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RECORDED AND RETURNED
MARY COOPER
REGISTER OF DEEDS
NEW HANOVER CO. NC.
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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER
DECLARATION OF RESTRICTIONS
CEDAR ISLAND NORTH

KNOW ALL MEN BY THESE PRESENTS:

THAT the undersigned, CEDAR ISLAND NORTH ASSOCIATES, a North Carolina General Partnership, (hereinafter "Associates"), is the owner of all of the interest and equity in that certain tract of land known as Cedar Island North, and it is the desire of the undersigned, to ensure the use of said property for attractive residential purposes only, to prevent the impairment of the attractiveness of the property, to maintain the desired tone of the community, and thereby to secure to each lot owner the full benefit and enjoyment of his home with no greater restriction upon the free and undisturbed use of his lot than is necessary to ensure the same advantages to the other lot owners;

NOW, THEREFORE, the undersigned does hereby covenant, agree and declare to and with all persons, firms, or corporations owning or hereafter acquiring any property in Cedar Island North, that all of the lots in said subdivision as shown upon a map recorded in Map Book 33 at Page 231, of the New Hanover County Registry, are hereby made subject to the following restrictions as to the use thereof, running with the land by whomsoever owned, to-wit:

FIRST. RESIDENTIAL USE ONLY: All lots in said Subdivision shall be known as single-family residential lots, and shall be used for residential purposes only.

SECOND. SIZE OF STRUCTURES: No one-story dwelling containing less than 2,000 square feet of heated floor space will be allowed on any lot in the Subdivision. No two-story dwelling containing less than 2,400 square feet of heated floor space will be allowed on any lot in the Subdivision. No three-story dwelling containing less than 3,000 square feet of heated floor space will be allowed on any lot in the Subdivision.

000204 In computing the number of square feet allowed as provided herein, no square footage in any part of the dwelling that is constructed over a detached or attached garage will be counted.

A detached or attached garage for not less than two (2) cars must be constructed on each lot in the Subdivision at the time of construction of the primary dwelling located thereon. This restriction may be complied with in the case of dwellings constructed on pilings by providing parking for two (2) cars within the piling area under the dwelling provided appropriate siding, screening and/or doors are provided and approved by Associates.

In cases where the square footage area computed as provided herein is not more than ten percent (10%) below the minimum requirements established herein, Associates or its designated agents may, in its sole discretion approve the construction of the dwelling if it is, in its sole opinion, in conformity with the general development of the Subdivision.

Driveways on each lot shall be constructed of black or dark gray concrete, brick, asphalt, exposed aggregate or other material approved by Associates and appropriate governmental or regulatory agencies.

THIRD. DETACHED STRUCTURES: all detached structures, including pump houses and piers, constructed on any lot in the Subdivision shall conform to the design and material specifications approved for the dwelling constructed thereon.

All piers constructed into the Atlantic Intracoastal Waterway or any other water body and the marsh area adjacent thereto will be constructed so that same shall lie within the

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Let To: Cathy Hanover Design for CS+H.

extension of lot lines for said lot.

FOURTH. EXTERIOR COMPOSITION: No concrete block, concrete brick, asbestos siding, aluminum siding, cinder block nor tar paper composition shall be used for the exterior of any dwelling constructed on any lot located in the Subdivision, it being intended that only conventional frame, brick, clay brick or stucco exteriors be constructed on the lots subject to these covenants.

FIFTH. SETBACKS AND SIDELINES. Since the establishment of standard inflexible building setback lines for location of dwelling on lots tends to force construction of dwellings directly to the side of other dwellings with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related consideration, no specific setback lines are established by these Restrictions. In order to assure, however, that the foregoing considerations are given maximum effect, Associates reserves the absolute right to control and approve the site and location of any structure upon any lot. In any event, the following minimum setback lines, side lot lines and rear lot lines will be observed upon all lots:

Non-Waterfront Lots: 40' front setback - 10' side lot lines - 30' rear lot line.

Waterfront Lots: 25' front or street lot line - 10' side lines - 75' rear or waterfront lot line.

Dwellings shall not be constructed with more than a 10' differential from adjacent dwellings front or rear setback lines without specific written approval of Associates.

