

STATE OF NORTH CAROLINA,
COUNTY OF NEW HANOVER.

DECLARATION OF COVENANTS, CONDI-
TIONS AND RESTRICTIONS, Lots 7-13,
Phase 2, BLUE WATER TOWNHOUSES

THIS DECLARATION, made this the 10th day of February, 1983, by EURO COASTAL, INC., a North Carolina corporation, successor in interest to EURO-ATLANTA EQUITIES, INC., a Georgia corporation, hereinafter referred to as "Declarant";

KNOW ALL MEN BY THESE PRESENTS

THAT WHEREAS, the Declarant is the fee simple owner of a certain tract of real property located within the Town of Carolina Beach, New Hanover County, North Carolina, as hereinbelow defined; and

WHEREAS, said real property is located South of and adjacent to Lots 1, 2, 3, 4, 5, and 6 of Blue Water Townhouses, a planned unit development established by the Declarant's predecessor in title by that Declaration of Covenants, Conditions and Restrictions recorded in Book 1207 at Page 1566 of the New Hanover County Registry; and

WHEREAS, in Article VII, Section 5, of said Declaration the Declarant therein reserves for itself, its successors and assigns, the right and option to annex additional property to said development and by this Declaration does hereby annex the "Property" as herein defined below as an addition to the Blue Water Townhouses Development of six (6) lots numbered 1, 2, 3, 4, 5, and 6, said lots being shown on a map of Blue Water Townhouses recorded in Unit Ownership Plat Book 2 at Page 88 of the New Hanover County Registry; and

WHEREAS, the Declarant desires to establish certain restrictions, covenants, and conditions with respect to the use, enjoyment and ownership of the hereinbelow defined property for the purpose of protecting the value and desirability of the hereinbelow defined property, and which shall run with the said property, and which shall be binding on all parties having any right, title or interest in said property, or any parcel thereof, their heirs, devisees, personal representatives, successors and assigns, and which shall inure to the benefit of each owner thereof.

NOW, THEREFORE, with respect to all of the hereinbelow defined property and for the purposes stated hereinabove, the Declarant does hereby declare that all of the hereinbelow defined property shall henceforth be held, sold and conveyed subject to the following Articles of Covenants, Conditions and Restrictions.

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ARTICLE I

DEFINITIONS

For the purpose of these Articles of Covenants, Conditions and Restrictions, the following definitions shall apply:

1. "DECLARANT" - shall mean and refer to EURO COASTAL, INC., a North Carolina corporation, with its principal place of business being located in the County of New Hanover, and State of North Carolina, and/or its successors in interest.
2. "ASSOCIATION" - shall mean and refer to the BLUE WATER TOWNHOUSES HOMEOWNERS ASSOCIATION, a non-profit association organized pursuant to the laws of the State of North Carolina with its principal office being located in the County of New Hanover and State of North Carolina, and/or its successors in interest.
3. "PROPERTY" - shall mean and refer to all of the real property subject to this Declaration, described as follows:

RETURNED TO

W. T. Moore, Jr.

Being all of LOTS 7, 8, 9, 10, 11, 12 and 13 of Phase 2, BLUE WATER TOWNHOUSES, located in Federal Point Township, New Hanover County, North Carolina, as appears on a map of same recorded in Map Book 21 at Page 58 of the New Hanover County Registry, reference to which map is hereby made for a more complete description.

4. "LOT" - shall mean and refer to any one of those seven (7) parcels of real property subdivided from the property and designated by the numbers 7 through 13 upon the map of the property referred to hereinabove.
5. "TOWNHOUSE" - shall mean and refer to any one of the seven (7) single-family residential dwellings constructed upon the seven (7) lots of the property.
6. "OWNER" - shall mean and refer to any one of those individuals or entities who hereafter shall purchase, and/or are conveyed, and/or hold a fee simple title to any lot and townhouse, including contract seller, but excluding the Declarant, and those holding or acquiring such title merely as security for the performance of any obligation.
7. "COMMON ELEMENTS" - shall mean and refer to:
- (a) all of the real property located within the property which is not a lot; and
 - (b) all of the improvements on the real property described in Paragraph (a) hereinabove, including, but not limited to:
 - (i) all drainage and sewer pipes and other such facilities located upon or under the common elements;
 - (ii) all utility installments, fixtures and facilities of whatever nature, including, but not limited to, such facilities, fixtures and installations for electricity, lighting and water located upon, under or for the benefit of the common elements;
 - (iii) all other apparatus, equipment and installations existing upon, beneath or for the benefit of the common elements, of whatever nature or kind.
8. "DEVELOPMENT" - shall mean and refer to the whole of the planned residential development to be known as "BLUE WATER TOWNHOUSES" which shall consist of all of the property, which the Declarant or its predecessor in title has subdivided into thirteen (13) lots and the common elements, plus the improvements to the common elements, as described hereinabove. Each of the seven (7) lots comprising Phase 2 shall be improved by the Declarant by the construction thereon of a townhouse; each townhouse being a separate independent dwelling; except that it shall share and enjoy a common roof and a common concrete slab, with one inch of continual air space existing from roof to slab between the interfacing outer fire walls of each townhouse. The common elements, with the improvements constructed thereon by the Declarant, shall be conveyed to and owned by the Association. The development shall be a private residential community and all of the property, and all of the improvements thereon, shall be private property and nothing in these Articles, or in the recording of any map or deed pursuant hereto, shall dedicate (or be deemed to dedicate) to public use any of the property, or the improvements thereon.

