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FOR REGISTRATION REGISTER OF DEEDS
REBECCA P. SMITH
NEW HANOVER COUNTY, NC
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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

Return To: Rhina + Assoc
Lea, Rhina + Assoc
772-9960

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
LAND AND PROPERTY OF MIDDLE SOUND
MARINA ASSOCIATION, INC.
A NONPROFIT CORPORATION**

THIS DECLARATION, made on the date hereinafter set forth by Vanguard Properties of NC LLC, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain real and personal property in the Wilmington, County of New Hanover, State of North Carolina, which real property is more particularly described on "Exhibit A" attached hereto; and

WHEREAS, the above-referenced real property may be improved hereafter; and

WHEREAS, Declarant desires to impose certain restrictive and protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the property as described on "Exhibit A" and any membership allowed to use or enjoy such property or any portion thereof together with any parcel acquired hereafter, 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 such property or any part thereof including any membership right or interest, and shall inure to the benefit of each member of the corporation.

ARTICLE I
DEFINITIONS

SECTION 1: "CORPORATION" shall mean and refer to Middle Sound Marina Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

SECTION 2: "BOARD" AND "BOARD OF DIRECTORS" shall mean and refer to the Board of Directors of Middle Sound Marina Association, Inc. as lawfully constituted from time to time under said company's Articles of Incorporation as may be amended from time to time ("Articles of Incorporation"), this Declaration as may be amended from time to time ("Declaration") and the Bylaws.

SECTION 3: "COMMON AREA" shall mean all real and personal property now owned or hereafter acquired by the corporation. The common areas and facilities shall include all improvements on such property including, but not limited to, bulkheads, docks, piers, pilings, bathhouse (once completed), and parking facilities.

SECTION 4: "PLAT" shall mean the document attached hereto as "Exhibit B".

SECTION 5: "BOAT SLIP" shall mean the thirty (30) spaces in and above the water for the docking of a vessel as shown on the Plat.

SECTION 6: "MEMBERSHIP" shall mean and refer to the 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: "CHARTER MEMBERSHIP" shall mean and refer to the first membership issued by the corporation entitling its holder to the exclusive use of each Boat Slip and each parking space shown on the Plat together with all other rights and benefits associated therewith.

SECTION 8: "MEMBER" shall mean and refer to any and all persons, groups, trusts, and/or entities who shall rightfully own a membership in the corporation.

SECTION 9: "CHARTER MEMBER" shall mean and refer to any person, group, or entity which is issued, possesses, or receives a Charter Membership in the corporation.

SECTION 10: "LICENSEE" shall mean and refer to any person, group or entity who secures the right to the use of a membership from a member. All such licenses, except licenses already in existence on the date of recording of this Declaration, must be approved by the Board following such procedures as the Board may prescribe. Notwithstanding any other provision of this Declaration, during all periods of any license of such membership the approved licensee shall possess, hold and use the licensed membership rights; and during such periods the member-licensor shall have no right to the use and enjoyment of the membership, except as expressly approved by the Board in writing.

SECTION 11: "BYLAWS" shall mean and refer to the Bylaws of Middle Sound Marina Association, Inc. as presently set forth and as may be lawfully amended from time to time. The Bylaws are attached hereto as "Exhibit E" and incorporated by reference as if fully set forth herein.

SECTION 12: "RULES AND REGULATIONS" shall mean and refer to the Rules and Regulations of Middle Sound Marina Association, Inc. as presently set forth and as may be lawfully amended from time to time. The Rules and Regulations are incorporated by reference as if fully set forth herein.

SECTION 13: "DECLARANT" shall mean Vanguard Properties of NC LLC and its successors and assigns.

SECTION 14: "DECLARANT RIGHTS" shall mean any right or combination of rights reserved by Declarant to add to or improve upon any property of the corporation. Such rights shall be reserved for the benefit of Declarant and shall include, without limitation, (i) the right to complete improvements intended or planned by Declarant to the Marina; (ii) to exercise any Declarant Right or other right reserved by Declarant pursuant to this Declaration or otherwise; (iii) to erect and maintain sales offices, management offices, construction offices, signs advertising the Marina or any portion thereof, and models on the corporation property and/or facilities; (iv) to use easements through the property of the corporation for the purpose of making improvements to any real or personal property; (v) to appoint or remove any officer of the corporation or any Director during the period of Declarant Control; (vi) to permit other land to be annexed to and made part of the corporation property in accordance with the terms of this Declaration, (vii) to make changes to street locations, names, and addresses; and (viii) any other right or interest reserved herein or granted to Declarant by law or any other legal instrument.

SECTION 15: "DECLARANT CONTROL" shall mean the period of time during which Declarant may unilaterally appoint and remove the officers and members of the Board without the approval of the membership. The period of Declarant Control shall terminate upon the latter of (a) one hundred twenty (120) days after conversion of ninety percent (90%) of the Charter Memberships to Class A Memberships and/or Class B Memberships and (b) two (2) years after the first Charter Membership is converted to a Class A Membership or Class B Membership.

SECTION 16: "MARINA" shall mean the real estate described on "Exhibit A" attached hereto, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements, and appurtenances belonging to or in any way pertaining to said real estate, including any and all riparian and/or littoral rights associated therewith, and any and all property that may be annexed to and made a part of the corporation property as hereinafter provided.

SECTION 17: "CAMA PERMIT" shall mean the document attached hereto as "Exhibit D" and any extensions, modifications, or other changes hereinafter mandated or allowed with regard to the same.

ARTICLE II
DISCLOSURES, DECLARANT RIGHTS, AND DECLARANT CONTROL

SECTION 1: STATUS OF DEVELOPMENT: Declarant is currently in the process of completing the development and construction of the Marina. Declarant currently anticipates completing all construction and development work related to Boat Slips A-1 through A-17 by May 1, 2008 and completing all construction and development work related to Boat Slips B-18 through B-30 by December 31, 2008. As stated in the Bylaws, Declarant shall transfer the property described at "Exhibit A" to the corporation on or before December 31, 2008. Declarant anticipates completing all other development and construction work on the corporation property and facilities by December 31, 2010. The above-referenced completion dates are merely estimates and not a promise, warranty, or guarantee. Declarant has obtained the CAMA Permit, which currently authorizes such development and construction. In addition, Declarant has applied to the State of North Carolina for an easement pursuant to N.C. Gen. Stat. § 146-12. All rights in and to the Boat Slips, docks, bulkhead, piers, pilings and all improvements related thereto are subject to the terms and conditions of such CAMA permit, compliance with its terms and conditions, and the continued existence, effectiveness, and renewal (if required) of such permit. Such rights are further subject to any terms and conditions that may be imposed with regard to any easement hereinafter granted by the State of North Carolina. Each member, by acceptance of membership, acknowledges these disclosures and agrees to accept membership subject thereto.

SECTION 2: DECLARANT RIGHTS: Declarant, its successors and assigns, specifically reserves the following Declarant Rights:

1. Declarant shall construct a bathhouse for the use and benefit of the corporation. Declarant hereby reserves the right, but not the obligation, to construct the bathhouse as part of a condominium or similar project. The corporation shall have no right or interest in any condominium unit other than the bathhouse unit. The additional (or non-bathhouse) units may be used as a clubhouse, office space, and/or for any other lawful purpose. The additional units, if built, will be for the sole and exclusive use and enjoyment of a club that is entirely separate from membership in the corporation. This separate club shall require separate membership and dues will be associated therewith such that members of the corporation shall have no right to access, use, enjoy, or otherwise enter upon any non-bathhouse units or the common areas associated with the same without first becoming a member of such separate club.

2. Declarant hereby reserves the right to construct utility lines, pipes, wires, ducts, conduits, and other facilities across the property and facilities of the corporation for the purpose of furnishing utility and other services. Declarant also reserves the right to withdraw and grant easements to public utility companies and municipalities and to install and convey utility lines, pipes, ducts, conduits and other utility improvements within those easement areas for the purpose of furnishing utility and other services.

3. Declarant hereby reserves the right to withdraw and to grant such easements for utility services, drainage, pedestrian traffic, or otherwise, across, under or through the property of the

corporation as may be considered desirable by Declarant for the use of the members for the purposes herein stated or to provide access for such utility service, drainage, and pedestrian traffic. Declarant hereby expressly reserves the right to withdraw and to grant a perpetual non-exclusive easement over all parking areas of the corporation as may be needed to connect said parking areas for access to and from all adjacent and nearby property now or hereafter owned by Declarant. Any such easement granted by Declarant shall be considered an easement appurtenant to the property which shall benefit from, such easement and such easement shall run with said property and all portions thereof unless otherwise provided by Declarant.

4. The rights reserved hereunder by Declarant may be exercised with respect to different portions of the property at different times, and Declarant makes no assurances as to the boundaries of those portions or the order in which those portions of the property of the corporation may be subjected to the exercise of Declarant Rights. If a Declarant Right is exercised with respect to any portion of the property, Declarant may, but is not obligated to, exercise any Declarant Right with respect to any other portion of the property.

5. All activities associated with any Declarant Rights may be performed outside the period of Declarant Control. Declarant shall complete all activities associated with any Declarant Right within five (5) years of the recordation of this Declaration.

6. Declarant reserves the right to use any portion or all of the property for the purpose of aiding in the transfer of Class A and/or Class B Memberships, including the right to use the parking areas for parking of prospective purchasers and other such parties as Declarant determines. The foregoing right shall include the right to display and erect any signs, billboards, and placards and to store, keep and exhibit the same and to distribute audio and visual promotional materials upon the property as well as the right to erect and maintain sales offices, management offices, construction offices, signs advertising the Marina or any portion thereof, and models on the corporation property and/or facilities.

7. Declarant further reserves the right to use easements over all of the property described in "Exhibit A" to perform any and all construction and/or related work to complete the construction of any improvements to the Marina or any adjacent property as Declarant deems necessary in its sole discretion. Such work may be performed with regard to, among other things, the docks, bulkhead, piers, pilings, condominium building including the bathhouse, and parking facilities. Declarant further reserves the right to use easements through the property of the corporation for utility services, drainage, pedestrian traffic, or otherwise, as may be considered desirable by Declarant for the purpose of making improvements.

8. The right to exercise any and/or all Declarant Rights and perform any development, construction, maintenance, repair, or similar work or activities with regard to the same.

9. The right to perform maintenance or repair work and the further right to control such work and repairs. Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising

Declarant's rights. Such easement includes the right to convey utility and drainage easements to public utilities and/or municipalities, and other entities to fulfill Declarant's plan of development.

10. The right to store all materials, equipment, and other personal property on the corporation property that is being used with regard to any of the above-referenced work.

11. The right to retain and remove all materials, equipment, and other personal property that has not been represented as corporation property and which was used or was to be used with regard to any development, construction, repair, maintenance, or similar activities or work. Declarant further reserves the right to remove from the property any and all goods and improvements used in development, marketing, and construction, regardless of whether the same have become fixtures.

12. Declarant hereby reserves the right to annex to and make a part of the corporation property and facilities any other real property, whether now owned or hereafter acquired by Declarant or others, and whether developed by Declarant or others and said property may be brought within the scheme of this Declaration, the Rules and Regulations, and the Bylaws by Declarant in its sole discretion.

13. Declarant shall have no obligation to exercise any Declarant Rights.

SECTION 3: DECLARANT CONTROL

The period of Declarant Control shall terminate upon the latter of (a) one hundred twenty (120) days after Declarant transfers ninety percent (90%) of the Charter Memberships and (b) two (2) years after the first Charter Membership is transferred such that the first Class A or Class B Membership is created. During the period of Declarant Control, Declarant may unilaterally appoint and remove the officers and members of the Board without the approval of the membership.

SECTION 4: NO INTERFERENCE WITH RIGHTS

Neither the corporation nor any member may take any action or adopt any rule that will interfere with or diminish any Declarant Right without the prior written consent of Declarant. In relation to Declarant's exercise of any Declarant Right, the provisions of this Declaration which prohibit or require approval of additions, changes, alterations, betterments, or improvements shall not be applicable.

SECTION 5: ASSIGNMENT OF RIGHTS

Without limiting its general authority to transfer its rights hereunder, Declarant specifically reserves the right to transfer, without application or approval, any Declarant Rights or other rights contained or reserved in this Declaration or which shall be hereinafter imposed or reserved by Declarant, to any other person, group, or entity. Upon such transfer, the transferee shall have all of the rights of the Declarant except to the extent any such rights are limited in the transfer document.

ARTICLE III
MEMBERS AND MEMBERSHIP

There shall be three (3) classes of membership and the various rights and characteristics of said classes shall be as set forth in the Bylaws.

