owner of such lot or parcel of land in the Development shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond nine (9) months from the date of the contract and where the purchaser does not receive title to the property until such payments are made in full but the purchaser is given the use of said property in the interim.

1.18 "Person" shall mean and refer to a natural person, corporation, partnership, association, proprietorship, trust or any other legal entity or any combination thereof.

1.19 "Residential Lot" shall mean any subdivided or resubdivided, unimproved parcel of land located within the Development which is intended for use as a site for a single-family dwelling, whether detached or attached as shown upon any recorded subdivision map of any part of the Development.

## ARTICLE II

### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. All Declarants hereto, for so long as he/she/they/it shall be an Owner (Owners), and every other Owner who subjects his/her/their/its property within the Riverside I, Riverside II and/or Riverside III Subdivisions to this Declaration shall be a Member of the Association. Ownership of a Residential Lot within the Riverside I, Riverside II and/or Riverside III Subdivisions, subject to this Declaration, shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of the property which is subject to this Declaration and to assessment by the Association. The Association may promulgate reasonable rules relating to the proof of ownership.

#### Section 2. Voting Rights.

The Association shall have only one type of regular voting membership:

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Members shall be all Owners, with property in one of the Riverside Subdivisions, subject to this Declaration. These Members shall be entitled to one (1) vote for each Residential Lot, subject to this Declaration, that he/she/they/it owns.

Payment of Special or Segment Assessments shall not entitle Members to additional votes.

The vote of the Owners of a lot or parcel of property owned by more than one person shall be cast by the one person named in a certificate signed by all of the Owners of such property and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, or for any other purpose.

The voting rights of any Owner may be assigned by said Owner to his lessee by giving written notice to the Secretary of the Association; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

#### Section 3. Governance.

Initially, the Association shall be governed by a Board of Directors consisting of seven (7) members. In subsequent years the number of directors shall be determined as provided in the Bylaws.

### ARTICLE III

#### PROPERTY RIGHTS IN THE COMMON PROPERTIES

##### Section 1. Conveyance of Common Properties to the RIVERSIDE PROPERTY OWNERS ASSOCIATION, INC.

The common properties to be administered and maintained by the RIVERSIDE PROPERTY OWNERS ASSOCIATION, INC. are any properties deeded to the RIVERSIDE PROPERTY OWNERS ASSOCIATION, INC. as of the date hereof or subsequent to the date hereof County, North Carolina Registry, same being incorporated by reference herein.

The Association is responsible for all of the maintenance and administration of such properties as well as any and all future common property it may obtain.

##### Section 2. Members Easements of Enjoyment in Common Properties.

Subject to the provisions of this Declaration, the Articles

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of Incorporation, Bylaws, rules and regulations of the Association, and any fees or charges established by the Association, every Member and every family member, guest, invitee, licensee, lessee, transient paying guest, and tenant of a Member ("Authorized User") shall have a right of easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Member's Residential Lot.

Section 3. Extent of Members' Easements.

The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties.

(b) The right of the Association to make and enforce reasonable rules and regulations for the use and enjoyment of the Common Properties. Sanctions for violation of rules and regulations may include monetary fines (in an amount not to exceed those allowed by law), and suspension of the voting rights and easements of enjoyment of any Member or tenant or Authorized User for any period during which the payment of any Assessment against property owned by such Member remains delinquent and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment, and provided that the Association shall not suspend the right to use any road belonging to the Association, subject to the rules and regulations, if any, established by the Association. for such use.

(c) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties, and any facilities included therein, provided, however, that such rights of the Association shall not be construed to impair or qualify an Owner's rights of ingress and egress to his property.

(d) The right of the Association to place any reasonable restrictions upon the use of the Association's roadways, subject to an Owner's right of ingress and egress, including, but not limited to, the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said road, any other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. the fact that such restrictions on the use of the roads shall be more restrictive than the laws of the State of North Carolina or the local government having jurisdiction over the Development shall not make such restriction unreasonable.

(e) The right of the Association, by its Board of

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Directors, to dedicate or transfer to any public or private utility, drainage and utility easements on any part of the Common Properties.