RECORDED AND VERIFIED
 REBECCA P. TUCKER
 REGISTER OF DEEDS
 NEW HANOVER CO., NC
 FEB 14 4 17 PM '93

ARTICLE II
THE ASSOCIATION

1. **PURPOSE:** The BLUE WATER TOWNHOUSES HOMEOWNERS ASSOCIATION is a non-profit association, the purpose of said Association being the establishment of a private homeowners association for the owners of the lots and townhouses in the residential development known as "BLUE WATER TOWNHOUSES" and BLUE WATER TOWNHOUSES PHASE 2, and to provide the essential services necessary to preserve, protect, maintain, and care for said development to the mutual benefit of all owners of lots and townhouses therein, all as outlined hereinbelow, and more particularly described in the By-Laws of the Association.

2. **MEMBERSHIP:** There shall be 13 memberships in the Association and no others. Each membership shall be appurtenant to the ownership of a lot and townhouse in the development, and may not be severed or transferred separate and apart from the transfer of the lot and townhouse to which it is appurtenant. For the purposes of this Article, the Declarant shall be deemed an owner so long as it owns any lots and townhouses in the development.

3. **OWNERSHIP:** The Association shall be conveyed by the Declarant and shall own in fee all of the common element of the property, and all of the improvements thereon. Additionally, the Declarant hereby grants to the Association an easement of ingress, egress and regress over and upon each lot and townhouse for the purpose of performing the exterior and roof maintenance to the townhouses as more particularly described hereinbelow.

4. **MANAGEMENT AND CONTROL:** Subject to the provisions of Article III of this Declaration, the affairs of the Association shall be governed, managed and controlled by the Board of Directors, elected by the membership as provided in the Association's By-Laws, the terms and provisions of which are incorporated herein as if fully set forth.

5. **POWERS, PRIVILEGES, RIGHTS AND OBLIGATIONS:** The Association, in order to fulfill the purposes for which it has been formed, shall have and possess, and shall perform and exercise the following powers, privileges, rights and duties:

(a) **RULE MAKING:** The Association shall, from time to time, make and amend, pursuant to the provisions of its By-Laws, reasonable rules and regulations governing the owners' use and enjoyment of their townhouses, lots, the common elements and the improvements thereon;

(b) **MAINTENANCE:** The Association shall be responsible for the upkeep, maintenance, protection, preservation, repairs, reconstruction and/or replacement of (i) the common elements, (ii) all improvements and any additions to the common elements, (iii) the asphalt shingle roofs of the townhouses, and (iv) the exteriors and appointments to the townhouses; provided, however, that in the event that any of the above is necessitated by the willful act or active or passive negligence of any owner, his family, guests, invitees or tenants, then the cost of the same shall legally be the personal obligation of said owner and if not paid to the Association upon demand, may be added to the annual assessment levied against said owner's lot and townhouse, as said assessment is defined hereinbelow:

(c) **INSURANCE:** The Association shall obtain and maintain, to the extent obtainable, the following:

(1) Fire Insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all improvements upon the common elements and all townhouses (including the bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings, or other personal property supplied or installed by owners or tenants of owners) and covering the interests of the Association, the Board of Directors and all owners and their mortgagees or beneficiaries under deeds of trust, as their respective interests may appear;

(2) Flood Insurance covering all of the lots and townhouses;

(3) Public Liability Insurance in such limits as the Board of Directors of the Association may, from time to time, determine necessary covering each member of the Board of Directors, each officer of the Association, the Association and each owner of a lot and townhouse; such public liability insurance shall also cover cross-liability claims of one insured against another;

4. such other insurance as the Board of Directors may determine is necessary for the protection of the development, the Association, its directors, officers and members.