ARTICLE IV
COVENANT FOR ASSESSMENTS AND FINES

SECTION 1: CREATION OF LIEN AND PERSONAL OBLIGATION OF

ASSESSMENTS Each owner of each Class A Membership, agrees to pay the corporation the following assessments and fines (collectively "Assessments"): (1) regular assessments which shall consist of, among other things, utility bills and charges including, but not limited to, water, sewer, trash, electric, and Internet fees; insurance premiums; ad valorem taxes; charges for maintenance and repair of the corporation property; bank fees and charges; legal fees and charges; employee and independent contractor wages, training, uniforms, insurance, taxes and related fees; supplies and equipment; licenses and permits; boat maintenance and operation; accounting fees; and postage, printing and copying fees; (2) special assessments; (3) fines for any violation of this Declaration, the Bylaws, and/or the Rules and Regulations; (4) assessments for repairs of damage caused by fault of such member, such assessments to be fixed, established and collected from time to time as hereinafter provided; and (5) working capital assessments. All Assessments, together with such interest thereon, court costs, interest costs, reasonable attorneys' fees, 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 as provided in this Article. Each Assessment, together with such interest, court costs, collection costs, and reasonable attorneys' fees, shall also be the personal obligation of the person(s) who was the owner of such membership at the time the assessment first became due. No lien shall be placed upon any Charter Membership. An assessment may be levied against any Class B Membership if the corporation levies an assessment against such membership for repairs of damage caused by such Class B member and a lien may be placed upon such Class B Membership and such lien may be foreclosed pursuant to the process set forth below.

SECTION 2: PURPOSE OF ASSESSMENTS Assessments levied by the corporation shall be used for the purpose of (1) promoting the recreation, health, safety and welfare of the members and their property; (2) the enforcement of this Declaration, the Bylaws, and the Rules and Regulations; and (3) in particular for the acquisition, purchase, lease, improvement, management, repair, and maintenance of the lands, piers, bathhouse, docks, pilings, properties, services, Boat Slips, bulkhead, and dock facilities of the corporation and related to the use and enjoyment of such properties.

SECTION 3: DETERMINATION OF REGULAR ASSESSMENTS

- A. The Board shall determine the amount of regular assessments against members as specified in the Bylaws. Regular assessments against members shall be determined, imposed, levied, and collected by the Board. The percentage of each regular assessment to be paid by each Class A Membership shall be as set forth on "Exhibit C" attached hereto and incorporated herein by reference as if fully set forth.
- 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 and facilities of the corporation including the bulkheads, bathhouse, docks, piers, pilings, dock boxes, Boat Slips, and other dock facilities and to pay any property taxes levied against the corporation, insurance premiums, utility bills and charges, bank fees and charges; legal fees and charges; employee and independent contractor wages, training, uniforms, insurance, taxes and related fees; supplies and equipment; licenses and permits; boat maintenance and operation; accounting fees; and postage, printing and copying fees.

SECTION 4: SPECIAL ASSESSMENTS In addition to the regular assessments authorized above, the Board may levy in any fiscal year, a special assessment or assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of any improvement upon the property of the corporation, 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 Bylaws. If the Board desires to levy a special assessment for any other purpose, and any such proposed special assessment would result in any membership having to pay more than One Thousand Dollars (\$1,000.00) in any fiscal year, such assessment shall have the approval of the majority of Memberships then outstanding at a meeting duly constituted for this purpose, written notice of which shall be sent to all members not less than ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the time, date, place and purpose(s) of such meeting. The percentages applicable to the payment of regular assessments, as set forth on the attached "Exhibit C", shall also apply to the payment of all special assessments. Special assessments shall be due and payable on dates and times as determined by the Board or as approved by the Membership if such approval is required.

SECTION 5: QUORUM At any meeting called with regard to any assessment requiring membership approval, the presence at the meeting of memberships or of proxies entitled to cast fifty percent (50%) of all the votes in the corporation shall constitute a quorum.

SECTION 6: COMMENCEMENT OF REGULAR ASSESSMENTS AND DUE DATES

The regular assessments provided for in this Article shall commence as to each membership on the first day of the month following its acquisition from Declarant by any person, group, or entity. Beginning with the year 2009, the Board shall fix the amount of the regular assessment against each membership at least thirty (30) days in advance of each fiscal year. Written notice of the regular assessment shall be sent to all Class A members. Regular assessments shall be paid on a monthly basis and shall be due and payable on the first day of each month. The corporation

shall, upon demand at any reasonable time, furnish a written receipt signed by an officer of the corporation setting forth whether the Assessments against a specified membership have been paid. Such receipt shall be conclusive evidence of payment of any assessment therein stated to have been paid.

SECTION 7: ASSESSMENTS FOR REPAIRS OF DAMAGE CAUSED BY FAULT If a Class A or Class B member damages or destroys by his or her fault, as determined by the Board, any of the property of the corporation including the bulkheads, piers, docks, Boat Slips, dock boxes, and/or other facilities, the corporation shall repair the damage or replace the destroyed property as soon as reasonably practicable and shall levy an individual assessment upon any and all owners of that membership for the full cost of repair or replacement.

SECTION 8: NONPAYMENT OF ASSESSMENTS AND RIGHTS AND REMEDIES

Any and all Assessments or any portion thereof which are not paid when due shall be delinquent within ten (10) days of the due date. If any Assessment or any portion thereof is not paid within thirty-three (33) days after the due date, the same shall become a lien on such membership and bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum.

Should any member desire to challenge an Assessment levied against such member by the Board, such member shall provide the Board with written notice of appeal within thirty (30) days of the levy of such Assessment but such right of appeal shall not limit any right of any member to challenge an assessment in a court of law or equity. Once written notice of appeal has been provided to the Board, the challenging member shall have no obligation to pay such Assessment or any portion thereof unless and until ordered by the Board to do so. Upon receiving the notice of appeal, the Board shall provide the challenging member with the opportunity to be heard at a scheduled hearing called for that purpose. Such hearing shall occur within twenty (20) days of the Board's receipt of the notice of appeal. After the hearing, the Board may order that the member pay the full amount of the Assessment, order the member to pay a reduced amount, or order that the member need not pay such Assessment. The Board shall issue its decision in writing within ten (10) days of the hearing and shall send such decision via U.S. Mail to the challenging member at the address on record with the corporation. If the Board orders an Assessment to be fully or partially paid, the member shall pay such amount in full plus interest at the rate of eighteen percent (18%) per annum from the date such Assessment was levied within fourteen (14) days after the Board sends its decision to the appellant member via U.S. Mail. This Article does not in any way limit the corporation's right to take any action necessary to protect itself including, but not limited to, the corporation's right to remove vessels or otherwise act under emergency circumstances.

Recognizing that proper operation, maintenance and management of the corporation and its property requires the continuing payment of costs and expenses therefor, and that such proper operation, management, and maintenance result in benefit to all members, and that the payment of such Assessments is necessary in order to preserve and protect the property of the corporation, the corporation is hereby granted a lien upon each Class A Membership and Class B

Membership, which lien shall secure and does secure the monies due for all Assessments now or hereafter levied against each such membership and which lien shall also secure interest which may be due on the amount of any delinquent Assessments owing to the corporation, and which lien shall also secure all interest costs, court costs, collection costs, and reasonable attorneys' fees, which may be incurred by the corporation in securing the payment of such Assessment or enforcing this lien upon the membership. The corporation may bring an action against the member(s) personally obligated to pay such unpaid Assessment(s) and/or may foreclose upon the lien against the membership. The corporation shall be entitled to collect its reasonable attorneys' fees and all interest, court, and collection costs incurred in any such action or foreclosure process. No member may waive or otherwise escape liability for Assessments by non-use or abandonment of such member's membership or otherwise.

SECTION 9: CLAIM OF LIEN AND FORECLOSURE The lien hereby granted unto the corporation shall be enforceable from and after the time a claim of lien is mailed to the delinquent member and any mortgagee or pledgee of such membership, and such claim of lien is filed with the New Hanover County Clerk of Superior Court, which claim of lien shall identify the membership encumbered thereby as such membership is identified on its Membership Certificate, the name(s) of the record owner(s) of such membership, all amounts due and payable, and the date when such Assessment(s) was first due. The claim of lien may be filed and mailed any time thirty-three (33) days after any Assessment, or any portion thereof, was first due and payable and the lien shall continue in effect until all sums secured by that lien as herein provided are fully paid. Such claims of lien shall include only Assessments which are due and payable when the claim of lien is filed, plus interest, costs, reasonable attorneys' fees, advances to pay taxes, and prior encumbrances and interest thereon. Such claims of lien shall be signed and verified by an officer or agent of the corporation. Any action brought to foreclose upon this lien shall be brought within any applicable statutes of limitation. Upon full payment of all sums secured by such claim of lien, the same shall become null and void.

The corporation shall be authorized to foreclose on such lien or claim of lien after commencing an action to enforce such lien in New Hanover County, North Carolina Superior or District Court and receiving a Court Order allowing foreclosure of such lien. Any Judge presiding in New Hanover County Superior or District Court shall be permitted to order foreclosure of the lien or claim of lien upon a showing by the corporation of the following: (1) the corporation issued an Assessment(s), (2) such Assessment(s) was properly levied in accordance with this Declaration and the Bylaws, (3) such Assessment(s) was not timely and/or properly appealed as required by this Declaration or such Assessment was appealed but the corporation has ordered such Assessment to be paid, in whole or in part, (4) the corporation mailed a copy of the claim of lien upon each delinquent member and any mortgage or pledgee in accordance with this Section, (5) the corporation filed a Claim of Lien with the above-referenced information with the Clerk of Superior Court, (6) the corporation commenced an action seeking foreclosure of the lien within any applicable statutes of limitation, and (7) the Assessment(s) and/or all interest costs, court costs, reasonable attorneys' fees, and collection costs associated therewith and allowed hereunder have not been fully paid. The Order of Foreclosure shall state that the corporation is the owner of such membership and shall set forth any and all amounts of

unpaid Assessment(s) plus all interest costs, court costs, reasonable attorneys' fees, and collection costs owed to the corporation. Upon the filing of such Order with the Clerk of Court, the corporation shall be entitled to sell or transfer the membership secured by the lien.

If the corporation sells or transfer any membership through foreclosure, it shall deduct from the proceeds of such sale or transfer all monies owed to any mortgagee or pledgee of such membership as well as all sums of money due to the corporation for Assessments and charges, interest costs, collection costs, all costs incurred in the bringing of the foreclosure suit, including reasonable attorneys' fees and court costs, and any and all expenses incurred in the resale of the unit, including the expense of advertising. All monies remaining after deducting the foregoing items shall be paid to the former member. In the event any membership is sold or transferred for an amount less than the sum of any mortgage or pledge debt, unpaid Assessment(s), and any and all interest costs, court costs, reasonable attorneys' fees, collection costs, and advertising expenses; the former owner(s) of such membership shall remain liable to the corporation for any and all amounts not satisfied by such foreclosure sale or transfer and the corporation shall be entitled to collect any such amounts.

SECTION 10: SUBORDINATION OF LIEN The lien provided for in this Article shall be subordinate to the lien of any first mortgage or pledge of any membership. Sale or transfer of the membership shall not affect any such lien. 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 Assessment 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.

SECTION 11: LIEN NOT EXCLUSIVE REMEDY Whenever any membership may be licensed, sold, transferred or mortgaged by the owner thereof, the corporation, upon written request of the Member(s), shall furnish to the proposed licensee, purchaser, transferee or mortgagee, a statement verifying the status of payment of any Assessment. Such statement shall be signed by any officer of the corporation and any licensee, purchaser, transferee, or mortgagee may rely upon such statement in concluding the proposed license, purchase, transfer, or mortgage transaction; and the corporation shall be bound by such statement.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent Assessment, attorneys' fees, interest and costs shall not be deemed to be an election by the corporation which shall prevent it from thereafter seeking, through the above-referenced foreclosure process, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by the above-referenced foreclosure process to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sums then remaining due to the corporation.

ARTICLE V
MAINTENANCE

The corporation shall be responsible for the maintenance, repair and replacement of the corporation property, and all conduits, ducts, plumbing, wiring and other facilities located thereon for the furnishing of utility and/or other services. The corporation shall provide maintenance of all of its properties including bulkheads, docks, Boat Slips, piers, pilings, dock boxes and other dock facilities, parking lot and areas. The corporation shall also be responsible for dredging and related work necessary to maintain the water depth within each Slip and the corporation property at such depth as may be determined to be necessary or desirable, from time to time, by the Board. All dredged material removed from any Slip and the corporation property and shall be disposed of under such terms and conditions approved by the Board and allowed by law. If any incidental damage is caused to any Slip by virtue of any work which may be done or caused to be done by the corporation in carrying out its maintenance, repair or replacement activities, the corporation shall, at its expense, repair such incidental damage.