On corner lots, the side having the least frontage will be considered the front lot line of said lot.

SIXTH. USES PROHIBITED: No lot located within the subdivision shall ever be used for business, manufacturing, commercial or professional purposes, it being intended that all lots are restricted to residential use only.

SEVENTH. TEMPORARY STRUCTURES. No house trailer, mobile home, tent, shack, garage, prefabricated, premanufactured or temporary structure of any nature, shall be located on any lot or used at any time as a dwelling, temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

EIGHTH. FENCING: Associates reserves the right, in its sole discretion, to approve all fencing plans for any lot in the Subdivision. Any owner of any lot who desires to erect a fence thereon must first submit a perimeter plan for said fencing, along with the specifications on materials and design to Associates and obtain Associate's approval prior to the beginning of construction of said fence.

NINTH. SIGNS. No advertising signs or billboards shall be erected on any lot or displayed to the public on any lot, except that one sign, not to exceed five (5) square feet in area, may be used to advertise a completed dwelling for sale. No "For Sale" signs are allowed on any unimproved lot. This covenant shall not apply to signs erected by the Owner/Associates used to identify and advertise the Subdivision as a whole, by a contractor for an item of work being performed on a given lot, or by a bank or mortgage bank advertising that it has provided the financing for said construction.

TENTH. FUEL TANKS, STORAGE RECEPTACLES, ETC.: No fuel tanks or similar storage receptacles located on any lot may be exposed to public view. Any such receptacles must be installed

only within the main dwelling house, within an accessory building, within a screened area, or buried underground.

ELEVENTH. SATELLITE DISHES, ETC. No television antennas, or television or radio satellite dishes are allowed on any lot in the subdivision. However, radio antennas may be erected with specific permission of Associates.

TWELFTH. ANIMALS, NUISANCES, ETC.:

(a) No noxious or offensive activity shall be carried on or maintained on any lot or part of any lot, nor shall any use be made of any portion of said property which may be or may become an annoyance or nuisance to the neighborhood.

(b) No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot in the subdivision, except that dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family. Animals are not to be raised, bred or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of any lot so that no person shall quarter on said lot cows, horses, bees, hogs, sheep, goats, guinea fowls, chicks, geese, rabbits, chickens, turkeys, skunks, snakes, or any other animals that may interfere with the quietude, health or safety of the community. No more than four (4) household pets will be permitted on any lot. Pets must be restrained or confined on the homeowner's back lot inside a fenced area or within the house. It is the pet owner's responsibility to keep the lot clean and free of pet debris. All animals must be properly tagged for identification.

(c) Unsightly inoperative junk cars, equipment, materials and like exposures cannot be maintained on the property either prior to or after the residence has been erected on any lot.

THIRTEENTH. YARD SALES: No yard sales or garage sales shall be permitted upon any lot in the Subdivision.

FOURTEENTH. CONSTRUCTION APPROVALS:

(a) All building plans for any structure to be constructed in the Subdivision shall be approved by Associates prior to the beginning of construction. Front, rear and side elevations, together with specifications on the exterior siding, windows, doors, roofing and exterior colors must first be submitted to Associates for review and approval prior to the beginning of construction. Sitework shall also be included in this submittal.

(b) Landscaping, tree cutting and site preparation work and cutting of any undergrowth shall be approved by Associates prior to any landscaping, tree cutting and site preparation work being done. Plans must be submitted for approval to Associates and shall include a site plan with lot lines, building outlines, driveways and parking areas. Identification of trees requested to be removed (with a caliper of 4" or more on hardwoods, and caliper of 8" or more on pines) is required, specifically pine trees with a caliper of 8" or more and hardwoods with a caliper of 4" or more may not be cut or removed without the express written consent of Associates. Landscaping plans shall include sufficient cover to screen air condition compressors, trash receptacle areas, and shall provide visual breaks to the building foundation.

If this section is violated and any tree is cut in violation of this Declaration without the written consent of Associates, the lot owner, by acceptance of his deed of conveyance and the considerations contained therein and herein, shall pay to Associates the sum of \$2,000.00 for each tree cut in violation of this Declaration.

