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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

RECORDED AND VERIFIED
MARY SUE OOTS
REGISTER OF DEEDS
NEW HANOVER CO. NC

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
MASONBORO FOREST

THIS DECLARATION, made on the date hereinafter set forth by Masonboro Forest, Inc., hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Masonboro Township, County of New Hanover, State of North Carolina, which is more particularly described on Exhibit A attached hereto.

NOW THEREFORE, Declarant hereby declares that all of the properties described on Exhibit A shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

See Map Book 36, Page 135.

ARTICLE I

DEFINITIONS

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Section 1. "Association" shall mean and refer to Masonboro Forest Homeowners Association, Inc., its successors and assigns.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described on Exhibit B attached hereto.

Section 3. "Declarant" shall mean and refer to Masonboro Forest, Inc., a North Carolina Corporation, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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Section 6. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto, as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. However, no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property. Notwithstanding this provision, no Owner may utilize any Common Area for recreational purposes if his rights have been delegated to a tenant or other person residing on the Lot owned by Owner.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. In the event such joint owners cannot agree, the Board of Directors of the Association shall designate the member entitled to vote.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs, subject to Section 3 of this Article III:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 2002.

Section 3. Notwithstanding the provisions of Article III, Section 2, there shall be no conversion of Class B membership to Class A membership under Section 2(a) unless:

(a) The criteria stated above in Section 2(a) are met, and Declarant has recorded in the Office of the Register of Deeds of New Hanover County a statement terminating its rights to annex additional properties as allowed hereinafter; or

(b) The total number of lots conveyed to third parties equals 166 (229 being the maximum number of lots which may be included within the property made subject hereto, and which may be made subject hereto in the future).

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot 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: (1) annual assessments or charges, (2) special

assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) supplemental assessments, as hereinafter described. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. All assessments (hereinafter "Assessments"), together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when 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 Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of the premises of each Lot and the homes situated thereon, to the extent allowed by the provisions of Article VI, Section 5 or by Section 5 of this Article IV. These allowed purposes include, but are not limited to, the maintenance and upkeep of all roads and roads rights-of-way, repair and maintenance of the swimming pool, tennis courts, pool house and clubhouse, and the payment for life guards, maintenance personnel, professional fees, management fees, ad valorem taxes and insurance.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be TWO HUNDRED FORTY AND 00/100 DOLLARS (\$240.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year

only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for other purposes deemed appropriate by the Directors of the Association, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Supplemental Assessments. The Association shall have authority to collect as a surcharge additional dues (not in the nature of a special assessment) on an annual basis to be charged against Lots particularly benefited by the existence of a special maintenance program applicable only to those Lots. Specifically, the Association shall maintain the front lawns (grass and plantings) in certain sized lots (Lots 100 through 167 hereinafter "Small Lots"; Lots 200 through 254 hereinafter "Medium Lots"; Lots 300 through 405 hereinafter "Large Lots"). The supplement assessment for yard maintenance for Small Lots shall be uniform among all of the Small Lots; likewise, the Supplemental Assessment for yard maintenance for Medium Lots shall be the same for all Medium Lots. The Supplemental Assessment shall be established by the Board of Directors of the Association, but only upon recommendation of a committee, as to Small Lots, consisting of the Owners of three of the Small Lots appointed by the Board of Directors of the Association, and upon recommendation as to the Medium Lots upon recommendation of a committee consisting likewise of three owners of Medium Lots selected by the Board of Directors of the Association. In the event of a disagreement between the designated committee and the Board of Directors of the Association, the amount of Supplemental Assessments shall be determined by vote of the Owners of Lots to be so assessed, with the choice being submitted to a vote being the recommendation of the committee and the recommendation of the Board of Directors.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 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 the votes of each class of 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 at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Rate of Assessment. Lots shall be divided into three classes or categories for purposes of payment of Assessments. These categories are as follows:

- (a) Lots owned by Declarant until December 31, 2002, at which time this category shall terminate. This category shall be referred to as "Declarant Category." Each Lot within the Declarant Category shall be assessed in an amount equal to 25% of the Assessment on each Lot in the Unrestricted Category.
- (b) Lots owned by licensed general contractors and held for the purpose of construction of a home thereon, which home shall be offered for sale prior to occupancy. Each Lot within this category shall be referred to as a Lot within the "Contractor Category." No Lot shall remain in the Contractor Category beyond January 1 next following the expiration of 12 months from date of acquisition of the Lot, and no Lot shall be considered to be within the Contractor Category unless such Lot was acquired by its Owner directly from Declarant. Declarant shall determine eligibility for this category, and its decision shall be conclusive. Each Lot within the Contractor Category shall be assessed in an amount equal to 50% of the Assessment on each Lot in the Unrestricted Category.
- (c) All Lots not within either the Declarant Category or within the Contractor Category shall be considered within the "Unrestricted Category." Lots within the Unrestricted Category shall receive no reduction from the basic Lot Assessments.

