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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
AIRLIE YACHT CLUB**

RETURN TO Eugene Davis

DRAWN BY Eugene Davis

MARCH 2006

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
AIRLIE YACHT CLUB

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 31st Day of March, 2006 by THOMAS R. DICKEY and wife, JANICE T. DICKEY, hereinafter collectively, jointly, and severally referred to as "Declarant."

STATEMENT OF PURPOSE

Declarant is the owner of certain property in New Hanover County, North Carolina which is more particularly described in a deed recorded in Book 4485, Page 548, in the office of the Register of Deeds of New Hanover County, North Carolina, reference to which is hereby made. Declarant desires to create thereon a private yacht club, to be named Airlie Yacht Club, with a marina and clubhouse.

Declarant desires to insure the attractiveness of Airlie Yacht Club and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all property within Airlie Yacht Club and to provide for the maintenance and upkeep of all Common Areas in Airlie Yacht Club. To this end the Declarant desires to subject the property described herein, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each Member thereof.

Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and facilities in Airlie Yacht Club, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created in order to efficiently preserve, protect and enhance the values and amenities in Airlie Yacht Club, to insure the members' enjoyment of the specific rights, privileges and easements in the Common Area, and to provide for the maintenance and upkeep of the Common Area. Declarant has or will cause to be incorporated under North Carolina law Airlie Yacht Club, Inc., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property described herein, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set for in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in such real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Airlie Yacht Club, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 3. "Boat Slip" shall mean and refer to designated dockage space for a pleasure boat or craft within the easement issued by North Carolina Department of Administration to Declarant

Section 4. "Bylaws" shall mean and refer to the bylaws of the Association attached to and recorded this Declaration as Exhibit "A", as the same may be amended from time to time.

Section 5. "Charter Member" shall mean and refer to Declarant, a North Carolina corporation.

Section 6. "Common Area" shall mean all property including the improvements thereto owned by the Association for the common use and enjoyment of the members of the Association.

Section 7. "Declarant" shall mean and refer to Declarant, and also shall mean and refer to any person, firm or corporation which shall be a successor or assign of Declarant and also be designated as a Declarant by Declarant

Section 8. "Map" shall mean and refer to the map of the Existing Property (as defined in Article II, Section 1 hereof) as recorded in Map Book 49, Page 357, in the New Hanover county Registry and the maps of any additions to the Existing Property which may be recorded by Declarant in the New Hanover County Public Registry hereafter.

Section 9. "Marina" or "Marina Facility" shall mean and refer to that certain facility, including pilings, piers, docks, and appurtenances thereto, for the docking of pleasure boats and crafts, located or to be located in the navigable waters of the Intracoastal Waterway immediately adjacent to the high land comprising the Existing Property as shown on the Map.

Section 10. " Member" shall mean and refer to every person or entity who holds membership in the Association, whether by gift, purchase, foreclosure or the exercise of rights as a secured creditor or pledge or transfer in lieu thereof.

Section 11. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof, and such additions thereto as may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

Section 12. "Yacht Club" shall refer to Airlie Yacht Club, as shown on the Map, and may include future development of Boat Slips, additional buildings and appurtenant facilities.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF AIRLIE YACHT CLUB, INC.

Section 1. Existing Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in New Hanover County, North Carolina, and is more particularly described on the Map. Declarant shall not modify or recombine Boat Slips in such a fashion as shall reduce the total number of boat slips to less than twenty -six (26).

Section 2. Additions to Existing Property.

(a) Additional property which is contiguous to the Existing Property or any land previously added to the Existing Property may be brought within the scheme of this Declaration and the jurisdiction of the Association by Declarant, in future stages of development, with the consent and approval of either a majority of the Members or the Board of directors (by a simple majority vote), provided that such annexations occur within five (5) years after the date of the filing of this instrument.

(b) The additions authorized under subsection (a) above shall be made by filing Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties in the New Hanover county registry which shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined. Provided, however, that the Declarant specifically reserves the right to amend or modify any portion or portions of these covenants, conditions, and restrictions as the same may be made applicable to such additional

properties.