(f) The right of the Association to dedicate, give or sell all or any part of the Common Properties, including leasehold interests, to any public agency, municipal authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or conditions thereof shall be effective unless such dedication, transfer and determination shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association. A true copy of such resolution, together with a certificate of the results of the vote taken thereon, shall be made and acknowledged by the President and Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

(g) The rights of reversion of the lessor of any Common properties leased by the Association upon expiration of the lease.

#### ARTICLE IV

##### COVENANTS FOR ASSESSMENTS

###### Section 1. Creation of the Lien and Personal Obligations of Assessments.

The Declarants covenant, and each owner, whether or not it shall be so expressed in the deed or other conveyance to such Owner, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association (i) Annual Assessments or charges, (ii) Special Assessments, and (iii) Segment Assessments for the purposes set forth in this Article (collectively the "Assessments") such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with interest, late fees thereon and costs of collection therefor, (including reasonable attorney's fees) shall be a charge and continuing lien on the real property and improvements thereon against which each Assessment is made. Each such Assessment, together with interest, late fees and costs shall also be the personal obligation of the person who was the Owner of such real property at the time the Assessment first became due and payable. In the case of co-ownership, all co-owners shall be jointly and severally liable for the entire amount of the Assessment; provided the Developer shall not be liable for any assessments in consideration for its prior maintenance of the common properties of the Riverside Subdivisions.

###### Section 2. Purposes of Assessments.

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The Annual Assessments levied by the Association shall be used for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, the payment of Common Expenses and the provision of services which the Association is authorized to provide. Special Assessments and Segment Assessments shall be used for the purposes provided herein.

Section 3. Application of "Maximum" Annual Assessment.

The Maximum Annual Assessment, as set forth in the schedule below, and as may be increased pursuant to the provisions of subparagraph (c) below, shall be levied by the Association. If, however, the Board of Directors, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Annual Assessment less than the maximum set out below, it may levy such lesser Annual Assessment. The levy of the Maximum Annual Assessment less than the Maximum Annual Assessment in any one year shall not affect the Board's right to levy the Maximum Annual Assessment in subsequent years. If the Board of Directors shall levy less than the Maximum Annual Assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by majority vote, levy a Supplemental Annual Assessment. In no event shall the sum of the initial Annual Assessment and Supplemental Annual Assessment for that year exceed the applicable Maximum Annual Assessment.

(a) The Maximum Annual Assessment shall be the sum of \$50.00 through January 1, 1999.

(b) From and after January 1, 1999, the Maximum Annual Assessment may be increased each year by the Board of Directors by up to fifteen percent (15%) per year over the previous year. From and after January 1, 1999, the Maximum Annual Assessment may be increased above fifteen percent (15%) by a vote of two-thirds (2/3) of each Type of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Date of Commencement of Annual Assessments. Due Dates.

Persons becoming Members after January 1 of each year shall pay Assessments prorated as of the date of initial membership.

(a) The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Residential Lot, subject to this Declaration, as provided hereinabove, and shall at that time direct the preparation of an index of the properties and Annual Assessments applicable thereto which shall be open to inspection by any Member. Written notice of Annual Assessments shall thereupon be sent to every Member subject thereto.

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(b) The Annual Assessment shall be billed monthly, quarterly, semi-annually or annually, as determined by the Board of Directors in its discretion. All assessment bills shall be due and payable fifteen (15) days from the date of mailing. The Board of Directors may provide for annual or monthly payments if the Board, in its discretion, determines that such is best for the Association.

(c) The Board of Directors may set a late fee which shall be charged to Owners who have not paid their Assessments within ten (10) days of the date due. Such late fee shall be charged on each subsequent due date until the Annual Assessments are current, however, the same may not exceed 4% of the amount of the assessment. In addition, past due Assessments shall be subject to interest at the legal rate.

(d) The Association shall, upon demand at any time, furnish to any Owner liable for Assessments a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. As to all but the Owner, such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

#### Section 5. Special Assessments for Improvements and Additions.

In addition to the Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments for the following purposes:

(a) To construct or reconstruct, repair or replace capital improvements upon the Common Properties, including any fixtures and personal property related thereto;

(b) To make additions to the Common Properties;

(c) To provide for the necessary facilities and equipment to offer the services related thereto;

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and

(e) For any other purpose deemed necessary or desirable by the Board.