Section 8. Date of Commencement of Annual and Supplemental Assessments: Due Dates. The annual and supplemental assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual and supplemental assessments shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. Supplemental assessments shall likewise be determined and noticed, subject to the provisions of Section 5 of this Article IV. The Association shall, upon demand, and for a reasonable charge,

furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 18 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 11. Street Lighting. Declarant reserves the right to subject the Properties to a contract with Carolina Power & Light Company for the installation of street lighting, which may require a continuing monthly payment by each Owner to Carolina Power & Light Company by each such Owner.

ARTICLE V

ARCHITECTURAL CONTROL COMMITTEE PROCEDURES

Section 1. Submittal of Plans. At least thirty (30) days prior to the anticipated commencement of any landscaping or construction of any structure or improvement on any Lot, the owner of such Lot (or his duly appointed agent) shall submit to the Chairman of the Architectural Control Committee ("Committee") a survey of the Lot, which survey shall show each Lot corner. There shall further be shown on said survey the proposed location of all proposed and existing structures or improvements, including driveways, patios, decks and walkways. There shall be further provided to the Committee sufficient building elevations and landscape plans, including a statement of exterior building materials and proposed exterior colors, to allow the Committee to appropriately and accurately evaluate what is proposed for construction on the Lot. The location of a proposed well (if any) shall also be delineated. The survey, building elevations and landscape plans, shall be of professional quality. There shall be submitted two copies of all information required to be submitted.

Section 2. Standards for Approval. Within thirty (30) days after receipt of all required information, the Committee shall notify in writing the owner of the Lot whether or not the requested improvements are approved. Unless a response is given by the Committee within said thirty (30) days, the plan shall be deemed approved. The response of the Committee may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time for response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the construction shall be deemed approval by the owner of the Lot of the conditions imposed. No response shall be required from the Committee unless a submission contains, on its face, the information required to be submitted as more fully set out hereinbefore.

The Committee shall approve the plans as submitted, if all required information is submitted, and the following affirmative findings are made by the Committee:

(1) that the improvements sought to be constructed will not have negative economic impact on any other property within Masonboro Forest; and

(2) that all required specific building standards and other conditions contained within the Declaration of Covenants and other applicable legal documents have been met;

(3) that the improvements are architecturally compatible with proposed or constructed improvements on other properties within Masonboro Forest;

(4) that the natural features of the Lot have been retained to the maximum extent feasible; and

(5) that the impervious surface limitation coverage proposed on each Lot is consistent with the requirements of the Division of Environmental Management Coastal Stormwater Regulations as more fully set out hereinafter.

It is the intent of Declarant for there to be an architectural theme or style within Masonboro Forest, which theme or style is to be a traditional southern architectural style, which style may further be low country or may not be low country, as such terms and styles are traditionally understood by the architectural profession. In evaluating plans, and in determining whether the standard imposed by paragraph 5B(3) has been achieved, evaluation as to this architectural style shall be permitted by the Committee. The Committee is further specifically authorized to publish particular construction standards, including features that are

appropriate for inclusion in Living Units, which standards and features shall be made available to the owner of any Lot requesting the same.

Notwithstanding the procedures contained within this Section 5, review of proposed minor construction or proposed improvements to existing structures, or minor landscaping, may be delegated to a sub-committee and may be reviewed in accordance with abbreviated procedures adopted and published by the Committee from time to time.

Section 3. Contractor. Because of the desire of Declarant on behalf of all Owners to provide a uniform quality of construction, and because of the need to control lay down yards and other contractor facilities due to the limited availability of land, the Committee reserves the right of approval of the general contractor selected by Owner to construct a primary residence on any Lot. The Committee shall maintain at all times a list of approved contractors available for construction on any Lot. Such information shall be made available to the Owner of any Lot upon request. Neither Declarant, the Association nor the Committee guarantee or warrant any work performed by any contractor approved by the Committee, the Association or Declarant. Each Owner shall submit with his application for approval a statement of said Owner's selected general contractor; if the general contractor is not selected at that time, the name of the general contractor shall be submitted prior to commencement of construction.

Section 4. Right of Appeal. Any owner disagreeing with the finding of the Committee may appeal the decision to the Board of Directors of the Association by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial (or notice of imposition of conditions unacceptable to said owner). The Board of Directors of the Association shall then review the plans, giving the Chairman of the Committee the opportunity to present to the Board of Directors of the Association specific reasons why the plans were denied, in the presence of the owner or his agent, and the owner or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by unanimous vote of the Board of Directors of the Association.

Section 5. Notices. All notices required to be given herein shall be given in writing, hand-delivered or mailed postage prepaid, return receipt requested, and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. One set of plans, denoted as approved (or approved with specified conditions) shall be retained by the Committee and the other shall be returned to the applicant.

ARTICLE VI

GENERAL PROVISIONS

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

Section 2. 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 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than eighty percent (80%) of the Lot Owners, and thereafter by an instrument signed by not less than sixty percent (60%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional land within the area described on Exhibit C attached hereto may be annexed by Declarant without the consent of members on or before December 31, 2000. Such annexation shall be accomplished by the filing in the Office of the Register of Deeds of New Hanover County of an amended or supplemental Declaration of Covenants, Conditions and Restrictions, which document specifically describes the property to be annexed, and which specifically makes such properties subject to this Declaration. Declarant shall have no obligation to annex any or all of the property described on Exhibit C, and may annex portions of the property from time to time.