Whenever the maintenance, repair or replacement of any item for which the corporation is obligated to maintain, replace or repair at its expense is caused by any act or omission of any member or any member's guest, child, licensee, animal, or invitee, and such loss or damage may be covered by any insurance maintained in force by the corporation, the proceeds of the insurance received by the corporation shall be used for the purpose of making such maintenance, repair or replacement, except that the member who is responsible for the act or omission causing the damage shall be required to pay such portion of the cost of such maintenance, repair or replacement and shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. All members shall be responsible for any damage caused by any act or omission of their guests, children, licensees, invitees, and/or animals.

Whenever the maintenance, repair or replacement of any item for which the corporation is obligated to maintain, replace or repair at its expense is occasioned by an act or omission of a member or such member's guest, child, licensee, animal, or invitee, and such loss or damage is not covered by any insurance maintained in force by the corporation, the member who is responsible for the act or omission causing the damage shall be required to pay the cost of such maintenance, repair or replacement.

The cost of all maintenance, repair, and replacement work performed by the corporation shall be added to and become a part of the total annual assessment for which all Class A Memberships are liable as specified herein and in the Bylaws.

ARTICLE VI
ARCHITECTURAL CONTROL

No building, fence, wall, sign, box or other attachment or structure shall be commenced, stored, erected, or maintained by any member upon the property of the corporation, nor shall any addition to or change or alteration thereto 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.

For each Boat Slip there shall be only one (1) dock box. Each Class A Member shall have the exclusive right to the use and enjoyment of the dock box immediately adjoining the Boat Slip assigned to such member. No removal of any dock box or change in its location, size, design or construction shall be made without the prior written consent of the Board.

ARTICLE VII
USE RESTRICTIONS

SECTION 1: RULES AND REGULATIONS The Board shall have the power to amend the Rules and Regulations concerning the use and enjoyment of all the property of the corporation, including Boat Slips, docks, dock boxes, bulkhead, dock facilities, piers and pilings, and parking lot and areas. The Rules and Regulations shall be maintained at a place convenient to the members and available to them for inspection during normal business hours within three (3) business days after such a request for inspection is made in writing and delivered to the corporation.

SECTION 2: QUIET ENJOYMENT AND COMPLIANCE WITH LAW No obnoxious or offensive activity shall be carried on by any member or such member's guest, child, licensee, animal, or invitee in or upon the property of the corporation, including Boat Slips, docks, dock boxes, bathhouse, dock facilities, piers and pilings, and parking lot and areas, nor shall anything be done which may be or may become a public or private nuisance under North Carolina law. In addition, all members and their guests, children, licensees, and invitees shall observe all laws, zoning ordinances, rules, and regulations of all governmental authorities having jurisdiction over the corporation and/or the property. No member shall permit or suffer anything to be done or kept in such member's Boat Slip, or elsewhere on the corporation property, which will increase the rate of insurance on the corporation, or which will obstruct or interfere with the rights or privileges of any member.

SECTION 3: NO COMMERCIAL VESSELS The use of all Boat Slips is hereby restricted exclusively to docking vessels which are not "for hire" and are utilized solely for recreational purposes; provided, however, the corporation may permit limited use of Boat Slips by "for hire," charter, or commercial vessels subject to rules and regulations prescribed for such uses from time to time by the Board.

ARTICLE VIII
EASEMENTS

Subject to the Declarant Rights, the property of the corporation is hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the members for their use and enjoyment for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended for the use and enjoyment of the property.

All of the Boat Slips shall be, and the same are hereby declared to be subject to, a perpetual easement in favor of the corporation to perform all obligations relating to maintenance, repair and replacement as more particularly described in this Declaration and including, but not limited to, dredging and related work within the boundaries of any Boat Slip necessary to maintain the water depth in each Slip and the other common areas at such depth as may be determined to be necessary or desirable, from time to time, by the Board, together with all legal rights of a "profit a prende" to remove and dispose of the dredged material under such terms and conditions approved by the Board and allowed by law.

All of the property of the corporation including Boat Slips, docks, dock boxes, dock facilities, piers and pilings, bulkhead, and parking lot and areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, footings, air conditioning compressors, gas lines, telephone, cablevision and electric power lines and other public utilities as are of record in the New Hanover County Registry, prior to the recording of this Declaration; and the corporation shall have the power and authority to grant, accept, apply for, obtain, and establish upon, over, under and across all of its property such further easements as are appropriate for the convenient maintenance, repair, use and enjoyment of such property.

ARTICLE IX
PROHIBITION AGAINST PARTITIONING

Recognizing that the proper use and enjoyment of the Marina by all memberships is dependent upon the use and enjoyment of the common areas in common with all other members, and that it is in the interest of all members that the ownership of the common areas be retained by the corporation, it is hereby declared that no member nor any other person, group, or entity shall bring or have any right to bring any action for partition or division of the corporation property.

ARTICLE X
RIGHT OF ENTRY IN EMERGENCY SITUATIONS

In case of any emergency originating in or threatening the corporation property or any vessel or other property located in the Marina, regardless of whether any member is present at the time of such emergency, the corporation shall have the right to enter any such vessel or other property as well as any of its property, including but not limited to any Boat Slip, for the purpose

of remedying or abating the cause of such emergency, and such right of entry shall be immediate. The corporation shall have the right to remove any vessel from the Marina and take any other action it deems reasonably necessary to protect the Marina. The corporation shall be promptly and fully reimbursed by the appropriate member(s) for all costs incurred by the corporation with regard to the exercise of such right of entry.

ARTICLE XI

APPROVAL OF SALE, TRANSFER, OR LICENSE AND RIGHT OF FIRST REFUSAL

SECTION 1: RIGHT OF FIRST REFUSAL In the event that any Class A member desires to sell or transfer any such member's Class A Membership, then such member shall seek the approval of the corporation, and the membership shall first be offered for sale to the corporation at the same price and on the same terms and conditions as the purchaser or transferee has agreed to meet subject, however, to the provisions of Section 2 of this Article. All members shall give the corporation written notice of their desire to sell or transfer by registered mail, return receipt requested, and shall further advise the corporation of the name and address of the proposed purchaser or transferee, the amount and terms of such offer, and such other information as the corporation may reasonably require. Within ten (10) days after receipt of that notice, the corporation must approve such request or mail written notice to the transferring member of its exercise of 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, such failure shall be deemed to be a rejection of the offer and the approval of the proposed sale or transfer shall be deemed granted. Any transfer or sale of any membership by any member to any person, group, and/or entity shall be subject to all the terms, covenants, limitations and provisions of this Declaration, the Bylaws, and the Rules and Regulations. Provided, however, that this right of first refusal shall not apply to or burden the process of foreclosure of the lien of the first mortgage or pledge of a commercial bank or thrift institution which holds a first mortgage or pledge on any membership certificate(s).

SECTION 2: LICENSE No member shall license any membership rights without previously obtaining the written approval of the corporation. The Board shall adopt a procedure for application for and approval or rejection of such applications.

SECTION 3: PLEDGING No member may pledge or mortgage his membership or any interest therein without the express, prior approval of the corporation, except a first pledge or mortgage lien made to a bank or other person, group, or entity to finance all or a portion of the purchase price of a membership. The corporation shall maintain a record of all pledges, mortgages, and liens of which it is notified.

SECTION 4: EFFECTIVE DATE The provisions of this Declaration shall become effective upon the recording of this Declaration in the New Hanover County Register of Deeds.

SECTION 5: TRANSFER VOIDABLE Any sale, transfer, conveyance, license, or lease of any membership without complying with the provisions of this Article is voidable at the election of the corporation in its sole discretion.

SECTION 6: BINDING NATURE; ENDORSEMENT OF CERTIFICATES The provisions of this Article shall be binding upon and inure to the benefit of all members of the corporation, their respective heirs, administrators, successors and assigns; and, as further evidence of the binding nature of these provisions, each Class A Membership Certificate shall be endorsed as follows:

“Any sale, transfer, pledge, mortgage or lease of this certificate must be completed in compliance with the provisions of the Declaration and Bylaws of Middle Sound Marina Association, Inc.”

ARTICLE XII **INSURANCE**

SECTION 1: AUTHORITY TO PURCHASE INSURANCE

All insurance policies (other than policies to be obtained by members) relating to or concerning the corporation shall be purchased by the corporation in the name of the corporation, and shall provide for the issuance of certificates or memoranda of insurance to the corporation and, upon request, to any member, mortgagee, or pledgee.

SECTION 2: CORPORATION INSURANCE

A. The following insurance coverages shall be maintained in full force and effect by the corporation:

(1) Casualty insurance covering the corporation property including all buildings, improvements, docks, Boat Slips, bulkhead, and pilings, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation, foundations, and parking facilities) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against:

(a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to improvements and facilities similar in construction, location and use, including, but not limited to, vandalism and malicious mischief.

(2) Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use or maintenance of the property of the corporation, and in such forms as shall be required by the corporation, including, but not limited to, legal liability, hired automobiles, non-owned automobile and off premises employee coverage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the members as a group to a member.

B. Premiums upon insurance policies purchased by the corporation shall be paid by the corporation as common expenses which shall be assessed and collected from the membership through regular assessments.

C. Any loss covered by the property insurance maintained by the corporation shall be adjusted with the corporation; provided, however, all insurance policies purchased by the corporation shall be for the benefit of the corporation and the members and their mortgagees or pledgees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the corporation.

D. In the event a mortgage endorsement is issued with regard to any Boat Slip, the share of any insurance proceeds of the member shall be held for the mortgagee/pledgee and the member as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee/pledgee the right to determine or participate in the determination of any reconstruction or repair.

E. Proceeds of insurance policies received by the corporation shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and members and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the corporation is terminated.

F. Declarant shall procure and pay the premium(s) for the initial insurance policies required by this Article and shall be reimbursed for the pro rata portion of the cost thereof by each member at the time each Class A Membership is transferred to any person, group, or entity other than Declarant.

G. Insurance policies carried pursuant to this Article shall provide that:

(1) Each member is an insured person under the policy with respect to liability arising out of said member's membership in the corporation and use and enjoyment of the corporation property and facilities;

(2) The insurer waives its right to subrogation under the policy against any member or persons within such member's household, if applicable;

(3) No act or omission by any member, unless acting within the scope of such member's authority on behalf of the corporation, will preclude recovery under the policy;

(4) If, at the time of any loss under the policy, there is other insurance in the name of a member covering the same risk covered by the policy, the corporation's policy provides primary insurance; and

(5) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the

corporation, each member, and each mortgagee/pledge at their address on file with the corporation.

H. The corporation shall not be required to maintain insurance coverage for any betterment, addition, change, alteration, or improvement to the property by any member unless the corporation approves such betterment, addition, change, alteration, or improvement in writing and agrees to insure the same. If the corporation does not agree in writing to insure any such betterment, addition, change, alteration, or improvement, the member making such betterment, addition, change, alteration, or improvement shall be required to maintain liability coverage for the same as set forth below.

I. If the insurance described in this Article is not reasonably available, the corporation shall promptly provide notice of the same to all members.

J. The corporation shall maintain flood insurance on the corporation property and facilities (except personal property of the members and improvements, betterments, additions, changes, and alterations made by members) to the extent such coverage is available.

K. If approved by the Board, the corporation may maintain fidelity insurance and director's and officer's liability insurance.

SECTION 3: MEMBERS INSURANCE The insurance coverage referenced in the previous Section shall be in addition to the insurance coverage referenced herein. All members must at all times possess and maintain insurance, whether primary, umbrella, or otherwise, which provides One Million Dollars (\$1,000,000.00) in liability insurance coverage with regard to any vessel(s) moored in their Boat Slip(s), and any betterments, improvements, additions, changes, or alterations made by any member must also be insured under such policy. Middle Sound Marina Association, Inc. must be an additional insured on such policy.

ARTICLE XIII **RECONSTRUCTION AND REPAIR OF CASUALTY DAMAGE**

A. Any portion of the corporation property for which insurance is required to be maintained by the corporation which is damaged or destroyed shall be repaired or replaced promptly by the corporation unless (1) the corporation is terminated, (2) repair or replacement would be illegal under any federal, state or local rule, law, ordinance, regulation, or other provision, or (3) the members decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of all members having the right to use the Boat Slips that are not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a common expense of the corporation to be paid by the members through Assessments. If the entire property is not repaired or replaced, (1) the insurance proceeds attributable to the damaged property shall be used to restore the damaged area to a condition compatible with the remainder of the property, (2) the insurance proceeds attributable to Boat Slips which are not rebuilt shall be distributed to the member(s) having the right to use such Slips or to lien holders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the

members or lien holders, as their interests may appear, in proportion to their percentage of interest in the corporation. If the members vote not to rebuild any Boat Slip, that Slip's percent interest automatically shall be reallocated as deemed proper by the Board. The corporation shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the original plans and specifications used in the development and construction of the Marina.

B. Immediately after the casualty causing damage to property for which the corporation has the responsibility for maintenance and repair, the corporation shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board deems necessary or appropriate.