Such Special Assessment, before being charged, must have received the assent of two thirds (2/3) of the votes of all Members at a duly called meeting of the Association, present in person or by proxy or responding to a mail referendum within thirty (30) days of mailing. The mail referendum shall include one statement from the Director(s) favoring the Special Assessment and one statement from the Director(s) opposing Special Assessment, if any, containing the reasons for those Directors' support or opposition for the Special Assessment. Neither statement shall

exceed five (5) pages in length.

This provision shall be interpreted to mean that the Association may make, in any one year, one or more Special Assessments. Such Special Assessments in any one year may not exceed a cumulative sum equal to the amount of the Maximum Annual Assessment for such year except for emergency or other repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an Annual Assessment for an amount up to the permitted Maximum Annual Assessment shall not affect its right to make Special Assessments during the year.

Special Assessments shall be due and payable thirty (30) days from the date of written notice thereof is sent to an Owner. The Board of Directors may allow installment payments of Special Assessments.

#### Section 6. Segment Assessments.

In addition to the Annual Assessments and Special Assessments authorized in the Article, the Association is hereby empowered to levy assessments to be used for the benefit and/or operation of a particular portion or segment of the Development, the payment of which assessment shall be borne by the Owners within such segment only; such assessment being herein referred to as a "Segment Assessment". A Segment Assessment can only be levied after a determination that the affected segment of the Development has such need of a particular addition of improvement as would justify the expenditure therefor by the Owners who would be assessed and who would enjoy the benefits of such improvement or addition and/or the operation thereof. Such Segment Assessment, before being charged, must have received the assent of a majority of the votes of each Type of Member at a duly called meeting of the Association, present in person or by proxy or responding to a mail referendum within thirty (30) days of mailing. The mail referendum shall include one statement from the Directors favoring the Segment Assessment and one statement from the Director(s) opposing the Segment Assessment, if any, containing the reasons for those Directors' support or opposition for the Segment Assessment. Neither statement shall exceed five (5) pages in length. The proportion of each Segment Assessment to be paid by the affected Owners of the various types of assessable property shall be in proportion to the payment of Annual Assessments.

If a Segment Assessment is made for an improvement or addition which requires a continuing Segment Assessment for maintenance and/or operational costs, then those Members subject to the levy of the Segment Assessment may discontinue and abolish such Segment Assessment if a majority of such Members so vote in a referendum held during the second or any subsequent year of such a continuing Segment Assessment. Should any costs result from the removal of any addition or improvement where a particular Segment Assessment is discontinued, such costs shall be funded by the

Segment Assessment before its discontinuance.

Section 7. Reserve Funds.

The Association may establish reserve funds from its Annual Assessments to be held in reserve for (a) major rehabilitation or major repairs, (b) emergency or other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance, (d) replacement of, and capital improvements to, the Common Properties, and (e) initial costs of any new service to be performed by the Association.

Section 8. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien: Remedies of Association.

Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same and there shall be added to the amount of such Assessment late fees, interest and the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall also include reasonable attorney fees together with the costs of the action.

In addition, the lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of Brunswick County, North Carolina, which claim shall state the description of the property 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 claim of lien shall include only Assessments which are due and payable when the claim of lien is recorded, plus interest, late fees, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claim of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

The lien 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, including but not limited to, by power of sale pursuant to Article 2A of Chapter 45 of the North Carolina General Statutes. 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, and the Association shall be entitled to interest at the highest rate allowed by law on any such advances made for such purposes.

All persons, firms or corporations who shall acquire, by

whatever means, any interest in the ownership of any property subject to Assessment, 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 expressly subject to such lien rights.

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

Section 9. Subordination of the Lien to Mortgage.

The lien provided for herein shall be subordinate to the lien of any first Mortgage. Sale or transfer of any Residential Lot, shall not affect the lien; provided, however, the sale or transfer by virtue of any foreclosure of a first Mortgage, deed in lieu of foreclosure of a first Mortgage, or judicial sale relating to a first Mortgage, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such property from liability or liens arising from Assessments thereafter becoming due.

Section 10. Exempt Property.

