

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

JUL 21 2 40 PM '86

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS FOR
INLAND HARBOR YACHT CLUB, INC.,
A NON PROFIT CORPORATION

THIS DECLARATION, made by INLAND HARBOR YACHT CLUB, INC., hereinafter referred to as "DECLARANT."

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

WHEREAS, the corporation has been formed to manage certain property in the Town of Carolina Beach, County of New Hanover, State of North Carolina, which is more particularly described in Exhibit "A" attached hereto; and

WHEREAS, the corporation desires to impose certain restrictive and protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, the corporation hereby declares that all of the properties as described in Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of such property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each member of the corporation.

ARTICLE I

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DEFINITIONS

Section 1: "CORPORATION" shall mean and refer to INLAND HARBOR YACHT CLUB, INC., a North Carolina corporation, its successors and assigns.

Section 2: "BOARD" shall mean and refer to the Board of Directors of INLAND HARBOR YACHT CLUB, INC., as lawfully constituted from time to time under the provisions of the Articles of Incorporation, this Declaration and the By-Laws.

Section 3: "COMMON AREA" shall mean all real and personal property owned or managed by the corporation.

Section 4: "BOAT SLIP" shall mean the space in and above the water adjacent to Carolina Beach Canal, New Hanover County, North Carolina and contiguous with the property upon which Inland Harbor Condominiums are constructed, or are to be constructed, for the docking of boats.

Section 5: "MEMBERSHIP" shall mean and refer to the rights, benefits, duties and obligations, evidenced by an appropriate certificate, which inure to the benefit of burden each member of the corporation.

Section 6: "CHARTER MEMBERSHIP" shall mean and refer to the first membership issued by the corporation entitling its holder to the exclusive use of a boat slip together with all other rights, benefits, duties and obligations, evidenced by an appropriate certificate, which inure to the benefit of and burden each member of the corporation.

Section 7: "MEMBER" shall mean and refer to every person or entity who has a membership in the corporation.

Section 8: "CHARTER MEMBER" shall mean and refer to every person or entity who is issued and holds a Charter Membership in the corporation.

Section 9: "MEMBERSHIP CERTIFICATE" shall mean and refer to those certificates of membership in Inland Harbor Yacht Club, Inc., a non-profit corporation, formed for the purpose of owning and administering the boat slips in Inland Harbor Condominium project.

Section 10: "LESSEE" shall mean and refer to any person or entity who

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leases a membership from a member. All such leases must be approved by the Board of Directors following such procedure as it may prescribe; and, notwithstanding any other provision of this Declaration, during all periods of any leases of such membership the approved lessee shall possess, hold and use all of the leased membership rights; and during such periods the member-lessor shall have no right to the use and enjoyment of his membership, except that the member only may vote at any meeting of members for any purpose on any matter.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Annexation of additional property outside the boundary shown on the general plat attached hereto as Exhibit "A" shall be at the sole discretion of Declarant.

ARTICLE III

MEMBERS AND RIGHTS OF MEMBERSHIP

Section 1: CHARTER MEMBERS, ELIGIBILITY AND APPLICATION. Only persons, firms or entities who own units in Inland Harbor Condominiums are eligible to apply for membership in the corporation. The initial directors shall have the sole authority to accept or reject such subscription for any reason. No transfer or assignment of any interest in a subscription for membership can be made without the express, prior written approval of the initial directors.

Section 2: MEMBERS. Each owner of a unit in Inland Harbor Condominium who exercises their right to purchase a certificate of ownership of a boat slip shall be a member in the corporation. Except as otherwise limited in these Covenants, Conditions and Restrictions, any decision as to who shall be allowed to purchase any memberships shall be at the sole discretion of the Developer of Inland Harbor Condominium, Sundance Resorts, Limited, until such time as all units in Inland Harbor Condominium, any and all phases, are sold.

Section 3: MEMBERS' RIGHTS.