C. Each member shall be deemed to have delegated to the corporation such member's right to adjust with insurance companies all losses under policies purchased by the corporation.

ARTICLE XIV **TAXES**

Declarant has contacted local government and taxing authorities and has been informed that, for the time being, the Boat Slips will not be taxed individually. Rather, Declarant has been informed that the property of the corporation shall be taxed as one (1) parcel of land. Such taxes shall be treated as a common expense that will be paid by Class A Members via regular assessments. All Class A members agree to pay their portion of these taxes by accepting membership in the corporation. All Class A members agree to pay any additional taxes imposed by any federal, state, or governmental authority whether currently being levied or levied at any date subsequent hereto. Charter Memberships and Class B Memberships shall not pay any taxes of any kind levied against the corporation, including, but not limited to, any taxes levied against the corporation property and facilities. Declarant makes no representations or warranties regarding the method by which the Boat Slips and other corporation property will be taxed or the accuracy of the information provided herein or any matters related thereto as such matters, including the accuracy of the information communicated to Declarant, are not within Declarant's control.

ARTICLE XV **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 its right to do so thereafter.

SECTION 2: CONFLICT; SEVERABILITY; CONSTRUCTION

Should any of the terms, conditions, provisions, paragraphs or clauses of this Declaration conflict with any provisions of the North Carolina Nonprofit Corporation Act, the provisions of the Act shall control unless it permits this Declaration to override the North Carolina Nonprofit Corporation Act, in which event this Declaration shall control.

If any provision(s) of this Declaration or the application of any such provision(s) to any person, group, entity, or circumstance is determined to be invalid, such invalidity shall not affect the validity of any other provisions or applications of this Declaration that can be given effect without the invalid provision(s) or application(s), and to this end the provisions of this Declaration are severable.

Wherever the masculine singular form of the pronoun is used in this Declaration, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

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 provided that any easement issued by the State of North Carolina remains valid. The covenants, conditions and restrictions of this Declaration may be amended at any time prior to the first annual meeting of the members by authorization from the Board. After said first annual meeting, any amendment shall require a vote of approval from at least sixty-six percent (66%) of the memberships.

If any amendment to these covenants, conditions and restrictions is executed at or subsequent to the first annual meeting of the members, each such amendment shall be delivered to the Board. Thereupon, the Board 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 memberships. For this purpose the Board may rely on its roster of members and memberships and shall not be required to resort to any other source.

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.

- B. Immediately, and within the aforesaid thirty (30) day period, cause the amendment to be recorded in the New Hanover County Register of Deeds.

All amendments shall be effective from the date of recording in the New Hanover County Register of Deeds, provided however, that no such amendment shall be valid until it has been indexed in the name of the corporation. When any instrument purporting to amend the covenants,

conditions and restrictions has been certified by the Board, recorded and indexed as provided in this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons, groups, and/or entities thereafter owning any membership(s) in the corporation.

IN TESTIMONY WHEREOF, Declarant has caused this Declaration to be executed under seal and in such form as to be binding.

This the 16th day of April, 2008.

VANGUARD PROPERTIES OF NC LLC

BY: T. Stuart Smith (SEAL)
T. Stuart Smith, Manager

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

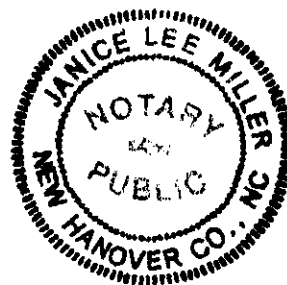
I, Janice Lee Miller, a Notary Public in and for the State and County aforesaid, do hereby certify that T. Stuart Smith, personally came before me this day and acknowledged that he is a Manager of Vanguard Properties of NC LLC, a limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was executed.

Witness my hand and notarial stamp or seal, this 16th day of April, 2008.

Janice Lee Miller
NOTARY PUBLIC

My Commission Expires: Sept. 8, 2008

(AFFIX NOTARIAL SEAL)



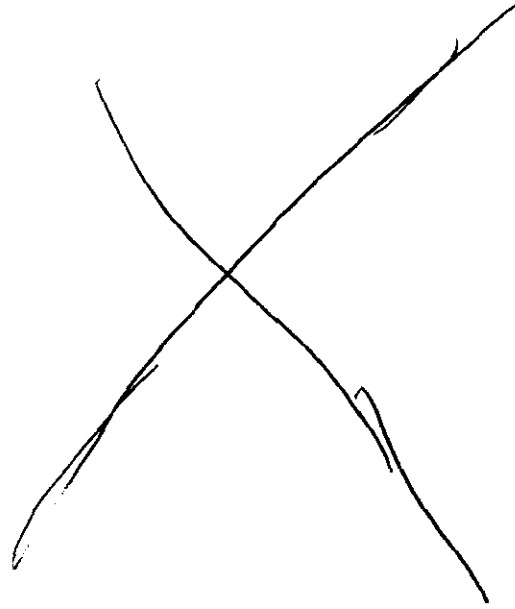
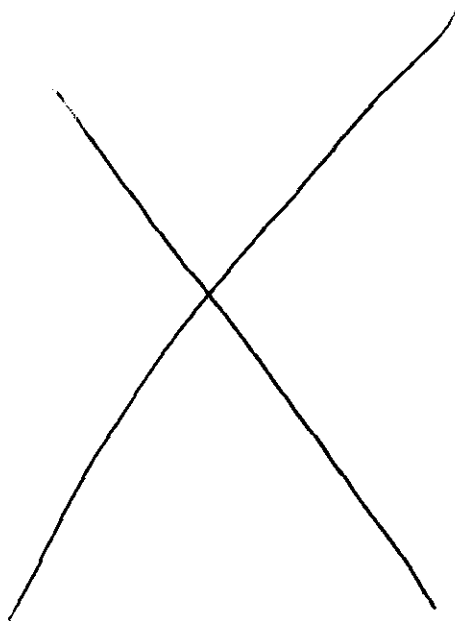


EXHIBIT A



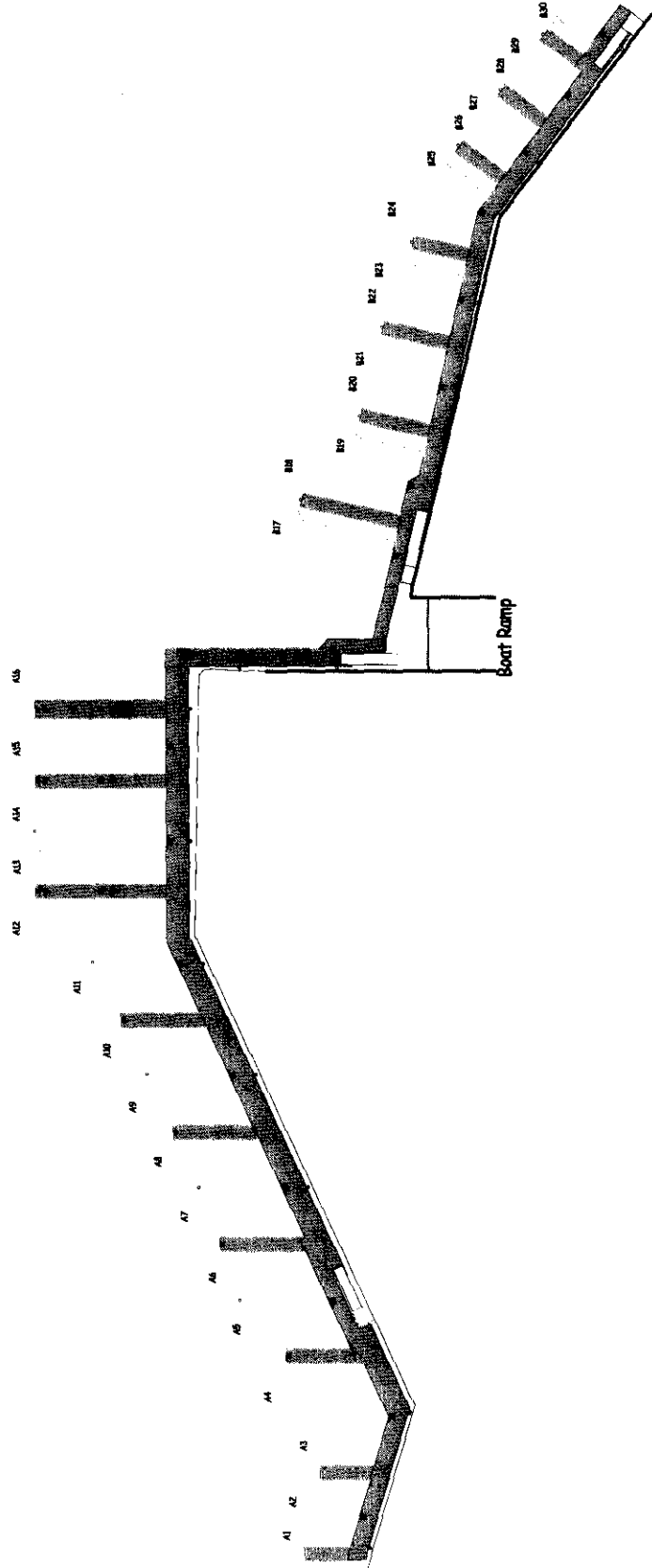
Patrick C. Bristow, PLS
5653 B-1 Carolina Beach Road
Wilmington, NC 28412



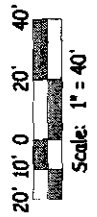
Legal Description for Vanguard Properties of NC, LLC

A tract of land located in Harnett Township, New Hanover County, North Carolina being more particularly described as follows: beginning at the Eastern terminus of the Northern line of Tract 1 of three tracts of land conveyed to Vanguard Properties of NC, LLC by a deed recorded in deed book 4954, page 997 of the New Hanover County Registry, said beginning point being the intersection of the Northern line of Tract 1 with the face of a corrugated sheet pile bulkhead, said bulkhead running generally in a North / South direction and separating the three tracts referenced above from the waters of a canal and boat basin, said canal running in a Westerly direction from, and connecting to the waters of the Atlantic Intracoastal Waterway and Middle Sound, running thence from said beginning point and with the seaward face of the bulkhead the following courses and distances: South 54 degrees 49 minutes 25 seconds West 60.51', South 13 degrees 52 minutes 26 seconds West 182.64', South 39 degrees 45 minutes 26 seconds West 91.68', South 80 degrees 36 minutes 50 seconds West 2.73' and North 50 degrees 06 minutes 01 seconds West 89.84' to the intersection of the bulkhead with the high water line of Middle Sound, thence with said high water line and crossing a proposed boat ramp South 39 degrees 50 minutes 13 seconds West 27.16' to the intersection of the high water line with the face of a proposed sheet pile bulkhead, thence with the seaward face of said proposed bulkhead the following courses and distances: South 50 degrees 42 minutes 19 seconds East 17.64', South 52 degrees 53 minutes 05 seconds West 137.25' and South 76 degrees 30 minutes 39 seconds West 87.19' to the intersection of the face of said proposed bulkhead with the Eastern terminus of the Southern line of Tract 3 as described in the above referenced deed to Vanguard Properties of NC, LLC, thence with the Southern line of Tract 3 North 35 degrees 38 minutes 30 seconds West 1.08', thence leaving said Southern line and with a series of lines paralleling the above described courses and being 1.00' landward of the face of the existing and proposed bulkheads the following courses and distances: North 76 degrees 30 minutes 39 seconds East 87.39', North 52 degrees 53 minutes 05 seconds East 135.77', North 50 degrees 42 minutes 19 seconds West 17.37', North 39 degrees 50 minutes 13 seconds East 29.17', South 50 degrees 06 minutes 01 seconds East 90.39', North 80 degrees 36 minutes 50 seconds East 1.90', North 39 degrees 45 minutes 26 seconds East 91.08', North 13 degrees 52 minutes 26 seconds East 182.78' and North 54 degrees 49 minutes 25 seconds East 60.72' to a point in the Northern line of Tract 1 as referenced above, thence with said Northern line South 43 degrees 54 minutes 29 seconds East 1.01' to the point of beginning, the above described parcel being a strip of land, 1 foot in width lying parallel to and landward of the Eastern, or waterfront boundary of Tracts 1, 2 and 3 of the above referenced deed to Vanguard Properties of NC, LLC.