(c) All trash and debris shall be cleaned from the site within thirty (30) days after completion of the main structure on any lot. During construction, trash and debris shall be removed from the site to prevent unsightly accumulations and the resulting spread thereof to adjacent property. Dumpsters or fenced areas shall be required for the placing of loose trash and debris. Dumpsters shall not be placed within any street right of way. Upon a lot owner's failure to collect and dispose of such trash and debris within thirty (30) days after receipt of written notice from Associates, Associates may collect and dispose of same at the lot owner's expense.

(d) All property improvements on any lot must be completed within nine (9) months after the beginning of construction.

(e) Associates appoint a committee to assist it in the review of plans and specifications hereunder. After all lots in the Subdivision have been sold and closed, all of Associate's responsibilities for such approvals will be turned over to a committee appointed for such purpose by Cedar Island North Homeowners Association, Inc. as that entity is described hereinafter.

(f) No structure, planting or other material may be placed in such a manner or location as to impede the installation and maintenance of utilities and drainage facilities, unless the location and manner of use thereof has been first approved in writing by Associates.

FIFTEENTH. PARKING PROHIBITED: No boats, trucks, cars, trailers, campers, motorcycles, travel trailers, or other type of recreational vehicle may be parked or stored on any of the common areas or the street rights of way in the Subdivision.

SIXTEENTH. EASEMENTS AND MAINTENANCE.

(a) Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat of Cedar Island North. Easements are also reserved for the installation, operation, maintenance and ownership of utility service lines from the property lines to the residences. Associates reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing improvements. By acceptance of a deed to any lot, the owner thereof covenants and agrees to mow weeds and grass and to keep and maintain in a neat and clean condition any easement which may traverse a portion of the lot, and in the event that the Buyer or Purchaser of any lot within the said subdivision breaches this restriction, Associates reserves the right to enter upon said lot and mow the grass, clean up the lot and remove unsightly structures and objects, at the owner's expense.

All maintenance required hereunder shall also include that area from the lot line to paved streets and any easements that traverse any portion of the lot.

(b) The outdoor drying of clothes and the erection of outdoor clothes lines or similar devices in the subdivision is prohibited.

(c) The general grading, slope and drainage plan of a lot may not be altered without the express written approval of New Hanover County and other appropriate agencies having authority to grant such approval.

(d) Each lot owner shall maintain the exterior of all buildings, fences, walls and other improvements on his lot in good condition and repair, and shall replace worn and rotten parts, and shall regularly repaint all painted surfaces and shall not

permit the roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the improvements to deteriorate in an unattractive manner.

SEVENTEENTH. UTILITY EASEMENTS RESERVED. Associates reserves the right to subject the real property in this Subdivision to a contract with Carolina Power and Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the owner of each residence.

EIGHTEENTH. POST AND PAPER BOXES: Each lot in the subdivision shall have only one (1) mailbox and one (1) paper box to be mounted on a single post, and all such boxes shall be as approved by Associates.

NINETEENTH. WATER AND SEWER:

(a) All water to be used in said subdivision for domestic purposes shall be obtained from individual wells located on each lot and as approved by the New Hanover County Health Department. Lot owners may also drill shallow wells for irrigation purposes and for non-domestic usage. Additionally, the front ten (10') feet of each lot is hereby reserved for utility easements. Associates hereby reserves the right to grant an easement to a Community Water System or other utility along all streets and roads in the Subdivision for the purpose of installing, maintaining, repairing and replacing lines if that should become necessary in the future.

(b) Sewage disposal shall be only into the New Hanover County sewage collection system.

TWENTIETH. OWNERS ASSOCIATION. To provide for the maintenance, repair, upkeep and replacement of the private streets, bridges, access easement area, street signs, walkways, and other amenities, and common areas, Associates has formed Cedar Island North Homeowners Association, Inc., a non-profit corporation organized pursuant to Chapter 55A of the General Statutes of North Carolina. The Association shall be responsible for providing any necessary liability insurance. The Articles of Incorporation for said corporation are recorded in Book 1722, Page 1466 of the New Hanover County Registry. The By-Laws for said corporation are attached hereto as Exhibit "A", and are incorporated herein by reference.