A. Each member shall have the exclusive right, subject to the provisions hereof and the By-Laws and Rules and Regulations of the Board of Directors, to occupy, possess and lawfully use the boat slip selected by such member in his accepted subscription for membership, or certificate of ownership.

B. Each member shall have a right and easement of enjoyment in and to the common area subject to the right of the corporation:

1. To promote and regulate the use and enjoyment of such area for the benefit of the members and their lessees.

2. In accordance with its Articles and By-Laws, to borrow money for the purpose of improving the properties, common area and facilities;

3. To suspend all rights of any member for any period during which any assessment against such member remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published Rules and Regulations; and to lease or otherwise lawfully use all rights of any such member during any such period of suspension.

4. 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 two-thirds (2/3) of the members and further subject to the By-Laws and Rules and Regulations of the Board of Directors.

C. Each owner of each membership shall have one (1) vote at any meeting of members, subject to the By-Laws of the corporation. Any person, firm or entity which owns more than one membership shall have one (1) vote for each membership owned.

ARTICLE IV.**COVENANT FOR MAINTENANCE ASSESSMENTS.**

Section 1: CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS: Each owner of each membership agrees to pay the corporation: (1) monthly assessments or charges and (2) special assessments as described hereinafter, such assessments to be fixed, established and collected from time to time as hereinafter provided. The monthly and special 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 attorneys' fees, shall also be the personal obligation of the person who was the owner of such membership at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2: PURPOSE OF ASSESSMENTS. The assessments levied by the corporation shall be used exclusively for the purpose of (1) promoting the recreation, health, safety and welfare of the members and their property; (2) the enforcement of these covenants and the Rules of the corporation promulgated by the Board of Directors; and (3) in particular for the improvement and maintenance of the properties, services and dock and any other facilities devoted to this purpose and related to the use and enjoyment of the Common Area.

Section 3: INITIAL ASSESSMENTS. The initial assessments against each member shall be as per specified in Exhibit "B" attached hereto and incorporated by reference hereby. The initial assessment shall remain in effect until such time as altered as per the terms of the Articles and By-Laws of the corporation.

Section 4: DETERMINATION OF REGULAR ASSESSMENTS.

A. The Board shall determine the amount of regular assessments against members as specified in the By-Laws. Regular assessments against members shall be determined, imposed, levied and collected by the Board in the manner prescribed in the By-Laws.

B. The Board is specifically empowered on behalf of the corporation to make and collect regular assessments and to replace, maintain, and repair all property of the corporation including the bulkheads, docks, piers, pilings, and any storage facilities. Assessments shall be payable periodically as determined by the Board.

Section 5: SPECIAL ASSESSMENTS. In addition to the monthly assessments authorized above, the corporation may levy in any fiscal year, a special assessment 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 a capital improvement upon any of the common area and the necessary fixtures and personal property related thereto, or defraying in whole or in part the cost of any dredging, 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 By-Laws provided that, if such special assessment exceeds TWO HUNDRED (\$200.00) DOLLARS in any fiscal year for any member, such assessment shall have the approval of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting setting forth the time, date, place and purpose of the meeting.

Section 6: QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. At the first meeting called, as provided in Sections 3 and 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty (60%) percent of all the votes shall constitute a quorum.

Section 7: DATE OF COMMENCEMENT OF MONTHLY ASSESSMENTS. DUE DATES: The monthly assessments provided for herein shall commence as to each membership on the first day of the month following its acquisition by a member. The first assessment shall be adjusted according to the number of days remaining in the calendar month. The Board of Directors shall fix the amount of the monthly assessment against each membership at least annually. Written notice of the assessment shall be sent to every member. The due dates shall be established by the Board of Directors. The corporation shall, upon demand at any reasonable time, furnish a certificate in writing signed by an officer of the corporation setting forth whether the assessments against a specified membership have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates 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, assignee or lessee, or one of his guests, damages or destroys by his or her fault any of the property of the corporation including the bulkheads, piers, docks, boat slips and other facilities, the corporation shall repair the damage or replace the destroyed property as soon as practicable and shall levy an individual assessment upon the owner of that membership for the full cost of repair or replacement.