MIDDLE SOUND MARINA



THIS MAP IS NOT A CERTIFIED SURVEY AND
HAS NOT BEEN REVIEWED BY A LOCAL
GOVERNMENT AGENCY FOR COMPLIANCE
WITH ANY APPLICABLE LAND DEVELOPMENT
REGULATIONS



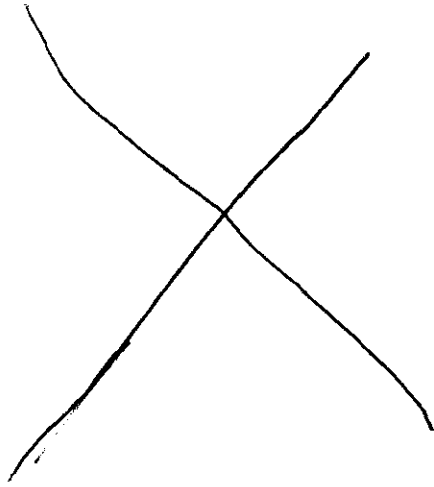
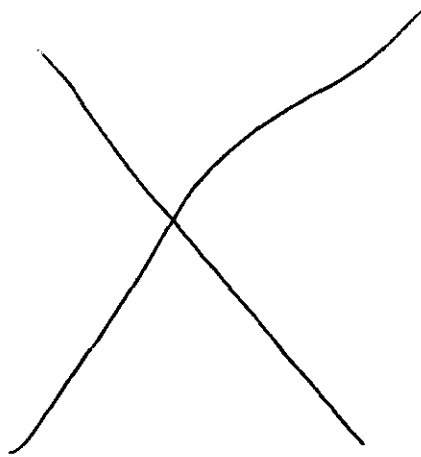
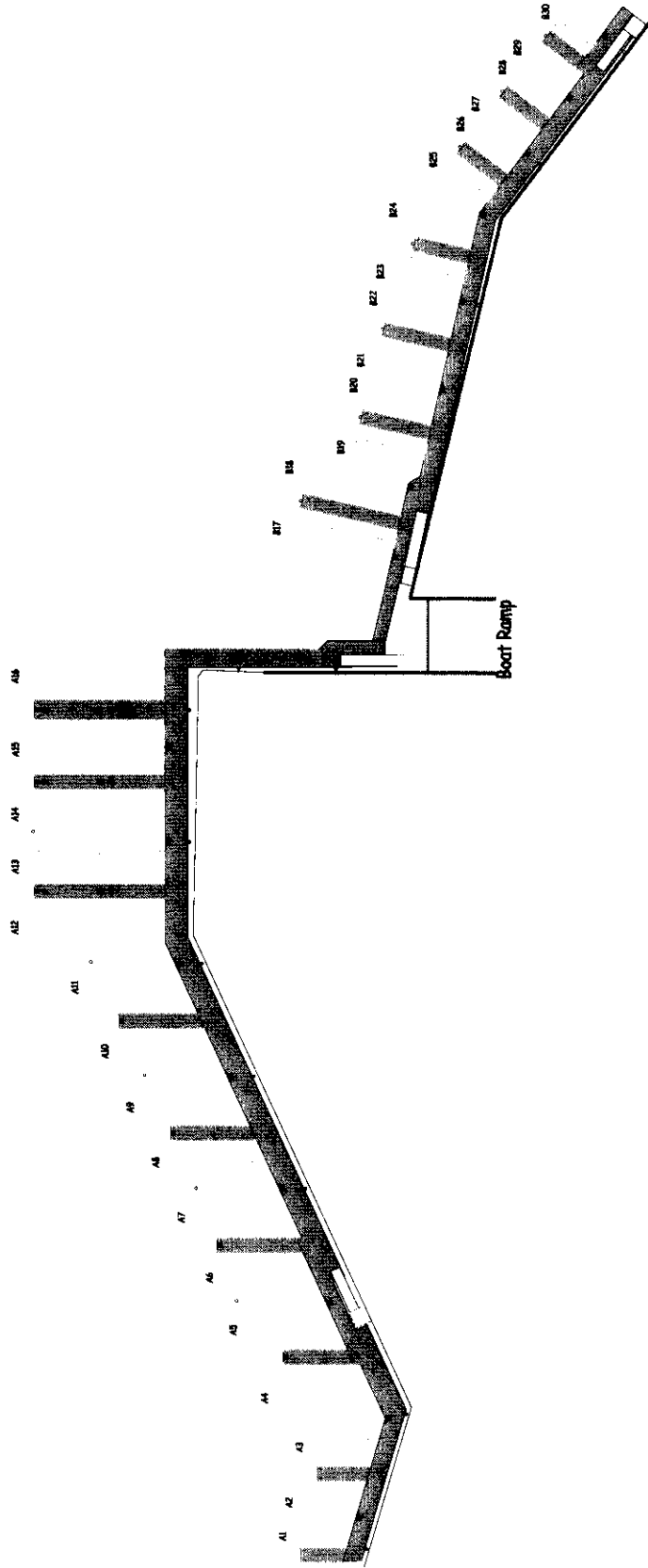


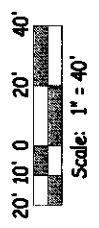
EXHIBIT B



MIDDLE SOUND MARINA



THIS MAP IS NOT A CERTIFIED SURVEY AND
HAS NOT BEEN REVIEWED BY A LOCAL
GOVERNMENT AGENCY FOR COMPLIANCE
WITH ANY APPLICABLE LAND DEVELOPMENT
REGULATIONS



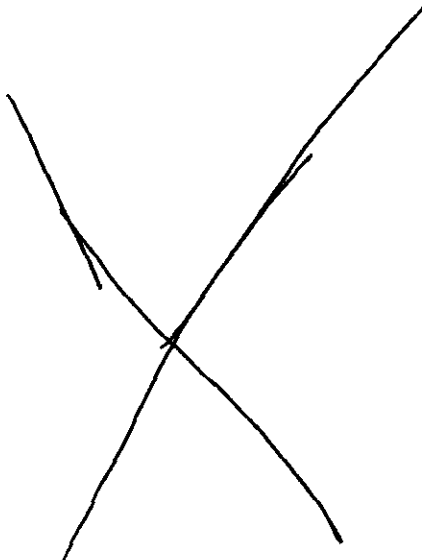
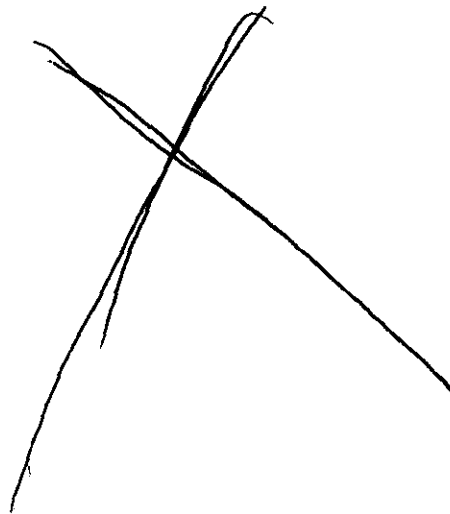


EXHIBIT C



Class A Membership	Class B Membership	Length of Slip (feet)	Portion of Assessments Allocated to Membership (%)	Membership Votes
A-1	N/A	25	2.9	1
A-2	N/A	25	2.9	1
A-3	N/A	25	2.9	1
A-4	N/A	35	3.3	1
A-5	N/A	35	3.3	1
A-6	N/A	40	3.5	1
A-7	N/A	40	3.5	1
A-8	N/A	40	3.5	1
A-9	N/A	40	3.5	1
A-10	N/A	40	3.5	1
A-11	N/A	40	3.5	1
A-12	N/A	60	4.1	1
A-13	N/A	60	4.1	1
A-14	N/A	60	4.1	1
A-15	N/A	60	4.1	1
A-16	N/A	45	3.6	1
B-17	N/A	40	3.5	1
B-18	N/A	35	3.3	1
B-19	N/A	30	3.2	1
B-20	N/A	30	3.2	1
B-21	N/A	30	3.2	1
B-22	N/A	30	3.2	1
B-23	N/A	30	3.2	1
B-24	N/A	30	3.2	1
B-25	N/A	20	2.9	1
B-26	N/A	20	2.9	1
B-27	N/A	20	2.9	1
B-28	N/A	20	2.9	1
B-29	N/A	20	2.9	1
B-30	N/A	20	2.9	1
N/A	Lot A	N/A	N/A	1
N/A	Lot B	N/A	N/A	1
N/A	Lot C	N/A	N/A	1
Total: 30 Class A Memberships	Total: 3 Class B Memberships	Total: 1,045 feet	Total: 100.00%	Total: 33 Votes in the Corporation

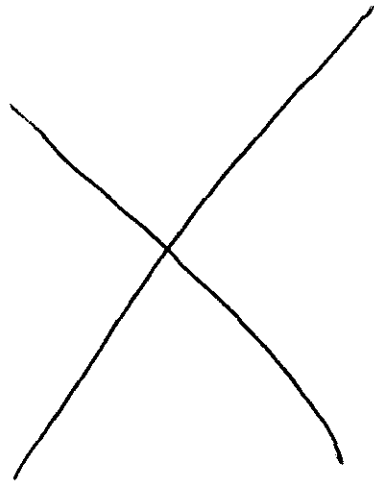
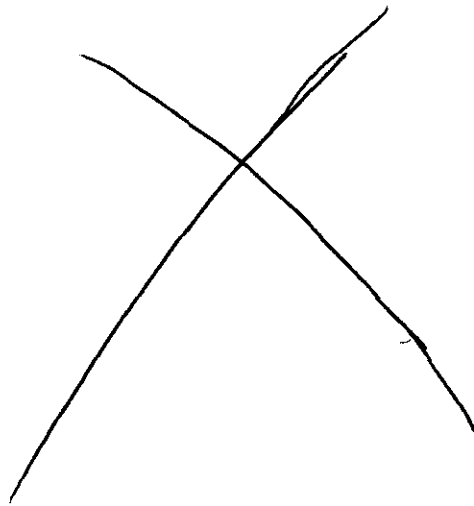


EXHIBIT D



Permit Class
NEW

Permit Number
164-07

STATE OF NORTH CAROLINA
Department of Environment and Natural Resources
and
Coastal Resources Commission

Permit

for

Major Development in an Area of Environmental Concern
pursuant to NCGS 113A-118

Excavation and/or filling pursuant to NCGS 113-229

Issued to Vanguard Properties, LLC, 8-A Marina Street, Wrightsville Beach, NC 28490

Authorizing development in New Hanover County at adj. to Harrelson's Basin and AIWW,
2111 Middle Sound Loop Rd., as requested in the permittee's application dated "revised 5/20/07" (MP-1,
3, and 4) and 5/30/07 (MP-2), inc. attached drawings (7), as referenced in condition No. 1 of this permit.

This permit, issued on October 23, 2007, is subject to compliance with the application (where consistent with the permit), all applicable regulations, special conditions and notes set forth below. Any violation of these terms may be subject to fines, imprisonment or civil action; or may cause the permit to be null and void.

- 1) Unless specifically altered herein, all development shall be carried out in compliance with the attached list of workplan drawings: 1 dated 4/9/07, 1 dated 5/3/07, 1 dated "revised by DCM on 10/23/07", sheet 1 of 2 dated 5/18/07, sheet 2 of 2 and sheet 1 of 1 dated 5/22/07, and a second sheet 1 of 1 dated "revised 6/7/07".
- 2) In accordance with commitments made by the permittee, no upland development is authorized under this permit. Any reference to the upland development in the attached permit application and workplan drawings is hereby null and void. Any future proposal for upland development shall require a modification of this permit.

(See attached sheets for Additional Conditions)

This permit action may be appealed by the permittee or other qualified persons within twenty (20) days of the issuing date. An appeal requires resolution prior to work initiation or continuance as the case may be.

This permit shall be accessible on-site to Department personnel when the project is inspected for compliance.

Any maintenance work or project modification not covered hereunder requires further Division approval.

All work shall cease when the permit expires on

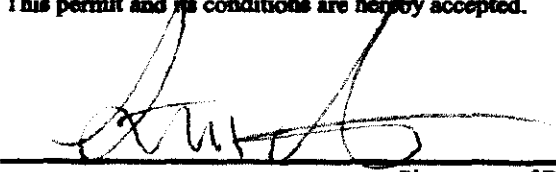
December 31, 2010

In issuing this permit, the State of North Carolina agrees that your project is consistent with the North Carolina Coastal

Signed by the authority of the Secretary of DENR and the Chairman of the Coastal Resources Commission.


James H. Gregson, Director
Division of Coastal Management

This permit and its conditions are hereby accepted.


Signature of Permittee

ADDITIONAL CONDITIONS

Excavation

- 3) Unless specifically altered herein, the dimensions of the area to be dredged shall not exceed the area that is expressly and specifically set forth in the attached permit application and workplan drawings. Any proposal to change the area to be dredged shall require permit modification.
- 4) Excavation shall not exceed -4 feet below the normal low water level. In no case shall the depth of excavation exceed the depth of connecting waters.
- 5) No vegetated wetlands shall be excavated or filled.
- 6) The temporary placement or double handling of fill materials within waters or vegetated wetlands is not authorized.