Section 5. Exterior Maintenance. In the event an Owner of any Lot in the Properties shall fail to maintain the improvements situated on said Lot in a manner reasonably satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements directed thereon. The cost of such exterior maintenance shall be added to and become part of the Assessment to which such Lot is subject.

Section 6. Stormwater Runoff. The State of North Carolina has adopted stormwater runoff regulations applicable to the Properties. In accordance with such regulations, the total amount of impervious surface, or as defined by the stormwater

regulations of the State of North Carolina, may be limited on any Lot. If such limitations apply to any Lot, such limitation is set out on Exhibit D attached hereto. Declarant, the Association and the State of North Carolina shall have specific authority to enforce the provisions of the North Carolina stormwater regulations, and each Owner shall be required to limit the amount of impervious surface on any lot owned by said Owner as set out on Exhibit D attached hereto.

Section 7. Amenities. Declarant has or is obligated to construct on the Common Area a clubhouse consisting of approximately 2500 square feet of heated space, a swimming pool with poolhouse and a minimum of two (2) tennis courts. Declarant warrants and represents that Declarant shall cause such amenities to be constructed on the Common Area on or before June 1, 1997.

Section 8. Declarant's Rights. Declarant reserves the right to use, during the period of Declarant's annexation rights as more fully specified hereinbefore, a portion of the Common Area or any home constructed on the Property as a Model Home or otherwise to assist in the sale of lots and homes within the Properties.

Section 9. Signage. The Association shall have full right and authority to regulate and limit the appearance, size and number of signs on any Lot within the Properties, as long as such restrictions and limitations are uniformly applied throughout the Properties. Declarant may post such signage on any Lot or on any model home as it deems appropriate during the period of allowed annexation as set out in Article VI, Section 4.

Section 10. Housing Sizes. Lots within Masonboro Forest are divided into three lot size categories, generally referred to as "100' Lots," "90' Lots," and "55' Lots." Within each such category, respectively, the primary dwelling unit constructed thereon must contain a minimum of enclosed, heated square footage as follows:

- (a) 100' Lots - 2400 square feet;
- (b) 90' Lots - 1800 square feet; and
- (c) 55' Lots - 1400 square feet.

Lots 300 through 405 are 100' Lots; Lots 200 through 254 are 90' Lots and Lots 100 through 167 are 55' Lots. Any property annexed hereto shall specify the Lot Category for Lots annexed.

Section 11. Fences. Fences on any Lot are subject to the complete jurisdiction of the Committee including location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the owner of a Lot or Living Unit, no fence shall be allowed along any property line, no fence shall be allowed in any front

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yard and no fence shall be allowed in any side yard. The Committee shall only approve the construction of a fence in any location upon a determination that the fence is aesthetically pleasing and does not detract from the reasonable value of any Lot or property. The Committee shall adopt guidelines concerning permissible location of fences, and the permissible styling and construction standards of allowable fences.

Section 12. Satellite Dishes. No satellite receiving dish, radio antennae or other similar device shall be allowed on any Lot, except that satellite receiving dishes, no greater in size than twenty four (24) inches in diameter, shall be allowed, but only upon approval by the Committee as to the size and location of such satellite receiving dish, and only if it is located in a way to minimize the visibility of such satellite receiving dish from any street or adjoining property. The Committee may impose screening requirements by vegetation or otherwise as it deems appropriate.

Section 13. Parking. No vehicles shall be allowed to be parked on any Lot or any Association Property, or on any right-of-way, which is determined by the Association to be of a type, because of size or weight, not appropriate for overnight parking within a residential subdivision. As an example, tractor/trailer trucks or heavy construction equipment shall be determined inappropriate.

Section 14. Nuisances. No activity, whether active or passive, that is reasonably considered a nuisance by the Association shall be allowed within Masonboro Forest. This prohibition includes any activities within any structure, on any Lot or on any street or Association Property. The Association is specifically authorized by Section 15 of these Protective Covenants to adopt rules regarding conduct and use of such properties; however, the Association may find any conduct or use of a Lot to be a nuisance notwithstanding the fact that such conduct is not specifically prohibited by these Protective Covenants or by an adopted rule. If any conduct is deemed by the Association to be a nuisance, and to the extent that such conduct is not specifically prohibited by the provisions of these Protective Covenants or by an adopted rule, the Association shall give written notice to the offending owner specifying the nature of the nuisance, and requesting that such nuisance be terminated. If any nuisance is not terminated within a reasonable time thereafter, the Association may pursue any legal or equitable remedy, and may collect in any such action all attorney's fees incurred.

Section 15. Rentals. No Living Unit may be leased or rented for a rental term less than one (1) month.