The following property, individuals, partnerships or corporations, subject to this Declaration shall not be subject to any Assessment, charge or lien created herein, solely by virtue of the interests described in this Section 10:

- (a) The grantee in conveyances made for the purpose of granting utility easements;
- (b) The grantee in any conveyance made to a utility corporation;
- (c) Any portion of the Development dedicated to and accepted by a local public authority, and;
- (d) All Common Properties;

provided no land or improvements devoted to use as a Dwelling shall be exempt.

No Owner of any property subject to Assessments may exempt himself/herself/itself from liability for any Assessment levied against him or his property by waiver of the use or enjoyment of his property, or in any other way.

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ARTICLE V

FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties.

The Association shall be authorized, but not required, to lease, own and/or maintain Common Properties, equipment, furnishings and improvements for providing any of the services which the Association is authorized to provide under Section 2 of this Article.

Section 2. Services.

The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the management and control of the Common Properties and all improvements thereon (including furnishings and equipment related thereto), and shall maintain them in good, clean, attractive, and sanitary condition, order, and repair pursuant to the terms and conditions hereof.

These responsibilities shall include, but are not limited to, operation, maintenance, repair, and replacement, subject to any insurance then in effect, of (i) all landscaping and other flora, structures, and improvements situated upon the Common Properties; and (iii) the private streets within the Development.

The Association shall be authorized but not required to provide the following services:

(a) Lighting of entrances, roads, boardwalks, sidewalks and walking paths;

(b) Garbage and trash collection and disposal;

(c) Insect and pest control to the extent that it is necessary of desirable in the judgment of the Board of Directors to supplement any service provided by the state and local governments;

(d) Construction or replacement of improvements to Common Properties for use for any of the purposes provided herein or as may be required to provide the services authorized in this Article;

(e) Provision of administrative services including, but not limited to, legal, accounting and financial, and communication services informing Members of activities, notice of meetings and referenda, incident to the above listed services; and

(f) Such other services as may be necessary or desirable in the judgment of the Board of Directors to carry out the Association's obligations and business under the terms of this Declaration;

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Any of the services listed above may be provided by the Association or by another person or entity with whom the Association contracts for such purpose.

Section 3. Insurance.

The Board of Directors shall procure and maintain insurance covering the Association, its directors, officers, agents and employees and procure and maintain adequate hazard insurance on the real and personal property owned by the Association as follows:

(a) A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundations, excavations, streets and parking facilities) of the Common Properties (including all building service and related equipment) with an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement. Such insurance policy must protect against loss of damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition; vandalism, malicious mischief and windstorm. If coverage is available, the policy may include coverage for water damage.

(b) A comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damages arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and if available, may include coverage for water damage and such other risks as shall customarily be covered with respect to projects similar in construction, location and use to the Development.

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(c) The Board of Directors shall maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the officers or Directors of the Association can and do directly receive or disburse the monies of the Association), then the Board of Directors shall provide the coverage set forth in this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association.

(d) If any portion of the Common Properties is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and for which flood insurance has been made available by the National Flood Insurance Program, a "blanket" policy of flood insurance must be maintained by the Association in the amount of one-hundred (100%) percent of the current replacement cost of all buildings and other insurable property on the Common Properties or the current replacement cost of all buildings and other insurable property on the Common Properties or the maximum limit of coverage available for such property under the National Flood Insurance Act of 1968, as amended, whichever is less.

(e) Any insurance coverage obtained by the Association under the provisions of this Article shall be subject to the following provisions and limitations:

(i) The named insured under any such policies shall be the Association, as attorney-in-fact for the Owners, or its authorized representative, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor trustee (each of which is sometimes referred to in this Section as the "Insurance Trustee") who shall have exclusive authority to negotiate losses under such policies.

(ii) In no event shall the insurance coverage

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obtained and maintained pursuant to such sections be brought into contribution with insurance purchased by the Owners, occupants, or their Mortgagees.

(iii) The policies shall provide that coverage shall not be prejudiced by (a) any act or neglect of the Owners when such act or neglect is not within the control of the Association, or (b) by failure of the Association to comply with any warranty or condition with regard to any portion of the Development over which the Association has no control.

(iv) The policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all Mortgagees and insureds named therein provided said Mortgagees and insureds have requested the same in writing.