NOTE: The permittee's contractor is advised to contact the U.S. Coast Guard at (910) 815-4895, ext. 108 to discuss operations and appropriate lighting, markers, etc. for all dredge equipment.

Spill Disposal

- 7) All excavated materials shall be confined to the area indicated on the attached workplan drawings behind adequate dikes or other retaining structures to prevent spillover of solids into any marsh or surrounding waters.

Shoreline Stabilization

- 8) The alignment of the authorized bulkhead and retaining walls shall adhere to the alignment depicted on the attached workplan drawings. Any proposal to change the authorized alignment shall require a modification of this permit.
- 9) The bulkhead and retaining walls shall be constructed prior to any backfilling activities.
- 10) The bulkhead and retaining walls shall be structurally tight so as to prevent seepage of backfill materials through the structure.
- 11) The bulkhead and retaining walls shall be solid and constructed of treated wood, concrete slabs, vinyl or metal sheet piles or other suitable materials approved by Division personnel.
- 12) The backfill material shall be clean and free of any pollutants except in trace quantities.
- 13) All backfill material shall be obtained from a high ground source and confined behind the permitted bulkhead and retaining walls.

ADDITIONAL CONDITIONS

Marina Replacement

- 14) All work authorized under this permit shall take place within the existing footprint of the marina.
- 15) Unless specifically altered herein, finger pier #8 shall not extend waterward of the "1/3 setback line", and finger pier #7 shall be no longer than the length of finger pier #9, all as expressly and specifically set forth in the attached workplan drawing dated "revised by DCM on 10/23/07." With the exception of that outlined above, this permit authorizes the replacement of the existing marina's docks and piers, with the docks, piers, and other structures and uses located in or over the water that are expressly and specifically set forth in the attached permit application and workplan drawings. No other structure, whether floating or stationary, shall become a permanent part of this renovated marina without permit modification. No non-water dependent uses of structures shall be conducted on, in or over public trust waters without permit modification.
- 16) Prior to the occupancy of any slips authorized under this permit, a marine pumpout sewage disposal facility shall be installed, operable, and easily accessible and shall be maintained for the life of the marina.
- 17) Prior to the occupancy of any slips authorized by this permit, the permittee shall meet on-site with a representative of the Division to ensure that the required pumpout facility is in place and operable.
- 18) The marina shall display a sign showing the location of the on-site pumpout facility, including other appropriate waste disposal information, at the entrance and exit from the main pier(s).
- 19) No sewage, whether treated or untreated, shall be discharged at any time from any boats using the marina. Any sewage discharge at the marina shall be considered a violation of this permit for which the permittee is responsible. This prohibition shall be applied and enforced throughout the entire existence of the permitted structure.
- 20) The boat ramp shall either be poured at an upland location and pushed into place once hardened, or poured entirely within a watertight containment structure. Live concrete shall not be allowed to contact waters of the State or waters that will enter waters of the State.
- 21) In accordance with commitments made by the permittee, the authorized boat ramp shall be used for emergency purposes only.
- 22) Should either adjacent property be sold prior to the initiation of construction, the permittee shall be required to obtain a signed riparian corridor waiver from the new property owner prior to the placement of any structures within the 15-foot riparian corridor.
- 23) No attempt shall be made by the permittee to prevent the full and free use by the public of all navigable waters at or adjacent to the authorized work.
- 24) The permittee shall maintain the authorized work in good condition and in conformance with the terms and conditions of this permit. The permittee is not relieved of this requirement if he abandons the permitted activity without having it transferred to a third party.

ADDITIONAL CONDITIONS

- 25) This permit does not authorize the interference with any existing or proposed Federal project, and the permittee shall not be entitled to compensation for damage to the authorized structure or work, or injury that may be caused from existing or future operations undertaken by the United States in the public interest.
- 26) The permittee shall install and maintain at his expense any signal lights or signals prescribed by the U.S. Coast Guard, through regulation or otherwise, on the authorized facilities. At a minimum, permanent reflectors shall be attached to the structure(s) in order to make it more visible during hours of darkness or inclement weather.
- 27) This permit authorizes a maximum of 30 boat slips.

NOTE: The permittee is encouraged to install a sign on the finger pier adjacent to the boat ramp stating "No permanent Dockage Allowed – for Emergency Boat Ramp Use Only."

Sedimentation and Erosion Control

- 28) Appropriate sedimentation and erosion control devices, measures or structures shall be implemented to ensure that eroded materials do not enter adjacent wetlands, watercourses and property (e.g. silt fence, diversion swales or berms, etc.). At a minimum, a silt fence shall be properly installed immediately landward of the bulkhead cap and retaining walls immediately following completion of backfilling activities.

Easement

NOTE: The permittee may be required to apply for a submerged land lease from the Department of Administration's State Property Office. Contact the Department of Administration's State Property Office directly at (919) 807-4650 for this determination.

General

- 29) The permittee understands and agrees that, if future operations by the United States requires the removal, relocation, or other alteration of the structure or work authorized by this permit, or if in the opinion of the Secretary of the Army or his authorized representative, said structure or work shall cause unreasonable obstruction to free navigation of the navigable waters, the permittee shall be required, upon due notice from the Corps of Engineers, to remove, relocate or alter the structural work or obstructions caused thereby, without expense to the United States or the state of North Carolina. No claim shall be made against the United States or the state of North Carolina on account of any such removal or alteration.

NOTE: This permit does not eliminate the need to obtain any additional state, federal or local permits, approvals or authorizations that may be required, including but not limited to any driveway and encroachment permits required by the NCDOT.

NOTE: Future development of the permittee's property may require a modification of this permit. Contact a representative of the Division at (910) 796-7215 prior to the commencement of any such activity for this determination. The permittee is further advised that many non-water dependent activities are not authorized within 30 feet of the normal high water level.

ADDITIONAL CONDITIONS

NOTE: The N.C. Division of Water Quality has authorized the proposed project under General Water Quality Certification No. 3642 (DWQ Project No. 071155), which was issued on 8/3/07.

NOTE: The U.S. Army Corps of Engineers authorized the proposed project under COE Action Id. No. SAW-2007-02305-065.

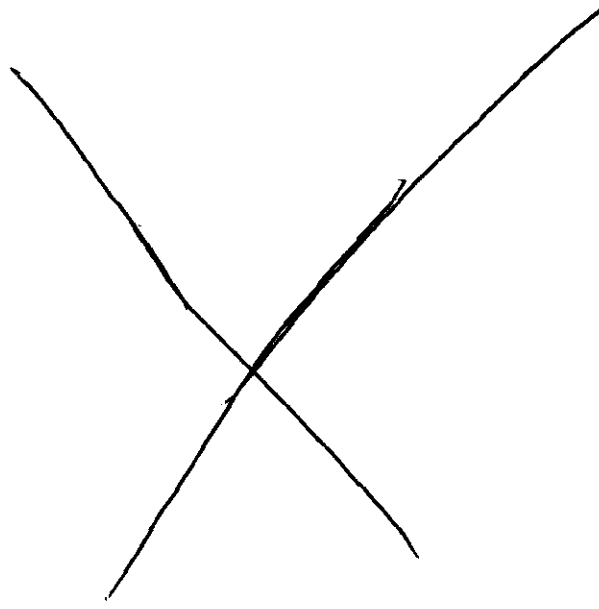
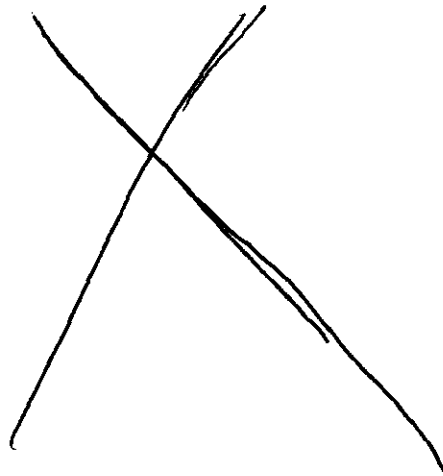


EXHIBIT E



**BYLAWS
OF
MIDDLE SOUND MARINA ASSOCIATION, INC.
A NONPROFIT CORPORATION**

**ARTICLE I
GENERAL**

SECTION 1: NAME

The name of the corporation shall be Middle Sound Marina Association, Inc.

SECTION 2: PRINCIPAL OFFICE

The principal office of Middle Sound Marina Association, Inc. ("corporation") shall be 2107 Middle Sound Loop Road, Wilmington, North Carolina 28411, or at such other place as may be subsequently designated by the Board of Directors.

SECTION 3: DEFINITIONS

All definitions contained in the Declaration of Covenants, Conditions, and Restrictions for Land and Property of Middle Sound Marina Association, Inc. as may be amended from time to time ("Declaration") shall be applicable herein. The term Bylaws shall include any amendments made to these Bylaws.

**ARTICLE II
MEMBERSHIP**

SECTION 1: DEFINITION, RIGHTS AND OBLIGATIONS

There shall be thirty-three (33) memberships in the corporation. Each membership shall be evidenced by a Membership Certificate. Any membership may be owned by any one person or entity, by joint ownership of two persons or of one person and one entity, or by a trust for the benefit of any person(s) and/or entity. Said memberships shall be divided into classes as set forth herein, and the rights and obligations of each membership shall derive from the class of such membership. The number of persons and the designation of persons entitled to the benefits of such membership may be set and further defined by the Board of Directors in order to avoid the imposition of unreasonable use of the facilities and property of the corporation.

Subject to the Declaration, no member will be entitled to vote at any membership meeting or be elected to serve on the Board or be appointed to serve as an officer or on any committee if payment by such member of any financial obligation to the corporation is delinquent for more than ten (10) days and the amount necessary to bring the account current has not been properly appealed pursuant to the Declaration or fully paid by the record date set forth below for any membership meeting (in the case of a member voting or being elected to serve on the Board of Directors) or has not been paid by the date of appointment, in the case of appointment to serve as an officer or on any committee.

SECTION 2: CLASSES OF MEMBERSHIP

There shall be three (3) classes of membership: Charter, Class A, and Class B. The various rights and characteristics of said classes shall be as set forth below:

- (a) **CHARTER MEMBERSHIP** In consideration and payment for the conveyance of the property described in "Exhibit 1" attached hereto on or before December 31, 2008, the corporation shall issue to VANGUARD PROPERTIES OF NC LLC ("Vanguard" or "Declarant") Charter Membership Certificates for each and every membership in the corporation, the total number thereof being thirty-three (33). Said Charter Memberships shall be freely transferable by Vanguard without any application or approval. Upon any transfer of any Charter Membership by Vanguard, such membership shall immediately cease to be a Charter Membership and shall automatically convert to a Class A Membership or a Class B Membership, depending upon the nature of the membership transferred as hereinafter described and as shown on the certificates evidencing such transfers. As further consideration and payment for the conveyance of the property described in "Exhibit 1" attached hereto on or before December 31, 2008, the corporation shall also issue to Vanguard a certificate entitling Vanguard to the use of any vehicle parking space located in the corporation's parking lot.
- (b) **CLASS A MEMBERSHIP** Each and every Class A Membership shall be a membership entitling such member to the exclusive use and enjoyment of one (1) assigned boat slip as identified on the Class A Membership Certificate evidencing such transfers as well as one (1) unassigned vehicle parking space. The total number of Class A memberships, once all Charter Memberships have been converted, shall be thirty (30). Each Class A member shall have the exclusive right, subject to the provisions hereof and the Declaration and Rules and Regulations of Middle Sound Marina Association, Inc. as may be amended from time to time ("Rules and Regulations") to use and enjoy the particular boat slip identified on each membership certificate and the use of one (1) unassigned vehicle parking space. Each Class A member shall also have those common area rights and voting rights set forth below.
- (c) **CLASS B MEMBERSHIP** Each and every Class B Membership shall be a membership entitling such member to one (1) vote in the corporation. Said Class B memberships shall be held by the owners of those three (3) lots adjacent to the corporation property which will be created and subdivided in a manner similar to how such lots are depicted on "Exhibit 2" attached hereto and each Class B membership shall pass as an appurtenance to said lots. Class B members shall have no rights whatsoever in any boat slip or parking space by virtue of their Class B membership. However, Class B members may also separately purchase Class A memberships in which case such purchasers shall enjoy all rights, privileges, duties, and obligations of Class A membership. The total number of Class B memberships, once all Charter Memberships have been converted, shall be three (3). Each Class B member shall have those voting rights set forth below.

SECTION 3: COMMON AREA RIGHTS

Each Class A member shall have a non-exclusive right and easement of enjoyment in and to the common areas subject to the right of the corporation:

1. To limit the number of guests of members;
2. To borrow money for the purpose of improving the corporation's property, common areas, and facilities as set forth herein and in the Declaration;
3. Subject to the Declaration, to suspend all rights of any member for any period during which an assessment against such member remains unpaid or, for a period not to exceed thirty (30) days, for an infraction of the Rules and Regulations; and to license or otherwise lawfully use all rights of any such member during any such period of suspension; and
4. To dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose, subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless approved by members owning at least sixty-six percent (66%) of the Memberships and further subject to these Bylaws, the Declaration, and the Rules and Regulations.