Section 16. Yard Maintenance. Each unimproved Lot shall be maintained in a sightly condition, comparable to the condition of unimproved Lots offered for sale by Declarant. In order to ensure compliance with this requirement, the Association shall have the right and authority, which is specifically acknowledged by the Owner of each Lot, to go upon each Lot which is unimproved, and cause any or each of such unimproved Lots to be mowed, and trash and debris located thereon to be removed, if the Owner fails to do so after request by the Association. To compensate the Association for this expense, the Owner of each unimproved Lot shall pay to the Association, as Supplemental Assessment, a sum equal to the actual cost to the Association of causing this work to be accomplished, plus twenty (20%) percent. The Association shall establish regular brush removal cycles for guidance of Owners.

Section 17. Clearing No significant clearing or landscaping of any Lot shall be undertaken more than thirty (30) days prior to the commencement of construction on said Lot of the Living Unit to be located thereon. This provision shall not preclude the removal of underbrush or damaged or diseased trees, nor shall this provision preclude the installation of a driveway or walkway.

Section 18. Driveways. Non-paved driveway accesses to improvements on Lots shall not be permitted. All crossings of drainage swells or ditches located on any street right-of-way must be by appropriately designed and engineered culvert installed by the Owner of said Lot, as approved by the Committee.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 26th day of SEPT., 1996.

DECLARANT:

MASONBORO FOREST, INC.

By: [Signature]
President

ATTEST:

[Signature]
Clerk Secretary



STATE OF NORTH CAROLINA

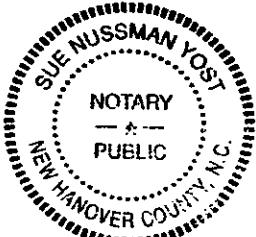
COUNTY OF New Hanover

I, SUE NUSSMAN YOST, a Notary Public of the aforesaid State and County, do hereby certify that Katherine G. Blusdell personally came before me this day and acknowledged that she is Asst Secretary of Masonboro Forest, Inc., a North Carolina Corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its Asst President, sealed with its corporate seal and attested by its Asst Secretary.

Witness my hand and official stamp or seal, this 26th day of September, 1996.

Sue Nussman Yost
Notary Public

My Commission Expires:
9-24-2000



Misc \Masonboro.Cov
9-26-96

STATE OF NORTH CAROLINA
New Hanover County
The Foregoing / Annexed Certificate(s) of

Sue Nussman Yost

Notary (Notaries) Public is / are certified to be correct.

This the 26 day of Sept 1996
Mary Sue Oots, Register of Deeds

by Jammy Donahue
Deputy / Assistant

All of that certain parcel or tract of land, lying and being in Masonboro Township, New Hanover County, North Carolina, being bounded on the west by Navaho Trail (S. R. #1516), being bounded on the north and the east by the Hodder Tract (Book 658 Page 236), being bounded on the south by the Sanders Tract (Book 1798 Page 0843), being bounded on the south by the Berman Development Corporation Tract (Book 1449 Page 0325), containing 11.57 Acres, more or less, a portion of the Walter J. Hodder Tract as described at Book 658 Page 236, New Hanover County Registry, and being more particularly described as follows:

Commence at an existing concrete monument located in the west right of way line of Navaho Trail (S. R. #1516) at the intersection of the centerline of Drummond Drive, said concrete monument being shown on map of Lansdowne South, Section 4 as recorded at Map Book 31 Page 383 of the New Hanover County Registry; Thence North 74 degrees 15 minutes 32 seconds East a distance of 60.00 feet to the east right of way of Navaho Trail (S. R. #1615); Thence along and with the east right of way of Navaho Trail North 15 degrees 44 minutes 28 seconds West a distance of 120.35 feet to an existing iron pipe, the POINT OF BEGINNING; Thence along and with the east right of way of Navaho Trail (S. R. #1516) North 15 degrees 44 minutes 28 seconds West a distance of 560.32 feet; Thence along a curve to the right having a radius of 857.79 feet, an arc length of 315.79 feet and a chord which bears North 05 degrees 11 minutes 41 seconds West having a chord distance of 314.01; Thence North 05 degrees 21 minutes 06 seconds East a distance of 157.97 feet; Thence leaving the east right of way of Navaho Trail (S. R. #1516) South 84 degrees 38 minutes 54 seconds East a distance of 130.00 feet; Thence South 81 degrees 26 minutes 24 seconds East a distance of 40.06 feet; Thence South 84 degrees 38 minutes 54 seconds East a distance of 130.00 feet; Thence North 05 degrees 21 minutes 06 seconds East a distance of 82.00 feet; Thence South 84 degrees 38 minutes 54 seconds East a distance of 287.45 feet; Thence South 04 degrees 49 minutes 19 seconds West a distance of 157.01 feet; Thence South 00 degrees 03 minutes 03 seconds East a distance of 146.05 feet; Thence South 83 degrees 52 minutes 01 seconds West a distance of 295.50 feet; Thence South 15 degrees 34 minutes 07 seconds East a distance of 39.22 feet; Thence South 09 degrees 50 minutes 44 seconds East a distance of 171.67 feet; Thence North 83 degrees 52 minutes 01 seconds East a distance of 147.40 feet; Thence South 06 degrees 07 minutes 59 seconds East a distance of 160.00 feet; Thence South 14 degrees 22 minutes 52 seconds East a distance of 592.60 feet to a point in the north line of the Sanders Tract (Book 1798 Page 0843); Thence along and with the north line of the Sanders Tract North 64 degrees 30 minutes 14 seconds West a distance of

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120.00 feet to an existing iron pipe; Thence along and with the north line of the Berman Development Corporation Tract (Book 1449 Page 0325) North 64 degrees 29 minutes 39 seconds West a distance of 401.25 feet to the POINT OF BEGINNING; containing 11.57 acres, more or less; a portion of the Walter J. Hodder Tract as described at Book 658 Page 236 of the New Hanover County Registry.