5. the owners of townhouses and lots shall not be prohibited from carrying other insurance for their own benefit provided that such policy shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Association shall not be effected or diminished by reason of any such additional insurance obtained by any owner of a townhouse and lot in the development.

(d) FISCAL MANAGEMENT: The Association shall be responsible for annually preparing a budget for the Association, determining therein the projected annual costs to the Association of performing all of the duties of the Association. Once said budget has been approved by the membership of Association as outlined in its By-Laws, the Association shall thereafter assess each owner of a lot and townhouse within the development one-thirteenth (1/13) of the projected annual costs to the Association, as described hereinabove. Said annual assessments shall constitute a lien in favor of the Association upon each lot and townhouse against which such assessment is levied, and shall remain a lien until paid. In addition, each assessment shall be the personal obligation of the owner of the lot and townhouse against which such assessment is levied at the time such assessment is levied. In the event the assessments as described hereinabove remain unpaid, the Association shall have the right and duty to attempt to recover such unpaid assessments, together with interest thereon, and the expenses of any and all proceedings necessary, including reasonable attorney's fees, in an action brought against the owner on his personal obligation to the Association or by foreclosure of the lien against the lot and townhouse in favor of the Association for the enforcement of such assessments. In the event the

Association forecloses the lien against a lot and townhouse, the procedure therefor shall be the same as that provided for judicial foreclosures of mortgages or deeds of trust by the general laws of the State of North Carolina. The lien for unpaid assessments provided for herein shall be subordinated to the lien of any first mortgage or first deed of trust against any lot and townhouse;

(e) MISCELLANEOUS: The Association shall have, in addition to all of the above, any and all powers, privileges, rights and duties as set forth in its By-Laws and the general laws of the State of North Carolina pertaining to non-profit corporations, and any and all incidental and necessary powers, privileges, rights and duties necessary to fulfill the purposes for which the Association has been formed and to provide for the mutual needs of the owners of townhouses and lots within the development to insure the protection of the value and desirability of all of the property and improvements thereon of the development.

ARTICLE III

THE OWNERS

Every owner of a fee simple title to a lot and townhouse within the development shall be deemed to own, possess and have accepted:

a. The membership(s) in the Association appurtenant to his lot(s) and townhouse(s).

b. An undivided one-thirteenth (1/13) interest, for each membership in the Association owned, in the Association and all of its assets.

c. An easement of enjoyment, equal to that of all other owners, in and to the common elements, subject to:

(1) the right of the Association to charge reasonable admission and other fees for the use of any of the common elements.

(2) the right of the Association to suspend the voting rights and the right to the use of any of the common elements by any owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association governing the use and enjoyment of the common elements.

(3) the right of the Association to dedicate or transfer all or any part of the common elements to any public agency, authority, or utility for such purposes and subject to such conditions as the Association may determine, acting by and pursuant to the provisions of its duly enacted By-Laws.

(4) the right of the Association to enact reasonable rules and regulations governing the use and enjoyment of the common elements and the improvements thereto.

(5) the right of any owner to delegate in accordance with the By-Laws of the Association, his right of enjoyment to the common elements and its facilities to members.

of his family, his tenants or contract purchasers who reside on the property.

d. the duty of complying with and abiding by all of the provisions of these Articles, the By-Laws of the Association and the Rules and Regulations of the Association.

ARTICLE IV

THE DECLARANT

In addition to all other rights, powers and privileges reserved herein to the Declarant, the Declarant further:

a. Reserves the right and power to appoint or designate the members of the Board of Directors of the Association until either: (1) the date on which 100% of the townhouses and lots within the development have been sold by the Declarant and paid for, or (2) January 1, 1985; whichever date first occurs. Until said date occurs, the Declarant, acting by and through its appointees, or designees, shall have absolute control of the Association and its affairs, and no action taken by the membership of the Association pursuant to this Declaration or the By-Laws of the Association shall have any effect whatsoever without the prior written approval of the Declarant, acting by and through said appointees or designees. Upon either of the above-referenced dates, the president of the Association shall follow the procedures outlined in the By-Laws of the Association for the transition of control of the Association from the Declarant to the membership of the Association.