ARTICLE III

DISCLOSURES AND DISCLAIMERS BY DECLARANT

Section 1. Status of Marina Facility. The Marina Facility is located upon navigable waters and exists solely in accordance with the terms of such permits as have been issued, and remain in effect, by agencies of the United States of America and the State of North Carolina. All rights in and to said Marina Facility and all improvements related thereto are subject to the terms and conditions of such permits, compliance with such terms and conditions, and the continued existence, effectiveness, and renewal (if required) of such permits. In accordance with state regulations and permits, the Marina Facility is a "closed-head", "non live-aboard" marina. Each Member, by acceptance of membership, acknowledges these disclosures by Declarant and agrees to accept membership subject thereto.

ARTICLE IV

MEMBERS AND RIGHTS OF MEMBERSHIP

Section 1. Classes of Membership. There shall be two (2) classes of members and memberships: Charter and Class A which shall be considered the personal property of the respective members. The various rights and characteristics of said classes of membership shall be as set forth below in the Article.

Section 2. Charter Membership. In consideration for the establishment of the Yacht Club, the Association shall issue and assign to the Charter Member the Charter Membership rights for each and every such membership in the Association. Said Charter Memberships shall be freely transferable by the Charter Member without any application or approval. Upon transfer of any such Charter Membership by the Charter Member to another person, partnership, corporation, or other entity, such membership shall immediately cease to be a Charter Membership and shall automatically convert to a Class A membership. Further, the Charter Member shall have the right, as its sole option, to so convert any Charter Membership at any time upon notice to the Association.

Section 3. Class A Membership. Each Class A membership shall entitle such Member to the exclusive use and enjoyment of one (1) particular Boat Slip as identified on the membership certificate or license. Each Class A Member shall have the exclusive right, subject to the provisions hereof and the provisions of the Bylaws and Rules and Regulations issued pursuant hereto, to occupy, possess and lawfully use that particular Boat Slip identified on such membership certificate or license. Each Class A Member shall also have those Common Area rights and voting rights set forth below in this Article.

Section 4. Common Area Rights. Each Member shall have a non-exclusive right of easement of enjoyment in and to the Common Area, subject to the rights of the Association:

1. to assign particular Class A Members the right to the exclusive use and enjoyment of Boat slips.
2. to limit the number of guests of members.
3. in accordance with its Articles and By-laws, to borrow money for the purpose of improving the Properties, Common Area and facilities.
4. to suspend all rights of any Member for any period during which an assessment against such Member remains unpaid or, for a period not to exceed sixty (60) days, for an infraction of its published Rules and Regulations, and to license or otherwise lawfully use all rights of any such Member during any such period of suspension; and

5. to grant such utility easements and rights of way over the Common Area, or portions thereof, to either a public or private utility as may be necessary to facilitate the provision of utility service to the Yacht Club.

6. to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless approved by the consent of the membership based upon an affirmative vote of two-thirds (2/3) of the total votes eligible to be cast.

Section 5. Voting Rights. Except as specifically provided in the Bylaws, the voting rights of the Members at any meeting of Members shall be as follows:

(a) Each Class A membership shall have one (1) vote; and

(b) Each Charter membership shall have three (3) votes until 19 memberships are sold or January 1, 2008, whichever comes first. Thereafter, each Charter Membership shall have one (1) vote.

Section 6. Transfer of Membership. Any and all Charter Memberships may be sold, transferred, assigned, pledged, licensed or leased by Declarant without limitation, and without the requirement of any approval or waiver of right of first refusal. As to Class A memberships, any sale of any such membership, or any interest therein, shall be subject to a right of first refusal in favor of the Association as set forth in Section 7 of this Article IV. Any other transfer, assignment, pledge, license or lease of a Class A membership, or any interest therein, except as it relates to the perfection of a security interest therein, or the pledge or mortgage thereof, in favor of a bank, lending institution or corporation the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC), shall require the prior approval of the Board of Directors, following such procedure as may be prescribed in the By-laws.

Section 7. Right of first Refusal.

(a) Each Class A Member acknowledges, and the membership certificate or license issued to each Class A Member may provide, that the Association shall retain a right of first refusal and option to repurchase any Class A Membership within the Yacht Club on the terms and conditions set forth below. This Section shall not restrict a Class A Member's right to enter into a binding contract for the sale of a Membership, provided that, for so long as this right of first refusal exists, the contract provides that the Class A Member may not convey the Membership to any third party without giving the Association the right of first refusal on the terms and conditions set forth below. This right of first refusal shall not apply to any transfer or conveyance in connection with a mortgage foreclosure or enforcement proceeding relating to a pledge of a Membership, or to a transfer in lieu of such foreclosure or enforcement proceeding.