Description Prepared by Michael N. Underwood; R. L. S.; L-2962

EXHIBIT A
Tract 2

All of that certain parcel or tract of land, lying and being in Masonboro Township, New Hanover County, North Carolina, being bounded on all sides, north, south, east and west by the Walter J. Hodder Tract as described at Book 658 Page 236 of the New Hanover County Registry, containing 20.07 Acres, more or less, a portion of the Walter J. Hodder Tract as described at Book 658 Page 236, New Hanover County Registry, and being more particularly described as follows:

Commence at an existing concrete monument located in the west right of way line of Navaho Trail (S. R. #1516) at the intersection of the centerline of Drummond Drive, said concrete monument being shown on map of Lansdowne South, Section 4 as recorded at Map Book 31 Page 383 of the New Hanover County Registry; Thence North 74 degrees 15 minutes 32 seconds East a distance of 60.00 feet to the east right of way of Navaho Trail (S. R. #1615); Thence along and with the east right of way of Navaho Trail North 15 degrees 44 minutes 28 seconds West a distance of 120.35 feet to an existing iron pipe; Thence leaving the east right of way of Navaho Trail (S. R. 1516) along and with the north line of the Berman Development Corporation Tract (Book 1449 Page 0325) South 64 degrees 29 minutes 39 seconds East a distance of 401.25 feet to an existing iron pipe; Thence along and with the north line of the Sanders Tract (Book 1798 Page 0843) South 64 degrees 30 minutes 16 seconds East a distance of 120.00 feet; Thence leaving the north line of the Sanders Tract North 14 degrees 22 minutes 52 seconds West a distance of 238.02 feet to the POINT OF BEGINNING; Thence North 14 degrees 22 minutes 52 seconds West a distance of 354.58 feet; Thence North 06 degrees 07 minutes 59 seconds West a distance of 160.00 feet; Thence South 83 degrees 52 minutes 01 seconds West a distance of 147.40 feet; Thence North 09 degrees 50 minutes 44 seconds West a distance of 171.67 feet; Thence North 15 degrees 34 minutes 07 seconds West a distance of 39.22 feet; Thence North 83 degrees 52 minutes 01 seconds East a distance of 295.50 feet; Thence North 83 degrees 52 minutes 01 seconds East a distance of 119.45 feet; Thence South 89 degrees 07 minutes 08 seconds East a distance of 223.48 feet; Thence North 13 degrees 31 minutes 29 seconds East a distance of 110.98 feet; Thence South 65 degrees 50 minutes 53 seconds East a distance of 34.83 feet; Thence North 19 degrees 20 minutes 10 seconds East a distance of 106.73 feet; Thence North 03 degrees 20 minutes 58 seconds East a distance of 140.00 feet; Thence South 85 degrees 49 minutes 52 seconds East a distance of 332.66 feet; Thence South 04 degrees 18 minutes 42 seconds West a distance of 151.28 feet; Thence South 22 degrees 48 minutes 29 seconds West a distance of 74.17 feet; Thence South 17 degrees 40 minutes 50 seconds West a distance of 102.32 feet; Thence South 22 degrees 20 minutes 20 seconds West a distance of 34.62 feet;

Thence South 67 degrees 39 minutes 40 seconds East a distance of 117.56 feet; Thence South 77 degrees 53 minutes 20 seconds East a distance of 47.97 feet; Thence South 65 degrees 07 minutes 00 seconds East a distance of 256.22 feet; Thence South 24 degrees 53 minutes 00 seconds West a distance of 180.00 feet; Thence North 65 degrees 07 minutes 00 seconds West a distance of 157.09 feet; Thence South 24 degrees 53 minutes 00 seconds West a distance of 150.00 feet; Thence South 65 degrees 07 minutes 00 seconds East a distance of 132.32 feet; Thence South 30 degrees 11 minutes 51 seconds West a distance of 309.35 feet; Thence North 59 degrees 48 minutes 09 seconds West a distance of 27.58 feet; Thence South 30 degrees 11 minutes 51 seconds West a distance of 144.48 feet; Thence North 61 degrees 38 minutes 46 seconds West a distance of 303.24 feet; Thence North 81 degrees 53 minutes 40 seconds West a distance of 127.91 feet; Thence along a curve to the left having a radius of 210.00 feet, an arc length of 9.25 feet and a chord which bears South 01 degrees 58 minutes 50 seconds East having a chord distance of 9.25 feet; Thence South 86 degrees 45 minutes 25 seconds West a distance of 284.34 feet to the POINT OF BEGINNING; containing 20.07 acres, more or less, a portion of the Walter J. Hodder Tract as described at Book 658 Page 236, New Hanover County Registry.