b. Reserves the right absolutely to change, alter or redesignate the allocated, planned, platted or recorded use or designation of any of the property (so long as the Declarant retains title to said property) including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements, and to change, alter or redesignate such other present and proposed amenities or facilities as may, in the sole judgment and discretion of the Declarant be necessary or desirable.

c. Reserves unto itself a perpetual, alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone, television and cable facilities, gas, sewer, water or other public conveniences or utilities on, in or over any of the property. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar actions reasonably necessary in the opinion of the Declarant to provide economical and safe utility installations.

d. Reserves the right to subject the property to contracts with electric, telephone, cable television, and other utilities for the installation of underground cables, wires, pipes or other necessary conduits, for utilities, any of which may require an initial payment and continuing monthly payments for the use thereof by the owners of lots and townhouses within the development.

ARTICLE V

GENERAL PROVISIONS

- a. ENFORCEMENT: The Association, the Declarant, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Articles and any and all liens hereinafter imposed pursuant to the provisions of these Articles. Failure by the Association, the Declarant or any owner to enforce any of the above shall in no event be deemed waiver of the right to do so thereafter. In addition to the foregoing, the Declarant shall have the right, whenever there shall have been built on any lot any structure which is in violation of these Articles, the By-Laws or the Rules and Regulations of the Association, to enter upon said lot where such violation exist, and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the owner, any such entry and abatement or removal shall not be deemed a trespass.
- b. INVALIDATION: The invalidation of any one of the covenants, conditions or restrictions contained in these Articles by any court, agency or legislature shall in no way affect any of the other covenants, conditions or restrictions contained in these Articles, and they shall remain in full force and effect.
- c. DURATION AND AMENDMENT: All covenants, conditions or restrictions set forth within these Articles shall run with the property, and all portions thereof, and shall be binding upon all parties having any right, title or interest in the property, or any portion thereof, their personal representatives, heirs, devisees, successors and assigns, and shall inure to the benefit of the same, for the term of twenty (20) years, commencing with the date these Articles are recorded in the New Hanover County Registry, after which term these Articles shall be automatically extended for successive periods of ten (10) years unless ninety percent (90%) of the then owners agree to revoke the same and do so by an instrument signed by ninety percent (90%) of the then owners and recorded in the New Hanover County Registry. These Articles may be amended during the first twenty (20) years by an instrument signed by not less than ninety percent (90%) of the owners and recorded in the New Hanover County Registry; and thereafter by an instrument signed by not less than seventy-five percent (75%) of the owners and recorded in the New Hanover County Registry. The word "owner" as used in this Paragraph is intended to include the Declarant as well as the owners of lots and townhouses, but not those having an interest in any of the property for the purpose of securing the performance of any obligation.
- d. GENDER: The use of the masculine gender in these Articles shall be deemed to include the feminine gender and the neuter gender and the use of the singular shall be deemed to include the plural whenever the context so requires.
- e. CAPTIONS: The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Articles or the intent of any provision hereof.
- f. INCORPORATION: All of the powers, duties, privileges, obligations and rights of the Association, its Board of Directors, its officers, its members, the Declarant and all others who may hereafter own, hold, or have any right, title or interest in or to the property or any portion thereof all as set forth in, and all other provisions of, the duly enacted By-Laws and Rules and Regulations and all duly adopted amendments, modifications and repeals thereof, of the Association are incorporated herein by reference and are made a part hereof as if fully stated herein.

IN WITNESS WHEREOF, EURO COASTAL, INC., the Declarant has caused this instrument to be signed in its corporate name by its

proper corporate officers and its corporate seal to be hereto affixed, all on the day and year first hereinabove written.

ATTEST: EURO COASTAL, INC.

James W. Loughlin
James W. Loughlin, Secy.

BY: Joseph C. Hearne
Joseph C. Hearne, Pres.



SEAL)
NORTH CAROLINA,
NEW HANOVER.

James W. Loughlin, a Notary Public in and for the state and county aforesaid, do hereby certify that James W. Loughlin personally appeared before me this day and acknowledged that she is Secretary of EURO COASTAL, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by James W. Loughlin as its Secretary.

WITNESS my hand and notarial seal, this 9th day of Feb., 1983.