(v) The policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association and any Owner and their respective agents, employees, or tenants, and of any defenses based upon co-insurance or upon validity arising from the acts of the insured.

(vi) All policies of property insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party or any requirement of law.

(vii) All policies shall be written with a company licensed to do business in North Carolina and holding a rating of B/VI or better in the financial category as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most clearly equivalent rating.

(viii) All casualty insurance policies shall have an inflation guard endorsement. If reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Brunswick County, North Carolina area.

(ix) No policy may be cancelled, invalidated, or suspended on account of the conduct of any member of the Board of Directors, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee.

(f) To the extent obtainable at reasonable cost, appropriate officers' and directors' personal liability insurance shall be obtained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

(g) The Association shall obtain worker's compensation insurance if the same is required by law.

(h) The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 4. Maintenance Easement. The Association, any director or manager, and their respective officers, agents, employees, and assigns shall have an easement upon, across, over, in and under any Residential Lot subject to this Declaration, as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to this Declaration. The Association shall not unreasonably interfere with the rights of the Owners in the exercise of this right.

#### Section 5. Obligation of the Association.

The Association shall not be obligated to carry out or offer any of the functions and services except as specified by the provisions of this Article. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors taking into consideration the funds available to the Association and the needs of the Members. The functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of a majority of the votes of the Members at a duly called meeting present in person or by proxy or responding to a referendum conducted by the Board of Directors under the same procedures as for a Special Assessment.

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ARTICLE VI

GENERAL PROVISIONS

Section 1. Enforcement.

The Association, Declarants, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, Declarants, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Rights of Lenders and Insurers of First Mortgages.

"Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on real property, and eligible insurers and governmental guarantors.

So long as any Institutional Lender shall hold any first lien upon any property within the Development, or shall be an Owner, such Institutional Lender shall have, upon written request, the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration, the Articles of Incorporation of Bylaws or for any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation loss or casualty loss which affects a material portion of the Common Properties.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Properties, other than those specific rights

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vested in the Association under Article III hereof.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning property encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

The Association shall keep a separate regiter of all Institutional Lenders who have made written request pursuant to this Section.

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### Section 3. Term.

The covenants, conditions and restrictions of this Declaration shall run with the land and bind the property, and shall inure to the benefit of and be enforceable by the Association, Declarants, or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by two-thirds (2/3) of the then Owners, has been recorded within the year preceding the beginning of such successive period of ten (10) years agreeing to terminate the same, in which case this Declaration shall be terminated as specified therein.

### Section 4. Amendments.

This Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing seventy-five (75%) percent of the total Members. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Brunswick County, North Carolina.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of Declarants or his/her/their/its assignees of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by a Mortgagee or impair the rights granted to Mortgagees herein without the prior written consent of such Mortgagees.

### Section 5. Certification and Recordation of Amendment.

Any instrument amending this Declaration shall be delivered, following approval by the Owners (to the extent that Owner approval is required by the provisions of this Declaration), to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

(a) Reasonably assure itself that the amendment has been duly approved by the Owners (to the extent required) as provided in Section 4 of this Article.

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the

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Association and notarized in the manner required for corporate real property conveyance.

(c) Within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Brunswick County Registry.

#### Section 6. Effect and Validity of Amendments.

All amendments shall be effective from the date of proper recordation in the Brunswick County Registry. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors and recorded as provided in this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment.

#### Section 7. Interpretation.

The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration and to construe and interpret its provisions, and the Board's determination, construction or interpretation shall be final and binding.

#### Section 8. Severability.

Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

#### Section 9. Authorized Action.

All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors in a manner provided in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

#### Section 10. Notice.

Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby give, when mailed, with the proper first class postage affixed, to the address appearing on the Association's membership list. Notice to one of two or more co-owners or co-tenants shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day

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in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 11. Other Agreements.

Notwithstanding anything contained herein to the contrary, all of the provisions of these covenants shall be subject to and conform with the provisions of:

- (a) Any and all Zoning, Subdivision or other Ordinances of Brunswick County, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;
- (b) The restrictive covenants as the same may from time to time hereafter be amended or modified;
- (c) Any and all conditions imposed by authorities of Brunswick County; and
- (d) Any and all state or federal regulations.

Section 12. Manager.