SECTION 4: VOTING RIGHTS

Each Charter Membership shall be entitled to twelve (12) votes at any membership meeting. Each Class A Membership and each Class B Membership in good standing shall be entitled to one (1) vote at any membership meeting and all such votes shall be cast by a member or such member's proxy. A non-Charter Membership shall not be entitled to more than (1) vote for any reason such that if a Membership is owned by more than one (1) person or entity, such Membership shall be entitled to only one (1) vote.

SECTION 5: OTHER RIGHTS

All members shall have all such other rights as prescribed by North Carolina law, the Declaration, these Bylaws, and the Rules and Regulations as shall be lawfully adopted.

SECTION 6: OBLIGATIONS

Each Class A member shall have the obligation and duty to pay all lawful assessments as and when due. No duty or obligation to pay any assessment shall be associated with any Charter Membership. A Class B Membership shall only be obligated to pay any assessment associated with the repair of damage to the corporation property or facilities caused by such Class B member or such member's guest, licensee, child, invitee, or animal. In addition, each member shall be obligated to abide by all the terms and conditions of the Articles of Incorporation, the Declaration, these Bylaws, and the Rules and Regulations as shall be lawfully adopted.

SECTION 7: TRANSFER OF INTEREST IN MEMBERSHIP

Subject to the Declaration, no Class A Membership may be sold, transferred, assigned or licensed without the prior, express approval of the Board of Directors; provided, however, that these restrictions shall not apply to the Charter Memberships issued to and in the name of Vanguard nor to Vanguard's use, transfer, license, or sale of such memberships nor shall said restrictions apply to any sale or transfer of any Class B Membership. Any Class A member who

wishes to make any such sale, assignment, license, or other transfer of any Membership shall make application therefor to the Board of Directors in such fashion and following such procedure as the Board of Directors shall prescribe; and the Board of Directors shall act upon such application within ten (10) business days after receiving it.

ARTICLE III **MEMBERSHIP MEETINGS**

SECTION 1: PLACE

All meetings of members shall be held at the office of the corporation or such other place as may be stated in the meeting notice.

SECTION 2: ANNUAL MEETINGS

- A. The annual meeting of the members shall be held at a place designated by the Board of Directors in Wilmington, North Carolina, commencing in 2009; provided, however, that such meeting will not be held until the Board of Directors issues a call for such a meeting.
- B. Regular annual meetings after 2009 shall be held on the first Saturday in February of each year, if not a legal holiday, and if a legal holiday, then on the next secular Saturday unless otherwise determined by the Board of Directors.
- C. All annual meetings shall be held at such time as is determined by the Board.
- D. Beginning with the first annual meeting occurring after the expiration of the period of Declarant Control, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.
- E. Written notice of the annual meeting shall be mailed to each member entitled to vote at such meeting at such address as appears on the books of the corporation at least fifteen (15) days prior to the meeting.

SECTION 3: RECORD DATE AND MEMBERSHIP LIST

The record date for determining which memberships are entitled to vote at any membership meeting shall be the close of business on the thirtieth (30th) day prior to the date of the meeting unless the Board of Directors shall determine another record date. The Board of Directors shall not set a record date retroactively.

At least fifteen (15) days before every election of Directors, a complete list of members entitled to vote in such election, arranged numerically with the mailing address of each, shall be prepared by the Secretary of the corporation. Such list shall be produced and kept at the office of the corporation through the date of the annual meeting, and shall be open to inspection by any member at the office of the corporation within three (3) business days of such a request.

SECTION 4: SPECIAL MEETINGS

- A. Special meetings of the members, for any purpose(s), unless otherwise prescribed by law or the Articles of Incorporation of the corporation as may be amended from time to time (“Articles of Incorporation”), may be called by the President of the corporation, any member of the Board of Directors, or upon written and signed request by at least one-third (1/3) of the membership. Any such request by the membership shall state the purpose(s) of the special meeting.
- B. Written notice of a special meeting of members shall be mailed to each member entitled to vote at such meeting to such address as appears on the books of the corporation. The written notice shall be mailed at least fifteen (15) days before any such meeting and shall contain the time, place, and purpose(s) of such meeting.
- C. Business transacted at all special meetings shall be confined to the purposes stated in the notice thereof, unless seventy-five (75%) of the members present at such meeting in person or by proxy consent to the transaction of business not stated in the notice.

SECTION 5: QUORUM

A representative of more than fifty percent (50%) of the total number of memberships of the corporation, present in person or represented by proxy, shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise required by statute, the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any such meeting of the members, the memberships entitled to vote at such meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 6: VOTE REQUIRED TO TRANSACT BUSINESS

When a quorum is present at any meeting, a majority of the votes cast, in person or represented by proxy, shall decide any question brought before the meeting, unless the question is one upon which by express provision of law, the Articles of Incorporation, the Declarations or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. There shall be no cumulative voting on any question or election.

SECTION 7: PROXIES

Any membership may appoint one or more proxies to vote for such membership by drafting and signing a written appointment form. The appointment form shall state whether the proxy applies to regular and/or special meetings and shall contain any and all limitations on the authority of such proxy to vote on behalf of the membership. The appointment form shall also state that it expires by a specific date (as selected by the member drafting such appointment

form) or on the date the membership is sold or transferred, whichever occurs first. Unless stated otherwise in the appointment form, such proxy shall only be valid for the first regular or special membership meeting, or subsequent adjourned meetings thereof, that is scheduled to occur at the time the appointment form is signed. Unless otherwise stated in the appointment form, the proxy shall possess complete authority to vote on all matters at any meeting at which such proxy is authorized to be present and vote. All appointment forms shall be deemed revocable unless the form specifically states that it is irrevocable. The appointment form shall identify the person entitled to vote by proxy by name and address. The member and proxy shall promptly notify the corporation of any change in the address of the proxy. A photocopy or facsimile transmission of such an appointment form shall be deemed a valid appointment form. All appointment forms shall be sent to the Secretary of the corporation and shall not be effective until received by the secretary. The Secretary must receive an appointment form prior to the commencement of any meeting for it to be effective for such meeting. If a member is not a natural person, such member may vote in person or by proxy via any natural person authorized to act on its behalf. Upon the transfer of a membership, all appointment forms and proxies related to such membership, whether revocable or irrevocable, shall immediately become null and void.

SECTION 8: WAIVER AND CONSENT

Whenever the vote of memberships at a meeting is required or permitted by any provision of law, the Articles of Incorporation, the Declaration, or these Bylaws to be taken in connection with any action of the corporation, the meeting and vote of memberships may be dispensed with, if all memberships who would have been entitled to vote upon the action of such meeting, if such meeting were held, shall consent to such action in writing.

SECTION 9: ORDER OF BUSINESS

The order of business at the Annual Meetings beginning in 2009, and as far as practical at all other meetings, will be:

1. Roll call and certifying of proxies;
2. Proof of notice of meeting or waiver of notice;
3. Reading of minutes of prior meeting;
4. Officers' reports;
5. Committee reports;
6. Approval of budget;
7. Elections of Directors and Officers;
8. Unfinished business;
9. New business;

10. Adjournment.

The rules contained in the tenth (10th) edition of *Robert's Rules of Order Newly Revised* shall govern the conduct of all membership meetings to the extent such rules are not inconsistent with these Bylaws or the Declaration.

ARTICLE IV
BOARD OF DIRECTORS

SECTION 1: NUMBER, TERM, AND QUALIFICATIONS

The number of Directors which shall constitute the Board of Directors of the corporation ("Board") shall be three (3). Until succeeded by Directors elected at the first annual meeting of the corporation occurring after the expiration of the period of Declarant Control, there shall be three (3) directors who need not be members; thereafter, each Director shall be a member. Each Director shall be elected to serve for a term of three (3) years, or until such Director's tenure is termination by reason of death, resignation, retirement, disqualification, removal or otherwise. At the time any Director ceases to be a member through transfer of a membership or otherwise, such Director shall immediately be disqualified and cease to be a Director.

If a member is an entity, then any of its duly authorized representatives may serve on the Board. No one shall be elected to serve as a Director or continue to serve as a Director if such member is more than ten (10) days delinquent in meeting any financial obligation owed to the corporation.

SECTION 2: VACANCY AND REPLACEMENT

If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal or otherwise, a majority of the remaining Directors at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office until the next meeting when election of Directors occurs, unless such replacement Director is removed, resigns, retires, disqualified, or dies prior thereto. During the period of Declarant Control, Declarant shall fill any and all vacancies on the Board at its sole discretion.

SECTION 3: REMOVAL

Subject to the provisions of the Articles of Incorporation, Directors may be removed by an affirmative vote of a majority of the memberships. No Director shall serve on the Board after such Director's membership in the corporation is terminated for any reason whatsoever. During the period of Declarant Control, Declarant may remove any Director at its sole discretion.

SECTION 4: POWERS

The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited or prescribed by law, the Articles of Incorporation, these Bylaws, or the Declaration. The powers of the Board shall specifically include, but not be limited to, the following:

- A. To make, collect, and deposit assessments and establish the time within which payment of the same are due.
- B. To use and expend the assessments collected to provide the membership with goods and services and to maintain, care for and preserve the boat slips, docks, piers and all other property and facilities of the corporation.
- C. To purchase the necessary equipment, tools, and other items reasonably required to maintain, care for, and preserve the property and facilities of the corporation.
- D. To enter into and upon the boat slips when necessary and at as little inconvenience to the members as possible in connection with such maintenance, care and preservation.
- E. To insure and keep insured the property of the corporation in the manner set forth in the Declaration, and to purchase such other insurance as the Board may deem advisable.
- F. To collect delinquent assessments by suit or otherwise, abate nuisances, and enjoin or seek damages from members or any other person, group, or entity for violations of these Bylaws, the Rules and Regulations, and/or the Declaration.
- G. To employ and compensate such persons, groups, and entities as may be required for the management, maintenance, care and preservation of the property, facilities, and assets of the corporation and to purchase any equipment, supplies, materials, or similar items to be used by such persons, groups, and entities in the performance of their work.
- H. To acquire, own, hold, pledge, sell, transfer, or lease a membership in the name of the corporation or its designee.
- I. To contract for management of any of the affairs of the corporation and to delegate to such other person, group, or entity all powers and duties of the corporation except those specifically required by the Declaration to have the specific approval of the Board or the membership.
- J. To carry out the obligations of the corporation under any restrictions and/or covenants running with the land and other property of the corporation.
- K. To enforce, amend, or repeal the provisions set forth in the Rules and Regulations and to adopt additional Rules and Regulations not inconsistent with these Bylaws or the Declaration.
- L. To impose a fine against any member not to exceed One Hundred Dollars (\$100.00) for the first violation or breach by such member or such member's guest, licensee, child, invitee, or animal of these Bylaws, the Rules and Regulations, or the Declaration, a fine not to exceed Three Hundred Dollars (\$300.00) for the second violation or breach by such member or such member's guest, licensee, child, invitee, or animal of these Bylaws, the Rules and Regulations, or the Declaration, and a fine not to exceed Five Hundred Dollars

(\$500.00) for the third and any subsequent violation or breach by such member or such member's guest, licensee, child, invitee, or animal of these Bylaws, the Rules and Regulations, or the Declaration

- M. Open bank accounts on behalf of the corporation and designate the signatories thereon.
- N. Act with respect to all matters arising out of any eminent domain proceeding affecting the corporation.
- O. Notify the members of any litigation against the corporation involving a claim in excess of ten percent (10%) of the amount of the then-existing annual budget.
- P. Borrow money on behalf of the corporation when required for any valid purpose.
- Q. Grant or accept easements, rights-of-way, and/or licenses over and through the corporation property.
- R. Enter into, in the Board's discretion, a Management Agreement to effectively provide for the management and operation of the corporation.

SECTION 5: LIABILITY

The Directors shall not be liable to any member or the corporation for any mistake of judgment, negligence, or otherwise except for their own individual willful or intentional misconduct, bad faith, or gross negligence.

SECTION 6: COMPENSATION

Directors and officers shall receive no compensation for their services, such services being on a voluntary, pro bono basis. However, the Board may order reimbursement of any Officer or Director for an expense incurred solely for and on behalf of the corporation if the Board unanimously approves such reimbursement.