Description Prepared by Michael N. Underwood, R. L. S.; L-2962

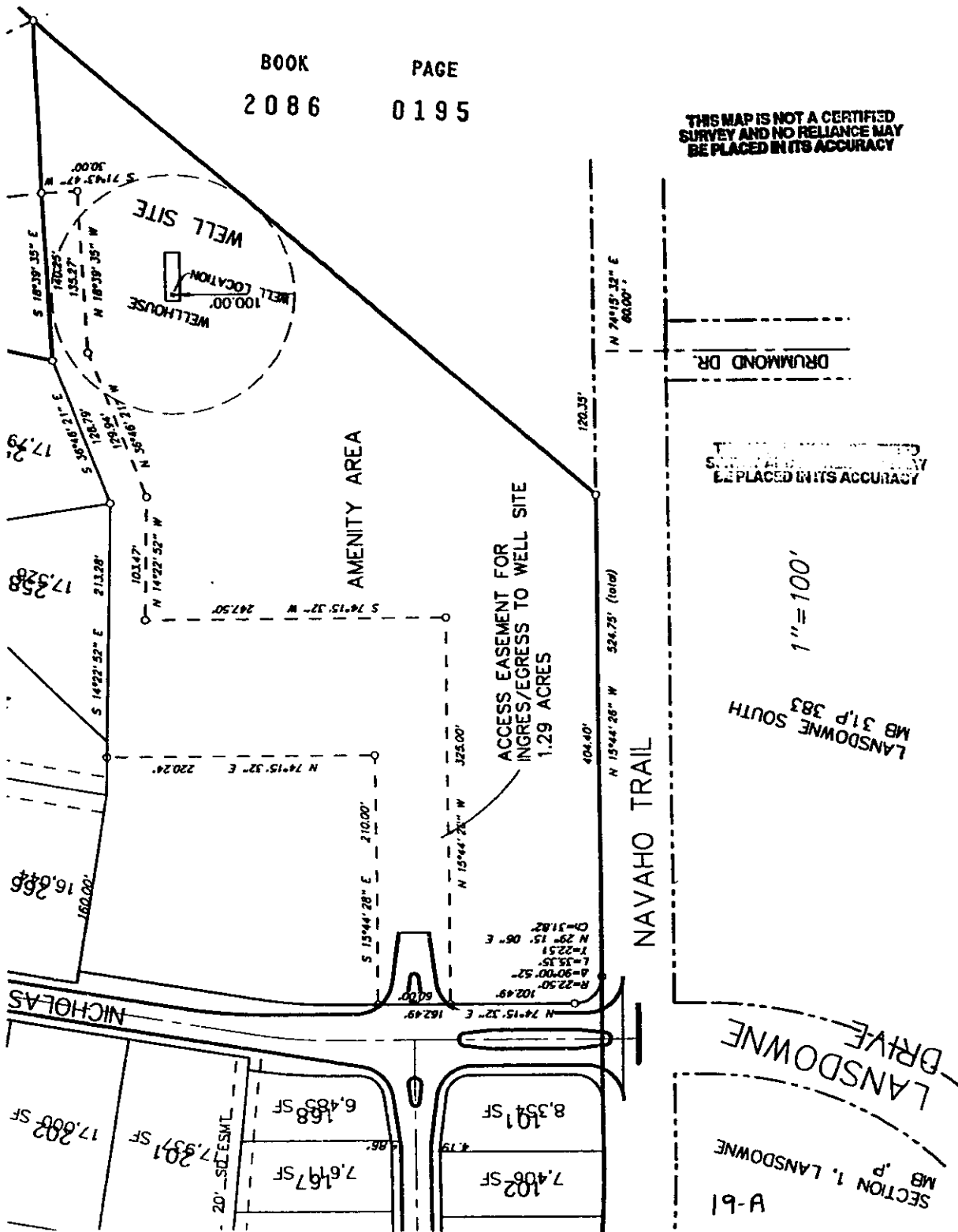
COMMON/AMENITY AREA

Commence at an existing concrete monument located in the west right of way line of Navaho Trail (SR #1516) at the intersection of the centerline of Drummond Drive, said concrete monument being shown on map of Lelandown South, Section 4 and recorded at Map Book 31 Page 383 of the New Hanover County Registry, thence North 74 degrees 15 minutes 32 seconds East a distance of 60.00 feet to a point in the east right of way of Navaho Trail (SR #1615), thence along the east right of way of Navaho Trail (SR #1615) North 15 degrees 44 minutes 28 seconds West a distance of 120.35 feet to an existing iron pipe, the Point of Beginning; thence along and with the east right of way of Navaho Trail North 15 degrees 44 minutes 26 seconds West a distance of 404.40 feet to a point, thence along and with the south right of way of Nicholas Creek Circle (Public) as shown on Map Book 36 Page 135 of the New Hanover County Registry along a curve to the right having a radius of 22.50 feet, an arc length of 35.35 feet and a chord which bears North 29 degrees 15 minutes 06 seconds East having a chord distance of 31.82 feet to a point, thence along and with the south right of way of Nicholas Creek Circle North 74 degrees 15 minutes 32 seconds East a distance of 198.83 feet to a point, thence along and with the south right of way of Nicholas Creek Circle along a curve to the right having a radius of 370.00 feet, an arc length of 62.05 feet and a chord which bears North 79 degrees 03 minutes 46 seconds East having a chord distance of 61.97 feet to a point, thence along and with the south right of way of Nicholas Creek Circle North 83 degrees 52 minutes 01 seconds East a distance of 150.00 feet to a point, thence along and with the west line of Lot 306 - Masonboro Forest - Section 1 (Map Book 36 Page 135) South 06 degrees 07 minutes 59 seconds East a distance of 150.00 feet to a point, thence South 14 degrees 22 minutes 52 seconds East a distance of 245.17 feet to a point, thence South 36 degrees 46 minutes 21 seconds East a distance of 128.79 feet to a point, thence South 18 degrees 39 minutes 35 seconds East a distance of 140.25 feet to a point, thence South 17 degrees 52 minutes 52 seconds East a distance of 145.94 feet to a point in the north line of the Sanders Tract (Book 1798 Page 0843), thence along and with the north line of the Sanders Tract North 64 degrees 30 minutes 14 seconds West a distance of 209.17 feet to an iron pipe, thence along and with the north line of the Berman Tract (Book 1449 Page 0325) North 64 degrees 29 minutes 39 seconds West a distance of 401.25 to the Point of Beginning; containing 5.94 acres, more or less, and being a portion of the Masonboro Forest, Inc. Tract (Book 1998 Page 0914) of the New Hanover County Registry.

Save and except the well site area as shown on 19A containing 1 acre more or less. Also subject to the easement as shown on 19A for ingress and egress to the well site.

RECORD OF POOR QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
G.S. 161-14