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

(a) The membership(s) in the Cedar Island North Homeowners Association, Inc., appurtenant to his lot(s);

(b) An undivided equal interest with all other owners, 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 areas and amenities, subject to the right of the Association to dedicate or transfer all or any part of the common areas and amenities, 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.

(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, including the payment of dues and assessments as provided elsewhere herein.

TWENTY-FIRST. LIENS AND ASSESSMENTS. The Association has heretofore been given the authority to administer the operation and management of the common areas, roads, streets, bridges, access easements and the amenities of the property, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all lots subject hereto to properly administer the operation and management of these areas, the Association will incur, for the mutual benefit of all the owners of such lots, costs and expenses sometimes herein referred to as "common expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the members of the Association and their lots. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation of, the management of, and for capital improvements to these areas, which for the purpose of these By-Laws shall be deemed to include, but not be limited to, the common areas, streets, roads, bridges, access easements, amenities and all other improvements, the following shall be operative and binding upon the owners of all lots:

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

(i) annual assessments or charges; and

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

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

(iii) Associates shall only be required to pay twenty-five percent (25%) of the regular annual assessments on any lot owned by it prior to its sale. For example, if regular assessments on a lot are \$100.00 per year, Associates shall only be required to pay an assessment of \$25.00 per year per lot owned by it at the beginning of the assessment period.

(2) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the property and in particular for the maintenance, repair and replacement of all common areas, amenities, streets, bridges, and access easement areas.

(3) The annual assessments for each calendar year shall be established by the Board of Directors, and may be increased by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year. The maximum annual assessment for any calendar year may be increased without limit by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting called for this purpose.

(4) In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or

replacement of a capital improvement to the common areas, streets, bridges, access easements and amenities, provided that any such assessment shall have the assent of two-thirds (2/3) of the vote of the members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed to the uniform rate for all lots and may be collected on a monthly basis.

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

(6) The annual assessments provided for herein shall be collected on a yearly basis and shall commence as to all lots within a particular subdivision on the first day of the month following recordation of the Declaration of Restrictions for said subdivision. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

(7) Any assessment not paid within thirty (30) days after the due date shall bear interest at the rate of ten percent (10%) per annum from the date due until paid. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the lot and interest, costs, and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment.

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

(9) Upon the sale of seventy-five percent (75%) of the lots in Cedar Island North, Associates will turn over control of the Owners Association to the Board of Directors to be elected by the membership in accordance with the By-Laws of the Association. Until such time, however, Associates shall elect the Board of Directors of the Association.

TWENTY-SECOND. INVALIDATION: Invalidation of any one of these covenants by judgments or court order shall in no way affect any of the other covenants herein, which shall remain in full force and effect.

TWENTY-THIRD. VIOLATION. If the parties hereto, or any of them, or their heirs and assigns shall violate or attempt to violate any of the covenants herein, it shall be lawful for any person or persons, owning any real property situated in said Cedar Island North to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants, and either to prevent him or them from doing or to recover damages or other dues for such violation.

TWENTY-FOURTH. VALIDITY. All covenants, restrictions and affirmative obligations set forth in these Restrictions shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to the successors and assigns, if any, of Associates, for a period of twenty (20) years from the date hereof after which time all said covenants shall be automatically extended for successive periods of ten years, unless an instrument signed by the owners of a majority of the lots (not including mortgagees or trustees under deeds of trust) substantially affected by such changes in covenants, has been recorded, agreeing to change said covenants in whole or in part.

TWENTY-FIFTH. DEVELOPER'S RIGHT TO AMEND. Associates shall have the right, at any time prior to December 31, 1993, to amend these Restrictions, in whole or in part, without the consent or joinder of any owner of any lot in said Subdivision. Retention of this right by Associates is not intended to affect the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development. Thereafter, this Declaration may be amended by vote of the owners of two-thirds (2/3) of the lots in Cedar Island North.