(b) If any Class A Member desires to convey a Membership to a third party, the Class A Member proposing to transfer said Membership shall deliver to the Association within seven days of its execution a copy of the executed, binding sales contract between Class A Member and the prospective purchaser. The sales contract shall provide that Association shall have 30 days after actual receipt of the executed binding contract upon which to exercise its right of first refusal and option to purchase the Membership on the same terms and conditions as the sales contract between the Class a Member and prospective purchaser. The Association shall provide written notice of the exercise of the right of first refusal to the selling Class A Member. If the Association fails to exercise such right as provided herein, the right of first refusal shall be waived and extinguished.

(c) If the Association does not exercise its right of first refusal, the selling Class A Member shall give the Board written notice of the name and address of the purchaser or transferee, the date of the transfer of the Membership, and such other information as the Board may reasonably require not later than the date of closing. The selling Class A Member shall continue to be jointly and severally responsible with the purchaser or transferee for all obligations related to the Membership, including assessment obligations, until the date upon which the Board, notwithstanding the transfer of the Membership receives such notice.

(d) This right of first refusal shall automatically terminate as to all Class A Memberships twenty one (21) years from the date that this Declaration is recorded in the New Hanover County Registry, or sooner if the Association, in its sole discretion, so determines and declares in a recorded instrument.

ARTICLE V

PROPERTY RIGHTS

Section 1. Ownership of Common Area. Declarant shall convey the Common Area to the Association at such time as all amenities have been constructed and completed. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Area shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the Members of his family, his guests, his tenants, or contract purchasers.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

(a) Each owner of each membership, excepting all Charter Memberships, agrees to pay the Association:

(1) Regular assessments, (2) special assessments, (3) assessments for violations of this DECLARATION, the BY-LAWS, or RULES AND REGULATIONS, and (4) assessments for repairs of damage caused by fault as provided by Article VI, Section 8, hereof, such assessments to be fixed, established and collected from time to time as hereinafter provided. All such assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the membership and shall be a continuing lien upon the membership against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such membership at the time the assessment fell due. Their personal obligation for delinquent assessments shall not pass to his successor in title unless expressly assumed by such successor.

(b) The Charter Member shall pay assessments only on those Charter Memberships which are rented to third parties. Such assessments on rented Charter Memberships shall be payable only during the term of any such rental, to be prorated based upon the beginning and ending dates of such term.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used as follows:

(a) to maintain the Marina, other Facilities and all pilings and piers, and to keep the drainage easements free of pollution and natural debris;

(b) to keep the clubhouse and all amenities in the Common Area clean and free from debris and to maintain all amenities in an orderly condition and to maintain the landscaping therein in accordance with the highest standards for private residential communities in New Hanover County, North Carolina, including any necessary removal and replacement of landscaping;

(c) to provide such security services as may be deemed reasonably necessary for the protection of the Common Area from theft, vandalism, fire and damage from animals;

- (d) to provide garbage removal services for the Common Area, including the Marina Facility;
- (e) to pay all ad valorem taxes levied against the Common Area and any property owned by the Association;
- (f) to pay the premiums on all hazard insurance carried by the Association on the Common Area, and all public liability insurance carried by the Association pursuant to the Bylaws;
- (g) to enforce this Declaration and Rules and the Rules and Regulations of the Corporation;
- (h) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws; and
- (i) to accumulate and subsequently maintain a contingency reserve equal to ten percent (10%) of the sum of the amounts described in subsections (a) through (i) above in order to fund unanticipated expenses of the Association.

Section 3. Determination of Regular Assessments.

A. The Board of Directors shall determine the amount of regular assessments against Members in the manner specified in the Bylaws. Regular assessments against Members shall be determined, imposed, levied and collected by the Board.

B. The Board is specifically empowered on behalf of the Association to make and collect regular assessments and to replace, maintain and repair all property of the Association, including the clubhouse, bulkheads, docks, piers, pilings, and other facilities. Assessments shall be payable periodically as determined by the Board, but no more frequently than monthly.