THIS MAP IS NOT A CERTIFIED SURVEY AND NO RELIANCE MAY BE PLACED IN ITS ACCURACY



1" = 100'

BOOK
2086

PAGE
0196

EXHIBIT C
Tract A

RECORD OF POOR QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
G.S. 161-14

BEGINNING in the run of Clay Bottom Branch, said point being located South 02 degrees 08 minutes 16 seconds East 20.88 feet from a point in the Southern right of way of Navaho Trail (60 foot right of way). Said point in the Southern right of way line of Navaho Trail being located 392.91 feet as measured Westwardly along the Southern right of way line of Navaho Trail from the center line of Paisley Court as shown on map of Scottsdale and recorded in Map Book 33 at Page 394 of the New Hanover County Registry. Running thence down and with the run of Clay Bottom Branch the following courses and distances, South 02 degrees 08 minutes 16 seconds East 28.75 feet, South 34 degrees 21 minutes 07 seconds East 39.55 feet, South 18 degrees 29 minutes 11 seconds West 144.33 feet, South 04 degrees 37 minutes 30 seconds West 78.46 feet, South 15 degrees 24 minutes 38 seconds East 108.34 feet, South 33 degrees 48 minutes 27 seconds East 60.87 feet, South 45 degrees 10 minutes 27 seconds East 117.17 feet, South 37 degrees 32 minutes 35 seconds East 54.88 feet, South 53 degrees 53 minutes 01 second East 81.89 feet, South 49 degrees 32 minutes 14 seconds East 45.66 feet, South 60 degrees 12 minutes 43 seconds East 145.71 feet, South 70 degrees 22 minutes 32 seconds East 62.67 feet to a point. Running thence with Jerald Lewis, S.F. Lewis and Kenneth Wayne Lewis lines South 35 degrees 25 minutes 03 seconds West 540.05 feet to a concrete monument, Kenneth Wayne Lewis Southwest corner. Thence with the Kenneth Wayne Lewis Southern line South 54 degrees 08 minutes 17 seconds East 649.15 feet to a iron pipe at the high water line of Jumping Run Branch. Thence along the high water line of Jumping Run Branch South 25 degrees 02 minutes West 156.98 feet, South 21 degrees 32 minutes West 171.61 feet, South 13 degrees 02 minutes West 204.76 feet, South 31 degrees 58 minutes 00 seconds East 57.04 feet, South 15 degrees 47 degrees 00 minutes West 63.38 feet, South 77 degrees 58 minutes 00 seconds East 97.51 feet, South 43 degrees 47 minutes 00 seconds West 135.53 feet and South 16 degrees 32 minutes West 247.67 feet to a point in the Northern line of the Beyond The Branch Subdivision, map of same being recorded in Map Book 26 at Page 24 of the New Hanover County Registry. Running thence with the Northern line of said Beyond The Branch Subdivision, North 64 degrees 32 minutes 11 seconds West 998.99 feet to a point, the Northeast corner of the Casco Crafters tract. Running thence with the Casco Crafters line North 64 degrees 30 minutes 14 seconds West 889.36 feet to a point, the Northeast corner of the Berman Development Corp. tract. Running thence with the Northern line of said Berman Development corp. tract, North 64 degrees 29 minutes 39 seconds West 401.25 feet to a point in the Eastern right of way line of Navaho Trail. Running thence with the Eastern right of way line of Navaho Trail, North 15 degrees 44 minutes 28 seconds West 560.32 feet to the South end of a curve to the East.