IN TESTIMONY WHEREOF, Associates has caused this instrument to be executed this the 11 day of Nov., 1992-1993

[Signature]

CEDAR ISLAND NORTH ASSOCIATES

BY:

[Signature]
General Partner

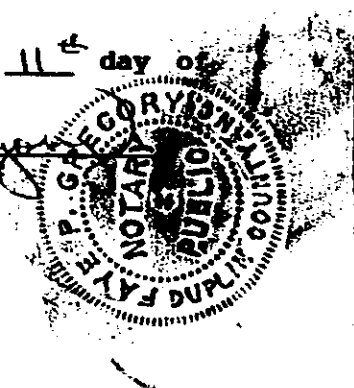
(SEAL)

NORTH CAROLINA
~~DUPIN~~
NEW HANOVER COUNTY

I, Faye P. Gregory, a Notary Public in and for the State and County aforesaid, do certify that D. Stewart Precythe, general partner of Cedar Island North Associates, a North Carolina general partnership, personally appeared before me this day and, on behalf and as the act of said partnership, acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 11th day of November, 1993.

Faye P. Gregory
Notary Public



My commission expires:

4-18-98

NORTH CAROLINA
NEW HANOVER COUNTY

The foregoing certificate of Faye P. Gregory
Notary Public, is certified to be correct.

This the 24 day of Nov, 1993.

MARY SUE OOTS

REGISTER OF DEEDS OF NEW HANOVER COUNTY

BY: [Signature]
Deputy

AMENDED BYLAWS
OF
ASSOCIATION OF CEDAR ISLAND, INC.

ARTICLE I

GENERAL

1. Purpose. As stated in the charter, the principal purpose of the Association is to administer the operation and management of certain rights of way, easements, road and bridge in or near the two adjoining real estate developments in Harnett Township, New Hanover County, North Carolina, known as Cedar Island and Cedar Island North.

2. Property. The real property which is under the Association's management (herein call Property) consists of (1) a 35 feet wide private road right of way and easement beginning at the southeastern terminus of State Road No. 1602 (the Old Military Road), New Hanover County, North Carolina, and running southeastwardly to the eastern right of way line of a 30 feet wide access easement leading southwardly into Cedar Island, and (2) a private bridge within said right of way, crossing from the mainland to Cedar Island. The Property is maintained for the benefit of the owners (herein call Lot Owners) of eight (8) residential lots on Cedar Island and seven (7) residential lots on Cedar Island North. All Lot Owners have granted or will grant the Association non-exclusive rights and interests in the Property as necessary for the effective carrying out of the Association's purposes.

3. Applicability. These bylaws are binding on all members and Lot Owners, their tenants, guests, invitees, agents, employees, grantees, successors and assigns.

ARTICLE II

MEMBERSHIP

Each Lot Owner is eligible to be a member of the Association and shall be a member unless he delivers to the Association at its registered office a written renunciation of membership and a written statement of his intention to perform individually his duties and obligations of road and bridge maintenance arising under deeds or other instruments by which he acquired title to his lot. If a lot is owned by more than one individual, the owners shall designate one person to be the member. In the absence of such designation the oldest owner of the lot shall be the member.

ARTICLE III

MEETINGS OF MEMBERS

1. Annual Meeting. An annual meeting of the membership shall be held on the first Tuesday in March of every year, or on such other date as may be determined by the board of directors (herein called Board).
2. Special Meetings. Special meetings of the members may be called by the president or the Board and must be called at the written request of one-third of the members. Business transacted at all special meetings shall be confined to the objects stated in the notice of the meeting.
3. Notice of Meetings. Written notice of each annual and special meeting of the members shall be mailed to each member at his address on the books of the Association, at least ten (10) days but not more than fifty (50) days before the meeting. Written waiver of notice signed by the member before, at, or after the meeting shall be equivalent of giving proper notice.
4. Quorum. A quorum for any meeting of the members shall be two-thirds of the members.
5. Voting. Each member shall have one vote, which may be cast in person or by proxy.
6. Action Without a Meeting. Any action which is required or permitted to be taken at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof and filed with the Secretary, whether done before or after the action so taken.

ARTICLE IV

BOARD OF DIRECTORS

1. Number. The affairs of the Association shall be managed by a Board consisting of ~~4~~ directors, all of whom shall be members of the Association, except that none of the initial Board need be members. The number of directors may be changes by amendment to this bylaw.
2. Election. All directors shall be elected for a one year term at the annual meeting of the members.
3. Vacancy. Any vacancy occurring in the Board by reason of transfer of ownership, death, resignation or other reason may be filled by the Board. A director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in

office.