Section 4. Special Assessments. In addition to the regular assessments authorized above, the Board may levy in any fiscal year special assessment or assessments applicable to that year only, for the purpose of defraying, in whole or in part the cost of any construction or reconstruction, unexpected repair, or replacement of capital improvements upon any of the Common Area and the necessary fixtures and personal property related thereto, or defraying the expenses of operation, maintenance or renovation not adequately funded by regular assessments. Except as specified herein, all special assessments shall be determined, imposed, levied and collected in the manner prescribed in the Bylaws, provided that, if such special assessments exceeds ONE THOUSAND DOLLARS (\$1,000.00) in any fiscal year for any membership such assessment shall require the approval of a majority of the votes eligible to be cast at a meeting duly constituted for this purpose, written notice of which shall have been sent to all Members not less than ten (10) days, nor more than sixty (60) days in advance of the meeting setting forth the time, date, place and purpose of the meeting.

Section 5. Assessment for Violations. For the violation by a Member or his guests of any Rule or Regulation adopted by the Board or the breach of any Bylaw, or the breach of any provision of the DECLARATION, the Board shall have the power and authority to impose a special assessment against any Member not to exceed FIVE HUNDRED DOLLARS (\$500.00) for each occurrence.

Section 6. Quorum for Any Action. At the first meeting called, the presence at the meeting of memberships or of proxies entitled to cast sixty percent (60%) of all the votes in the Association shall constitute a quorum.

Section 7. Date of Commencement of Annual Assessments. Due Dates. The regular assessments provided herein shall commence as to each membership on the first day of the month following its acquisition from the Charter Member by some other person, partnership, corporation or other entity. No assessment shall be levied or charges against any Charter Membership, except as provided in Article VI, Section 1 (b) hereinabove. The Board of Directors shall fix the amount of the regular assessment against each membership at least thirty (30) days in advance of each fiscal year. Written notice of the regular

assessment shall be sent to the Member(s) owning each membership. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any reasonable time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments against a specified membership have been paid. A reasonable charge may be made by the Board for issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Assessments for Repairs of Damage Caused by Fault. If a Member, his assignee or licensee, or one of his guests, damages or destroys by his or her fault, as determined by the Board, any of the property of the Association, including piers, docks and other facilities, the Association shall repair the damage, or replace the destroyed property, as soon as practicable, and shall levy an individual assessment upon the owner(s) of that membership for the full cost of repair or replacement

Section 9. Effect of Non-Payment of Assessments. Remedies of the Association. Any assessments or any portions thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall become a lien on such membership and bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum. No Member may waive or otherwise escape liability for the assessments provided herein by non-use or abandonment of his membership.

Section 10. Creation of Lien. Recognizing that proper operation and management of the Common Area require the continuing payment of costs and expenses therefore, and that such proper operation and maintenance results in benefit to all Members, and that the payment of such common expenses represented by the assessments levied and collected by the Board is necessary in order to preserve and protect the property of the Association, the Association is hereby granted a lien upon each membership, excepting all Charter Memberships, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each membership, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Association in securing the payment of such assessment or enforcing its lien upon the membership. The lien granted to the Association may be foreclosed in the manner provided by North Carolina General Statutes Section 47A-22, and in any suit for the foreclosure of the lien, the Association shall be entitled to the appointment of a receiver for that membership. 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 further be entitled to interest, at the rate prescribed above, on any such advances made for such purpose. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any membership or who may be given or acquire a mortgage, lien, or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any membership expressly subject to such lien rights.

Section 11. Claim of Lien and Foreclosure. The lien herein granted unto the Association shall be enforceable from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court of New Hanover county, North Carolina, which claim shall state the description of the membership encumbered thereby, the name of the record owner, the amount due and the date when due. The Claim of Lien shall be record able any time after default, and the lien shall continue in effect until all sums secured by that 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 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 Association shall be authorized to foreclose o such lien or Claim of Lien in any manner allowed by law. The lien provided for herein shall be subordinate to the lien of any first mortgage or pledge, and any person, firm or corporation acquiring title to any membership by virtue of any foreclosure, transfer in lieu of foreclosure, or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable thereafter. After satisfaction of the lawful claims of such first mortgagee/pledgee, the net proceeds from

any foreclosure sale or private sale shall first be applied to the payment of all lien claims of the Association, and the balance of such sale proceeds shall then be delivered to the owner(s) of the membership which was subjected to the foreclosure or private sale in lieu of foreclosure. In the event of the acquisition of a membership by foreclosure, transfer in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring the membership shall not be liable shall be absorbed and paid by all owners of all memberships as part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessments from payment thereof or the enforcement of collection of such payment by means other than foreclosure.