Section 9: EFFECT OF NONPAYMENT OF ASSESSMENTS. REMEDIES OF THE CORPORATION. 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 highest lawful rate per annum, and the corporation may bring an action at law against the member personally obligated to pay the same or may foreclose the lien against the membership and sell the same, after ten (10) days notice to such member at his last known address, and the interest, reasonable attorneys' fees and costs of any such action shall be added to the amount otherwise due, all of which shall be part of the lien. No member may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his membership.

Section 10: SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or pledge of the membership. An attempted sale or transfer of any membership shall not affect the assessment lien, and the membership shall neither be transferred on the books of the corporation nor shall a new certificate of membership be issued by the corporation until the lien is satisfied. However, the sale or transfer of any membership subject to any mortgage or pledge, pursuant to a decree of foreclosure under such mortgage or pledge or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereon which become due prior to such sale or transfer. No sale or transfer shall relieve such member from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

MAINTENANCE

The corporation shall provide maintenance of all of its properties including bulkheads, docks, piers and pilings as well as maintenance dredging of the submerged lands of the yacht club facility. The cost of such maintenance shall be added to and become a part of the total assessment for which all memberships are liable as specified herein and in the By-Laws.

ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence, wall, sign or other structure shall be commenced, stored, erected or maintained upon the Common Area or other property of the corporation, nor shall any addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of such change shall have been submitted to and approved in writing by the Board of Directors or by an

architectural committee composed of three (3) or more representatives of the Board.

DOCK BOXES. For each boat slip there shall be no more than one (1) dock box of such size, design and construction and in such location as the Board of Directors shall determine. No removal of any dock box or change in its location, size, design or construction shall be made without the written consent of the Board of Directors; provided, that any such approved removal or change shall be at the expense of the person seeking such removal or change.

ARTICLE VII

USE RESTRICTIONS

Section 1: RULES AND REGULATIONS. Subject to the provisions of the Articles of Incorporation and this Declaration, the Board of Directors of the corporation shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of all the property of the corporation, including boat slips, docks, piers and pilings. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in a Book of Resolutions, which shall be maintained at a place convenient to the members and available to them for inspection during normal business hours.

Section 2: USE OF PROPERTIES, ETC. No portion of the property of the corporation, including boat slips, dock, piers and pilings may be used for any commercial purpose without the prior, written approval of the Board of Directors.

Section 3: QUIET ENJOYMENT. No obnoxious or offensive activity shall be carried on in or upon the property of the corporation, including boat slips, docks, piers and pilings, nor shall anything be done which may be or may become a nuisance or annoyance to any member, assignee, or lessee.

ARTICLE VIII

EASEMENTS

All of the property of the corporation shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, footings, air condition 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 corporation shall have the power and authority to grant and establish upon, over and under and across all of its properties as described, such further easements as are requisite for the convenient use and enjoyment of such properties and Inland Harbor Condominiums.

ARTICLE IX

GENERAL PROVISIONS

Section 1: ENFORCEMENT. The corporation shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by or under the provisions of this Declaration. Failure of the corporation to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2: SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which other provision shall remain in full force and effect.

Section 3: AMENDMENT. The covenants, conditions and restrictions of this Declaration shall run with and bind all of the property of the corporation insofar as the law permits and shall inure to the benefit of and be enforceable by the corporation, subject to this Declaration, its successors and assigns, 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. The

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covenants, conditions and restrictions of this Declaration may be amended during the first twenty (20) year period upon the approval of not less than seventy-five (75%) percent of the members, and thereafter by not less than sixty (60%) percent of the members.