with said curve to the East to a point that is located North 05 degrees 11 minutes 41 seconds West 314.01 feet from the preceding point. Thence continue with the Eastern right of way line of Navaho Trail North 05 degrees 21 minutes 06 seconds East 624.19 feet to the South end of a curve to the East. Thence with said curve to the East to a point that is located North 50 degrees 41 minutes 39 seconds East 384.29 feet from the preceding point. Running thence with the Southern right of way line of Navaho Trail South 83 degrees 57 minutes 49 seconds East 590.08 feet and South 84 degrees 03 minutes 53 seconds East 57.89 feet to a point. Thence leaving said right of way South 21 degrees 01 minutes 52 seconds West 8.82 feet to a point. Thence South 82 degrees 19 minutes 47 seconds East 653.78 feet and South 87 degrees 07 minutes 47 seconds East 143.11 feet to the point of beginning. Containing 99.06 acres more or less.

Tract B

Beginning at a point in the southerly right-of-way line of Navaho Trail (60 foot right-of-way), also known as S.R. No. 1516. Said beginning point being located North 84 degrees 03 minutes 53 seconds West 579.89 feet as measured along said southerly right-of-way line from its intersection with the westerly right-of-way line of Barksdale Drive (50 foot right-of-way) as shown on a "Revised Map of Scottsdale" recorded in Map Book 33 at Page 394 of the New Hanover County Registry. Said beginning point being in the run of Clay Bottom Branch. Running thence from said beginning point:

1. South 02 degrees 06 minutes 16 seconds East 20.88 feet down the run of said Clay Bottom Branch to a point. Last said point being a corner of a tract now or formerly owned by Walter J. Hodder, et ux; thence
2. North 87 degrees 07 minutes 47 seconds West 143.11 feet to a point; thence
3. North 82 degrees 19 minutes 47 seconds West 653.78 feet to an old concrete monument; thence
4. North 21 degrees 01 minute 52 seconds East 8.84 feet to a point in the southerly right-of-way line of said Navaho Trail. Last said point being located South 21 degrees 01 minute 52 seconds West 0.41 feet from an old iron pipe; thence
5. South 84 degrees 03 minutes 53 seconds East 791.15 feet with the southerly line of said Navaho Trail to the point of beginning.

RECORD OF POOR QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
G.S. 161-14

IMPERVIOUS SURFACE COVERAGE

No more than _____* square feet of any lot, including that portion of the right-of-way between the edge of pavement and the front lot line, shall be covered by impervious structures, including asphalt, gravel, concrete, brick, stone, slate or similar material, not including wood decking or the water surface of swimming pools. This covenant is intended to ensure continued compliance with the stormwater permit issued by the State of North Carolina. The covenant may not be changed or deleted without the consent of the State.

No one may fill in or pipe any roadside or lot-line swale, except as necessary to provide a minimum driveway crossing.

For curb and gutter projects, no one may pipe, fill in, or alter any lot line swale used to meet North Carolina Stormwater Management Permit requirements.

* Lot #	Min Size SF	Allowable Impervious Area (SF)
101-167	7,100	4,000
200-254	13,000	4,200
300-405	15,000	4,400

This FINANCING STATEMENT is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code.

No. of Additional Sheets Presented: 95A-1369

PT

1) Debtor(s) (Last Name First) and Address(es):
(Please TYPE)
Ely, Harry & Donald
517 Kelly Rd
Wilmington, N.C. 28409

(2) Secured Party(ies) (Name(s) And Address(es):
CAROLINA POWER & LIGHT CO.
P.O. Box 1110
Wilmington, N.C.

SEP 17 10:25

3) (a) Collateral is or includes fixtures.
(b) Timber, Minerals or Accounts Subject to G.S. 25-9-103(b) are covered
(c) Crops Are Growing Or To Be Grown
On Real Property Described In Section (5).
If either block 3(a) or block 3 (b) applies describe real estate, including record owner(s) in section (5).

(4) Assignee(s) of Secured Party, Address(es):
96C 0108

'96 SEP 28 10:02
For Filing Officer MARY SUE OOTS

(5) This Financing Statement Covers the Following types (or items) of property.

REGISTER OF DEEDS
RECORD OWNER OF REAL ESTATE HANOVER CO. NC

FIXTURE 158 REAL ESTATE
1-3 Low Voltage Mini Transformers 517 Kelly Rd Wilmington, N.C. Ely, Harry & Donald
mult # 384R036-3

Products of the Collateral Are Also Covered.

TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above. (A Termination Statement signed by a person other than the secured party of record must include or be accompanied by the assignment or a statement by the secured party of record that he has assigned the security interest to the signer of the Termination Statement.)

Date 9/24 CANCELLED OF RECORD 9-26 1996

By Carolina Power & Light
Lyn Massey - CSC rep
(Signature of Secured Party or Assignee)

MARY SUE OOTS
REGISTER OF DEEDS

(3) Filing Officer Copy Acknowledgment Filing Officer is required to note file number, date and hour of filing on this copy and return to the person who presented the financing statement.

UCC-1