Section 12. Lien Not Exclusive Remedy. Whenever any membership may be licensed, sold or mortgaged by the owner thereof, the Association, upon written request of the Member(s) shall furnish to the proposed licensee, purchaser or mortgagee, a statement verifying the status of the payment of any assessment which shall be due and payable to the Association by such Member(s). such statement shall be signed by any officer of the Association, and any licensee, purchaser, or mortgagee may rely upon such statement in concluding the proposed license, purchase, or mortgage transaction and the Association shall be bound by such statement.

In any voluntary conveyance of a membership, the purchaser thereof shall be jointly and severally liable with the selling Member for all unpaid obligations against the selling Member made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover the selling Member the amounts paid by purchaser therefore.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment, attorney's fees, interest and costs shall not be deemed to be an election by the Association which shall prevent it from therefore seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sums then remaining owing to the Association.

ARTICLE VII

COMMON AREAS AND COMMON EASEMENTS

Section 1. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association. Subject to the provisions of the Articles of Incorporation and this Declaration, the board of Director of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of all the property of the Association, including clubhouse, buildings, Marina Facility, parking lots and areas.

Section 2. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on, in or upon the property of the Association, nor shall anything be done which may be or may become a public or private nuisance as determined by the law of North Carolina.

Section 3. Maintenance of Common Area. The Association shall provide maintenance of all of its properties including clubhouse, Marina Facility, bulkheads, parking lot and areas, as well as maintenance dredging of the submerged lands of the Marina Facility. The cost of such maintenance shall be added to and become a part of the total, annual assessment as specified herein and in the Bylaws.

Section 4. Easement Affecting Common Area. All of the property of the Association shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, footings, air conditioning compressors, gas lines, telephone, cablevision and electric power lines and other public utilities as are of record in the New Hanover County Registry, prior to the recording of this Declaration, and the Association shall have the power and authority to grant and establish upon, over and under and across all of its properties as described further easements as are appropriate for the convenient maintenance, repair, use and enjoyment of such properties.

ARTICLE VIII

INSURANCE

Section 1. Association and Common Area. The Board of Directors, on behalf of the Association, as an operational expense, shall at all times keep it and its property reasonably insured against loss or damage by fire or other hazards normally insured against, and other such risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the interests of the Association, which insurance proceeds shall be payable in case of loss to the corporation. The Board shall have the sole authority to deal with the insurer in the settlement of claims.

Such insurance shall be obtained without prejudice to the right of each Member to insure his personal property for his own benefit, at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their pledges or mortgagees.

Section 2. Boats and Crafts. All boats and crafts docked or stored in any Boat slip or the Marina Facility shall be covered by liability insurance providing, at a minimum, \$100,000.00 single limit coverage. Proof of such insurance shall be provided by the Member to the Association or such agent, property manager, or dock master as it shall appoint.

ARTICLE IX

SALES, MORTGAGES, PLEDGES, AND LICENSES

Section 1. Sale of Membership. Any sale or transfer of any Membership by any Member is subject to all the terms, covenants, limitations and provisions of this Declaration, including Article IV hereof, as well as the Bylaws and Rules and Regulations issued pursuant thereto. The sale or transfer of a membership by any Member shall be evidenced by the execution of the transfer provision on the reverse side of the membership certificate or license, setting forth the name of the purchaser or transferee, and the issuance by the Association of a new membership certificate or license to the purchaser or transferee of the Membership.

Section 2. License of Membership. No Member shall license his membership rights without express prior approval of the Association, but such approval shall not be unreasonable withheld. The Board of Directors shall adopt a procedure for application for the approval of licenses.

Section 3. Transfer Voidable. Any sale, transfer, conveyance or license of any membership without complying with the provisions of this Article is voidable at the election of the Association.

Section 4. Pledging of Membership. No Member may pledge or mortgage his membership, or an interest therein, without the express, prior approval of the Association, except a pledge or mortgage lien made to a bank, lending institution or corporation the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC). The Association shall maintain a record of all pledges, mortgages, and liens of which it is notified.

Section 5. Binding Nature; Endorsement of Membership certificate or licenses. The provisions of this Article shall be binding upon and insure to the benefit of the Members of the Association, their respective heirs, administrators, successors and assigns, and, as further evidence of the binding nature of these provisions, each certificate of membership, excepting certificates for all Charter Members, shall be endorsed as follows:

“Any sale, transfer, pledge, mortgage or lease of this certificate must be done in compliance with the provisions of the Declaration of Covenants, Conditions and

Restrictions, Airlie Yacht Club and the Bylaws of Airlie Yacht Club, Inc.”