The Association may employ or contract for the services of a manager, provided that no such employment shall be by a contract having a term of more than three years, and each such contract shall be subject to cancellation by the association on 90 days or less prior notice without cause and without payment of a termination fee. The Board shall not be liable for any omission or improper exercise by a manager of any duty, power, or function delegated by written instrument executed by or on behalf of the Board.

ARTICLE VII

DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each Type of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, the undersigned Declarants have caused these presents to be executed this 5th day of February.

DK1212 PG0387

1998.

WILDCAT, INC.

By: Kyle Caison  
Kyle Caison, President



Shella H. Caison  
Shella Caison, Secretary  
(CO-REGISTRAR SEAL)

James Robert Jones (Seal)  
JAMES ROBERT JONES

Charlene Carol Jones (Seal)  
CHARLEEN CAROLE JONES

Charles M. Parker (Seal)  
CHARLES M. PARKER

Joyce M. Parker (Seal)  
JOYCE M. PARKER

Jerry Marinella (Seal)  
JERRY MARINELLA

Diane Marinella (Seal)  
DIANE MARINELLA

HOWARD T. RING (Seal)

REBECCA B. RING (Seal)

ANTHONY F. MERKLINGER (Seal)

ANDREA G. MERKLINGER (Seal)

JOHN D. PETTIGREW (Seal)

DONNA P. PETTIGREW (Seal)

GERALD DUANE ROBERTS (Seal)

JUDY ANN ROBERTS (Seal)

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

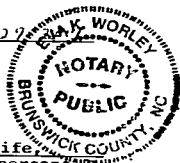
(Seal)

(Seal)

BK 1212 PG 0388

STATE OF NORTH CAROLINA, BRUNSWICK COUNTY

I, a Notary Public in and for the County and State

aforesaid, certify that SHELBA CAISONpersonally came before me and acknowledged that s he is  
Secretary of WILDCAT, INC., a  
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 her as its  
Secretary. WITNESS my hand and official stamp or seal this  
16 day of March, 1998.Eva K. Worley  
Notary Public  
(Notary Seal)My Commission Expires: 12-27-2002

STATE OF NORTH CAROLINA, BRUNSWICK COUNTY

I, a Notary Public in and for the County and State

aforesaid, certify that JAMES ROBERT JONES and wife,CHARLEEN CAROLE JONES personally  
appeared before me this day and acknowledged the due  
execution of the foregoing instrument. WITNESS my hand and  
official stamp or seal this 6 day of March, 1998.Dottie Pate  
Notary Public  
(Notary Seal)OFFICIAL SEAL  
North Carolina - Brunswick County  
DOTTIE PATE  
NOTARY PUBLICMy Commission Expires: 5/9/2002

STATE OF NORTH CAROLINA, BRUNSWICK COUNTY

I, a Notary Public in and for the County and State

aforesaid, certify that CHARLES M. PARKER and wife,JOYCE N. PARKER personally  
appeared before me this day and acknowledged the due  
execution of the foregoing instrument. WITNESS my hand and  
official stamp or seal this 9 day of March, 1998.Dottie Pate  
Notary Public  
(Notary Seal)My Commission Expires: 5/9/2002OFFICIAL SEAL  
North Carolina - Brunswick County  
DOTTIE PATE  
NOTARY PUBLIC

STATE OF NORTH CAROLINA, BRUNSWICK COUNTY

I, a Notary Public in and for the County and State

aforesaid, certify that JERRY MARINELLA and wife,DIANE MARINELLA personally  
appeared before me this day and acknowledged the due  
execution of the foregoing instrument. WITNESS my hand and  
official stamp or seal this 6 day of March, 1998.Dottie Pate  
Notary Public  
(Notary Seal)My Commission Expires: 5/9/2002OFFICIAL SEAL  
North Carolina - Brunswick County  
DOTTIE PATE  
NOTARY PUBLICSTATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICKThe Foregoing (or annexed) Certificate(s) of Dottie PateNotary(ies) Public is (are) Certified to be Correct.  
This Instrument was filed for Registration on this  
in the Book and Page shown on the First Page hereof.1stDay of April

, 1998.

Robert J. Robinson  
ROBERT J. ROBINSON, Register of Deeds