Section 4: CERTIFYING AND RECORDING AMENDMENT. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of the corporation. Thereupon, the Board of Directors shall, within thirty (30) days, do the following:

A. Reasonably assure itself that the amendment has been executed according to the authority of the required number of members. For this purpose, the Board may rely on its roster of members and shall not be required to resort to any other source.

B. Attach to the amendment a certification as to its validity, which certification shall be executed by the corporation in the same manner that deeds are executed.

C. Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the New Hanover County Registry.

All amendments shall be effective from the date of recording in the New Hanover County Registry, provided however, that no such amendment shall be valid until it has been indexed in the name of this corporation. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any membership in INLAND HARBOR YACHT CLUB, INC.

ARTICLE X

APPROVAL OF SALE, TRANSFER OR LEASE

RIGHT OF FIRST REFUSAL

Section 1: RIGHT OF FIRST REFUSAL. Subject to the provisions of Section 2 hereof, in the event that any member desires to sell or transfer his membership, then the membership shall first be offered for sale to the corporation at the same net price and on the same terms and conditions at which the highest bona-fide offer has been made for such membership. The member shall give the corporation written notice of his desire to sell or transfer by registered mail, return receipt requested, and shall further advise the corporation of the name and address of the person, firm or corporation making the highest bona-fide offer, the amount and terms of such offer, and such other information pertinent to the offer as the corporation may require. Within thirty (30) days after receipt of that notice, the corporation may exercise its option to purchase the membership. Should the Board fail or refuse within thirty (30) days after the receipt of the written notice to exercise its option, the membership may then be sold or transferred at a price and upon such terms, not less than those for which it was offered to the corporation. Any sale of any membership by any member to a person, firm or corporation making such offer shall be subject to all the terms, covenants, limitations and provisions of this Declaration and attendant documents.

Section 2: INTRAFAMILY TRANSFER. Any member who is a natural person, may give, bequeath or permit his membership to pass by operation of law to any member of his immediate family -- spouse, child, brother, sister or parent -- without complying with the provisions of Section 1 hereof; provided, however, that such transfer must be approved by the Board of Directors, and such approval shall not unreasonably be withheld.

Section 3: LEASE. No member shall lease his membership rights without the express prior approval of the Board of Directors, but such approval shall not be unreasonably withheld. The Board of Directors shall adopt a procedure for application for and approval of leases.

Section 4: PLEDGING. No member may pledge or mortgage his membership or any interest therein without the express, prior approval of the

EXHIBIT "A"

INLAND HARBOR YACHT CLUB, INC.

DECLARATIONS

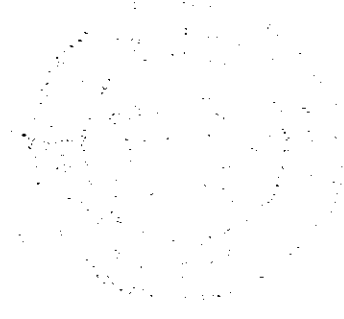
All those docks, piers, pilings, access planks, gangways, floating docks, storage boxes, hardware and any and all other miscellaneous property part of, or necessary for the docking of boats, which is a part of Inland Harbor Condominium.

EXHIBIT "C"

INLAND HARBOR YACHT CLUB, INC.

DECLARATIONS

The initial assessment for all slips will be \$120.00 ANNUALLY



Handwritten signature
Notary Public

STATE OF NORTH CAROLINA

corporation, except a first pledge or mortgage lien made to a bank or other person, firm or corporation to finance the balance of the purchase price of a charter or first membership.

Section 5: EFFECTIVE DATE. The provisions of this article shall become effective upon the recording of this Declaration in the New Hanover County Registry.

Section 6: TRANSFER VOIDABLE. Any sale, transfer, conveyance or lease of any membership without complying with the provisions of this Article is voidable at the election of the corporation.