ARTICLE X

GENERAL PROVISIONS

Section 1. Governance and Control of Association. The Association shall be governed by a Board of Directors in accordance with the provisions of the Bylaws. Notwithstanding any other provision of this Declaration or the Bylaws, the Declarant shall have the right and power to appoint and to remove all Members of the Board of Directors and all officers of the Association until such time as the first of the following events occurs:

(a) Declarant no longer owns seven (7) or more memberships in the Association; or

(b) Declarant expressly surrenders said right and power by written instrument duly executed by Declarant and recorded in the New Hanover County Registry, to occur no later than January 1, 2008.

Section 2. Assignment of Development Rights. If the Declarant shall transfer or assign the development of the Property, or if it shall be succeeded by another in the development of the Property, then such transferee, assignee, or successor shall be vested with the several rights, powers, privileges or authorities given Declarant by any part or paragraph hereof. The foregoing provisions of this paragraph shall be automatic, but the Declarant may execute such instrument, as it shall desire to evidence the vesting of the several rights, powers, privileges, and authorities in such transferee, assignee or successor. In the event the Declarant contemplates, or is in the process of, dissolutions, merger or consolidation, the Declarant may transfer and assign to such person, firm or corporation as it shall select any, and all rights, powers, privileges and authorities given the Declarant by any part or paragraph hereof, whether or not the Declarant shall also transfer or assign the development of the Property or be succeeded in the development of the Property. In the event that at any time hereafter there shall be no person, firm or corporation entitled to exercise the rights, powers, privileges and authorities given said Declarant under the provisions hereof, such rights, powers, privileges and authorities shall be vested in and exercised by the Committee to be elected or appointed by the Board of Directors. In such event, the Committee shall then have the same rights, powers, privileges and authorities as are given to the Declarant by any part or paragraph hereof. Nothing herein shall be construed as conferring any rights, powers, privileges, and authorities in said Committee except in the event aforesaid.

Section 3. Enforcement. In the event of any violation or attempted violation of any of the restrictions, conditions, covenants, reservations, and provisions hereof, then the Declarant, the Association, and/or Member shall have the right to enforce the same by maintaining or prosecuting proceedings at law for the recovery of damages and/or proceedings in equity for the purpose of preventing such violation. The remedies set for herein shall be construed as cumulative of all other remedies now or hereafter provided by law. Failure to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Rules and Regulations. Rules and Regulations covering the use and appearance of the Common Area, conduct of members and guests, and use and care of the Marina Facility may be made by the Board of Directors and thereafter amended in accordance with the Bylaws.

Section 6. Duration and Binding Effect. The covenants, conditions and restriction of this Declaration shall run with the land, shall be binding insofar as the law permits, and shall be enforceable for a term of twenty (20) years from the date this Declaration is recorded, after which time such covenants shall be automatically extended for successive periods of ten (10) years each.

Section 7. Amendment. The Declaration may be amended in either of the following two (2)

ways:

(a) By the Declarant, so long as the Declarant still owns or holds seven (7) or more memberships, by a written instrument executed by Declarant and recorded in the New Hanover County Registry, or

(b) By the Association upon an affirmative vote of not less than sixty-six and two-thirds percent (66 2/3%) of the votes eligible to be cast, any such amendment to be evidenced by a written instrument recorded in the New Hanover County Registry, provided, however, that any such amendment by the Association, to be effective, shall require the written consent of the Declarant so long as the Declarant owns or holds seven (7) or more memberships.

Section 8. Effective Date. This Declaration shall become effective upon the recording hereof in the New Hanover County Registry.

IN WITNESS WHEREOF, Declarant, the Declarant has caused this instrument to be executed the day and year first above written

DECLARANT

Thomas R. Dickey
Thomas R. Dickey
Janice T. Dickey
Janice T. Dickey

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Edward V. Grace a Notary Public for New Hanover County, North Carolina, do hereby certify that Thomas R. Dickey and Janice T. Dickey personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 29th day of MARCH, 2006.



My Comm

Edward V. Grace
NOTARY PUBLIC



REBECCA P. SMITH
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

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State of North Carolina, County of New Hanover

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