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4. Removal. Any director may be removed from the Board, with or without cause, by a two-thirds vote of the total members.

ARTICLE V

MEETINGS OF DIRECTORS

1. Annual Meeting. The annual meeting of the Board shall be held immediately following the annual meeting of the members.

2. Special Meetings. Special meetings of the Board shall be held when called by the president, or by any two directors.

3. Quorum. A majority of the Board shall constitute a quorum for the transaction of business.

4. Notice and Waiver. Meetings shall be held on at least two days notice to each director, such notice to be given by mail, telephone or in person. Attendance of a director at any meeting shall constitute waiver of notice of the meeting except where the director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If a meeting of directors otherwise valid is held without proper call or notice, action taken at such a meeting is deemed ratified by a director who did not attend, unless promptly, after having knowledge of the action taken and of the impropriety in question, he files with the Secretary of the Association his written objection to the holding of the meeting or to any specific action so taken.

5. Action Without a Meeting. Any action which is required or permitted to be taken at a meeting may be taken without a meeting if written consent to the action is obtained from all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VI

OFFICERS

1. Officers. The officers of the Association shall be President, Vice-President, Secretary and Treasurer, each of whom shall perform the usual duties of his office. Any two offices may be held by the same person, except the offices of President and Secretary.

2. Election. The officers shall be elected at the annual meeting of the Board, to hold office for one year.

3. Vacancy. Any officer may be removed from office with or without cause by action of the Board. A vacancy in any office may be filled by the Board.

ARTICLE VII

MAINTENANCE AND ASSESSMENTS

1. Association's Maintenance Responsibility. The Association shall be responsible for the maintenance, repair and replacement of the road and bridge in the Property.

2. Annual Assessments. The Board shall establish a proposed annual budget for each fiscal year, which budget shall include all estimated expenses for the Association's maintenance of the Property. Copies of the proposed budget shall be mailed to each member together with his notice of the annual meeting of the members. The budget shall be submitted to the membership for approval at the annual meeting. The assessment against every Lot Owner shall be the same as for every other Lot Owner. The approved budget shall constitute the basis for all regular assessments against Lot Owners. Should the Board at any time determine that the assessments levied are, or may prove to be, insufficient to maintain the Property, the Board shall have authority to levy additional assessments, not to exceed a fifteen percent (15%) increase over the previous annual assessment, without approval of the members. Any increase in annual assessments of greater than fifteen percent (15%) shall require approval of the members.

3. Capital Improvements. In establishing the annual budget the Board may designate a sum for capital improvements, which sum shall be subject to the approval of the members at the annual meeting. All amounts collected for the capital improvement fund shall be maintained in a separate account by the Association and used only for such purposes.

4. Default. Assessments shall be in default if not paid within thirty (30) days of the due date. Unpaid assessments shall constitute a lien against the lot of the Lot Owner, which lien shall secure the unpaid assessment, interest thereon, any expenses incurred in collecting the assessment, including reasonable attorney's fees, and any advances of payments required to preserve and protect the lien. The lien may be foreclosed in the manner provided by North Carolina General Statutes Section 47A-22, and its successor sections.

RECORDS

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1. Accounting Records. The Board shall be responsible for keeping accurate records of the receipts, expenditures, assets and liabilities of the Association, and for preparing an annual financial report, copy of which shall be mailed to each member.

2. Inspection of Records. All books, records and financial reports of the Association shall be available for inspection by any member during normal business hours.

ARTICLE IX

AMENDMENT

These Bylaws may be amended at any meeting of the Board, by a majority vote of the entire Board, provided that written notice of any proposed amendment shall be delivered to each director along with the notice of the meeting or shall be contained in a waiver of notice signed by a Director.

The foregoing were adopted as the Amended Bylaws of the ASSOCIATION OF CEDAR ISLAND, INC., a non-profit corporation under the laws of the State of North Carolina, at a meeting of the Board of Directors held on September 18, 1972.

Certified to be correct, this the 18th day of September, 1972.


Secretary