Section 7: BINDING NATURAL ENDORSEMENT OF MEMBERSHIP CERTIFICATES. The provisions of this Article shall be binding upon and inure to the benefit of all the members of the corporation, their respective heirs, administrators, successors and assigns; and, as further evidence of the binding nature of these provisions, each certificate of membership shall be endorsed as follows:

"No sale, transfer, pledge, mortgage or lease of this certificate or any rights of membership in the corporation shall be made without first complying with all terms and conditions of Article X of the Declaration filed for record in Book _____ at Page _____ of the New Hanover County Registry and the By-Laws of the corporation."

ARTICLE XI

INSURANCE

Section 1: The Board of Directors on behalf of the corporation, as an operational expense may keep its property insured against loss or damage by fire or other hazards normally insured against, and shall insure against public liability and yacht club operational risks, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the interests of the corporation. The hazard insurance proceeds shall be payable in case of loss to the corporation or its mortgagee, as the case may require.

Section 2: 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 corporation be brought into contribution with insurance purchased by members or their pledges or mortgagees.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 21 day of ~~March~~ July 1986, by authority of its Board of Directors.

INLAND HARBOR YACHT CLUB, INC.



BY: Albert M. Stanley
President

ATTEST:

Malcolm R. McNamee
Secretary

STATE OF NORTH CAROLINA

1986

EXHIBIT "A"

- (1) 110 OUTLET PER CRAFT, 25' AND UNDER
- (2) 110 OUTLETS PER CRAFT, 25' AND OVER OR
- (1) 220 OUTLET PER CRAFT, 25' AND OVER

2 x 6 DECKING

PILING = APPROX. 10'

FINGER PIER = APPROX. 28" WIDE

HOMEOWNER'S USE

INLAND HARBOR YACHT CLUB
 100 ST. JOSEPH ST.
 CAROLINA BEACH,
 N. C. 28528
 919-458-4484

GAZEBO AREA

BULKHEAD LINE

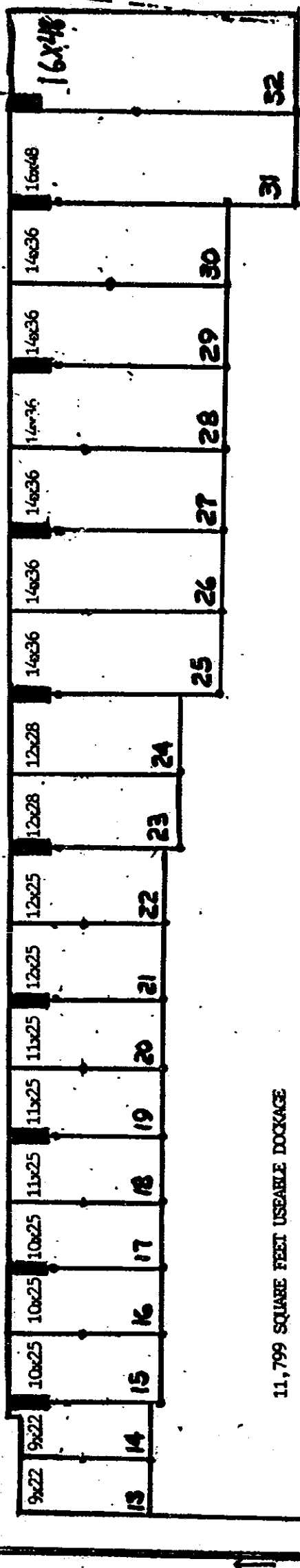
RAMP

6' DOCK (+)

24.5' (+)

8' DOCK (+)

HOMEOWNER'S USE



11,799 SQUARE FEET USEABLE DOCKAGE

POOL AREA

94'

HOMEOWNER'S SLIP

MIDDLE GROVE SOUND

12x 36 2 12x 48

230' (+)

8' DOCK (+)

EXISTING, PHASE I LOCATION



BULKHEAD LINE