Walter D. Richmond
NOTARY PUBLIC

My commission expires:

2/24/87



[Faint, illegible text and signatures]

JOINDER AND CONSENT OF TRUSTEES AND BENEFICIARIES/MORTGAGEES

O. B. HAWKINS, JR. AND REAL ESTATE CONSULTANTS OF THE SOUTH, INC., as Trustees and CAMERON-BROWN COMPANY, a North Carolina corporation, as Mortgagee, join in the execution of this Declaration of Covenants, Conditions and Restrictions, Lots 7-13, Phase 2, Blue Water Townhouses for the sole purpose of subjecting, submitting and subordinating, and they, and each of them, do hereby subject, submit and subordinate any and all right, title and interest in the property described in Exhibit "A", attached hereto, that they have, or either of them has, or may have, by virtue of that deed of trust recorded in Book 1216 at Page 510 of the New Hanover County Registry, to said Supplemental Declaration, and every provision hereof, and to the jurisdiction of the BLUE WATER TOWNHOUSES HOMEOWNERS ASSOCIATION, as the same may be amended from time to time.

IN WITNESS WHEREOF, CAMERON-BROWN COMPANY has caused this JOINDER AND CONSENT to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors and the Trustee has hereunto set his hand and seal, on this the 10th day of February, 1983.



L. Mayo
Secretary

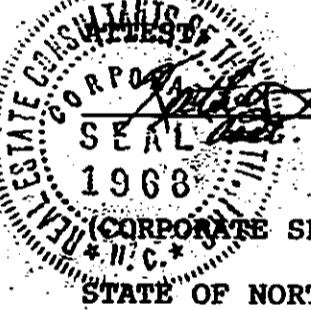
CAMERON-BROWN COMPANY

BY: *Richard H. Hite*
Vice President

O. B. Hawkins, Jr. (SEAL)
O. B. HAWKINS, JR., TRUSTEE

REAL ESTATE CONSULTANTS OF THE SOUTH, INC.

BY: *Thomas O. Palmer*
President



L. Mayo
Secretary

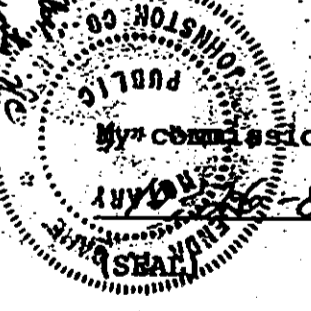
STATE OF NORTH CAROLINA,
COUNTY OF MECKLENBURG.

I, *Glenda T. Game*, a Notary Public in and for the County and State aforesaid, hereby certify that O. B. HAWKINS, JR., TRUSTEE, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the uses and purposes therein expressed.

WITNESS my hand and notarial seal, this 10th day of February, 1983.

Glenda T. Game
NOTARY PUBLIC

My commission expires: *2-26-85*



Done & Notary Public for Johnston County, N.C.

STATE OF NORTH CAROLINA,

COUNTY OF MECKLENBURG.

I, Glenda T. Game, a Notary Public in and for the State and County aforesaid, do hereby certify that Kathy L. Mayo personally appeared before me this day and acknowledged that she is Asst. Secretary of REAL ESTATE CONSULTANTS OF THE SOUTH, INC., Trustee, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Asst. Vice President, sealed with its corporate seal and attested by its Asst. Secretary.

WITNESS my hand and notarial seal, this 10th day of February, 1983.

Glenda T. Game
NOTARY PUBLIC

My commission expires:

2-26-85

STATE OF NORTH CAROLINA,

COUNTY OF MECKLENBURG.

I, Glenda T. Game, a Notary Public in and for the state and county aforesaid, do hereby certify that Kathy L. Mayo personally appeared before me this day and acknowledged that she is Asst. Secretary of CAMERON-BROWN COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Asst. President, sealed with its corporate seal and attested by herself as its Asst. Secretary.

WITNESS my hand and notarial seal, this 10th day of February, 1983.

Glenda T. Game
NOTARY PUBLIC

My commission expires:

2-26-85

* I am a Notary Public for Johnston County, NC

STATE OF NORTH CAROLINA, New Hanover County

The Foregoing Certificate(s) of Mina A. Piedmont and Glenda T. Game, Notaries Public

(is)(are) certified to be correct.

This 14th day of Feb. A.D., 19 83

Rebecca P. Tucker, Register of Deeds

By Glenda T. Game
Deputy

EXHIBIT "A"

DESCRIPTION OF PROPERTY

Being all of LOTS 7, 8, 9, 10, 11, 12 and 13 of Phase 2, BLUE WATER TOWNHOUSES, located in Federal Point Township, New Hanover County, North Carolina, as appears on a map of same recorded in Map Book 21 at Page 58 of the New Hanover County Registry, reference to which map is hereby made for a more complete description.