SECTION 7: MEETINGS

- A. The first meeting of each Board newly elected by the membership shall be held immediately upon adjournment of the meeting at which such election was held, provided a quorum shall then be present, or as soon thereafter as may be practicable.
- B. Special meetings of the Board shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice to each Board member of each such special meeting either personally or by mail at least three (3) days before the date of such meeting. However, the Directors may waive notice of the calling of the meeting, before or after such meeting, if all Directors agree in writing to waive such notice.
- C. A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the acts of a majority present at any meeting at

which there is a quorum shall be the acts of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 8: ORDER OF BUSINESS

The order of business at all meetings of the Board shall be as follows:

- A. Roll call and certifying of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of last meeting;
- D. Consideration of communications;
- E. Elections of necessary directors and officers;
- F. Reports of officers and employees;
- G. Reports of committees;
- H. Unfinished business;
- I. Original resolutions and new business;
- J. Adjournment.

SECTION 9: ANNUAL STATEMENT

The Board shall present at each annual meeting, a full and clear statement of the business and financial conditions of the corporation with its recommended budget and regular assessment schedule for the ensuing fiscal year of the corporation.

ARTICLE V **OFFICERS**

SECTION 1: EXECUTIVE OFFICERS AND ELECTION

The executive officers of the corporation shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected annually by the Board. During the period of Declarant Control, any person may hold more than one office and any person may serve as both an officer and a Director. After the expiration of the period of Declarant Control, no officer may hold more than one (1) position unless the Board determines otherwise nor may anyone serve as both an officer and a Director unless approved by vote of at least sixty-six percent (66%) of the membership present at any meeting of the corporation.

The officers of the corporation shall be appointed annually by the Board. Such appointments must be made within one (1) week prior to the annual meeting and the officers of the corporation must be announced at each annual meeting. Each officer will hold office for a term of one (1) year or until such officer's death, resignation, retirement, removal, or disqualification.

SECTION 2: THE PRESIDENT

- A. The President shall preside at all meetings of the members; shall have general and active management of the business of the corporation; shall see that all orders and resolutions of the Board are carried into effect; and shall execute, under the seal of the corporation, all bonds, mortgages, other instruments and contracts requiring such seal.
- B. The President shall exercise general control and direction over all other officers of the corporation in the performance of their corporate duties.
- C. The President shall submit a report of the operations of the corporation for the fiscal year to the Directors whenever called for by them, and to the membership at the annual meeting, and from time to time shall report to the Board all matters of interest within the President's actual knowledge to the corporation.
- D. The President shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

SECTION 3: THE SECRETARY

- A. The Secretary shall keep the minutes of all meetings of the membership and of the Board in one (1) or more books provided for that purpose.
- B. The Secretary shall see that all notices are fully given in accordance with the provisions of these Bylaws, the Declaration, or as otherwise required by law.
- C. The Secretary shall be custodian of the corporate records and of the seal of the corporation and shall see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these Bylaws.
- D. The Secretary shall keep a register of the names, telephone numbers, and post office addresses of each and every member; and the name and official North Carolina registration information or federal documentation number of each boat to be docked in any boat slip, which information shall be furnished to the Secretary by such member in accordance with the Rules and Regulations.
- E. The Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or the Board.

SECTION 4: THE VICE PRESIDENT

The Vice President shall be vested with all of the powers and required to perform all the duties of the President in the President's absence, and such other duties as may be prescribed by the Board from time to time.

SECTION 5: THE TREASURER

- A. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board.
- B. The Treasurer shall disburse the funds of the corporation as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Directors, at the regular meetings of the Board, or whenever they may require it, an account of all the Treasurer's transactions and of the financial condition of the corporation. Such records shall be open to inspection at the office of the corporation by all members within three (3) business days after any member requests such an inspection.
- C. The Treasurer may be required to give the corporation at the corporation's cost, a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the Treasurer's duties, and the restoration to the corporation, in case of the Treasurer's death, resignation or removal from office, of all books, papers, vouchers, money, assets, or other property of whatever kind entrusted to the Treasurer which belong to the corporation.
- D. With the approval of the Board, the Treasurer shall be authorized to delegate all or part of the Treasurer's duties to experienced and competent accounting, collection or management personnel, pursuant to written delineation and definition of the duties delegated.

SECTION 6: SUBORDINATE OFFICERS

The Board may appoint such other officers and agents from the membership as it may deem necessary, and such officers and agents shall have such authority and perform such duties as may be prescribed by the Board from time to time.

SECTION 7: REMOVAL OF OFFICERS

All officers shall be subject to removal, with or without cause, at any time by action of the Board, which may delegate to an officer the authority to dismiss employees, agents, and/or contractors. During the period of Declarant Control, Declarant may remove any officer at its sole discretion.

SECTION 8: VACANCIES

If the office of any officer becomes vacant by reason of death, resignation, disqualification, or otherwise, the President shall choose a successor or successors who shall

hold office for the unexpired term. During the period of Declarant Control, Declarant shall fill any and all vacancies at its sole discretion.

SECTION 9: RESIGNATION

Officers may resign their office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board, unless some other more distant time be specifically set forth in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VI **NOTICES**

SECTION 1: DEFINITION

Whenever under the provisions of the law, the Declaration, the Articles of Incorporation or these Bylaws, notice is required to be given to any Director or member, it shall not be construed to mean personal notice; but such notice may be given to such Director or member in writing by depositing the same in a post office or letter box in a postage pre-paid and sealed envelope addressed to the member or Director as the address for such member or Director appears on the books of the corporation.

SECTION 2: WAIVER OF NOTICE

Whenever any notice is required to be given under the law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver thereof in writing signed by the person, group, or entity entitled to such notice shall be deemed to constitute an effective waiver of notice. Such an effective waiver may be accomplished before or after the time such notice was to be delivered.

SECTION 3: ADDRESS

The address of the corporation for notice shall be 2107 Middle Sound Loop Road, Wilmington, North Carolina, 28411 or at such other place as may be subsequently designated by the Board.

ARTICLE VII **FINANCES**

SECTION 1: FISCAL YEAR

The fiscal year of the corporation shall be January 1 through December 31.

SECTION 2: CHECKS

All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time.

SECTION 3: DETERMINATION OF ASSESSMENTS

- A. The Board shall determine, from time to time, the amount of money required for the proper and adequate care, maintenance and preservation of the property and facilities of the corporation, including the cost of dredging and maintenance or renovation of docks, piers and pilings, parking lot and areas, bulkhead, the bathhouse, and all the other costs of operating the business of the corporation including insurance premiums, taxes, accounting, and reasonable attorneys' fees; and the Board shall thereupon adopt an annual budget which shall be the basis for all regular assessments against Class A members of the corporation and the same shall be presented to the membership at each annual meeting. Until the first annual meeting the Board's budget need not be approved by the membership; however, the budget adopted by the Board as the basis for all such regular assessments for all fiscal years beginning 2009 must be approved by the membership at a meeting called for that purpose at which a quorum is present in person or by proxy. In the event a quorum is not present at any first meeting called, in whole or in part, for the approval of the yearly budget, and a second meeting is called for such purpose, a representative of more than forty percent (40%) of the total number of memberships of the corporation, present in person or represented by proxy, shall constitute a quorum at such meeting.

In levying the regular assessments against the membership, the Board shall apply the following rules:

- (1) The Board shall allocate and apportion the budget among the Class A memberships according to the percentages reflected in "Exhibit 3" attached hereto and incorporated herein by reference as if fully set forth, and the regular assessments shall be based thereon and
 - (2) No assessment shall be levied against any Charter Membership. Class B Memberships shall only be assessed to the extent such Class B member or such member's guest, licensee, child, invitee, or animal caused damage to the property or facilities of the corporation.
- B. The Board is specifically empowered on behalf of the corporation to make and collect assessments and to maintain, repair, renovate and replace all property and facilities of the corporation.
- C. Assessments shall be due and payable on the first (1st) day of each month or as otherwise determined by the Board.
- D. Special assessments as described in the Declaration may be imposed by the Board as authorized in and by the Declaration; and such assessments shall be levied only against and paid by Class A members in the same manner as specified for regular assessments.
- E. Once the Board has determined the amount of any assessment, the Secretary of the corporation shall mail or present a statement of the assessment to all of the members. All

assessments shall be payable to the corporation and a receipt for any such payment shall be provided upon request therefor to the Treasurer of the corporation.

- F. All Assessments not paid when due shall bear interest as set forth in the Declaration.
- G. The corporation shall also be entitled to recover all costs of collecting any assessments, including any and all court costs, collection costs, and reasonable attorneys' fees.

ARTICLE VIII **COMMITTEES**

SECTION 1: COMMITTEES OF THE BOARD

The Board, by resolution of a majority thereof, may designate two or more members to constitute an Executive Committee, each of which, to the extent provided in the resolution creating such committee, shall have and may exercise all of the power and authority and powers of the Board. Each Executive Committee member shall serve at the pleasure of the Board. The provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, and quorum and voting requirements of the Board apply to any committees established pursuant to this Section. The designation of any Executive Committee and the delegation thereto of the Board's power and authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed by law.

SECTION 2: OTHER COMMITTEES

Other committees not having and exercising the power and authority of the Board may be designated by resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Such committee shall have such duties and responsibilities as set forth in the Board's resolution creating the committee.

ARTICLE IX **SEAL**

The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the word "Nonprofit." Such seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

ARTICLE X **LIEN AND ENFORCEMENT**

SECTION 1: ENFORCEMENT OF LIEN FOR ASSESSMENTS

In the event any member does not pay any sums, charges, or assessments required to be paid to the corporation, the corporation may take any action authorized by law and the Declaration including, but not limited to, enforcement of its lien rights as set forth in the Declaration.

SECTION 2: GOVERNMENTAL LIENS AND ASSESSMENTS

In the event that any governmental unit imposes a tax of any kind upon any member's membership, such member's Membership Certificate, or any portion thereof including any member's designated Boat Slip, and the member fails to pay such tax by the date such tax is due, the Board may, but is not obligated to, pay the same from the funds of the corporation and assess such member for the amount paid plus any interest costs, court costs, reasonable attorneys' fees, any other costs incurred in the collection of the same.

SECTION 3: OTHER REMEDIES

Subject to the Declaration, in the event of a violation of any of the provisions of these Bylaws, the Rules and Regulations, or the Declaration, the corporation may bring appropriate action to enjoin such violation, enforce any remedies set forth in the Declaration, sue for damages, or take such other courses of action or pursue any other legal or equitable remedy as it may deem appropriate.

SECTION 4: INTENT

All members, for themselves, their heirs, successors and assigns, agree to the foregoing provisions relating to default, regardless of the harshness of the remedy available to the corporation and regardless of the availability of any other equally adequate legal or equitable remedies. It is the intent of all members to give to the corporation a method and procedure which will enable it at all times to operate in a business-like manner, to collect those monies due and owing it from the members, and to preserve the right of all members to use and enjoy their membership.

ARTICLE XI **RULES AND REGULATIONS AND DECLARATION**

In addition to these Bylaws, the Rules and Regulations, and the Declaration shall govern the use of the facilities and property of the corporation and the conduct of all members.

ARTICLE XII **INDEMNIFICATION**

The corporation shall indemnify, to the fullest extent permitted by law and this Article, any person who is or was a party or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (and any appeal therein), whether civil, criminal, administrative, arbitratve, or investigative and whether or not brought by or on behalf of the corporation, by reason of the fact that such person is or was a director, officer, or committee member, or is or was serving at the corporation's request as a director, officer, trustee, employee, or agent of another entity, partnership, trust, or other enterprise or as a trustee or administrator under an employee benefit plan, or arising out of such party's activities in any of the foregoing capacities, against all liability and litigation expenses, including reasonable attorneys' fees; PROVIDED, however, that the corporation shall not indemnify any person against any liability or expense of any kind incurred on account of such person's activities if such person knew or believed, or should have known or believed, that such activities were clearly in conflict with the

corporation's best interests, if such person received an improper benefit from such activities, or is determined to have acted or failed to act in such a manner that constitutes gross negligence, willful or intentional misconduct, or bad faith with regard to such person's fiduciary duty to the corporation. The corporation likewise shall indemnify any such person for all reasonable costs and expenses (including attorneys' fees) incurred by such person in connection with the enforcement of such person's right to indemnification granted herein, if such person prevails in any action, suit or proceeding brought to enforce such person's indemnification right.

The corporation shall pay all expenses incurred by any claimant hereunder in defending a civil or criminal action, suit, or proceeding as set forth above in advance of the final disposition of such action, suit, or proceeding upon receipt of and undertaking by or on behalf of such claimant to repay such amount unless it ultimately shall be determined that such claimant is not entitled to be indemnified by the corporation against such expenses.

Any person seeking indemnification hereunder must provide the corporation with written notice of any action, suit, claim, or proceeding within fourteen (14) days of the institution of any such action, suit, claim or proceeding. Upon receipt of such notice, the corporation shall contact any insurance carrier which might have a duty to defend such person and such carrier shall have the right to select legal counsel of its choosing and pay all costs and expenses associated therewith if it determines a legal duty to defend exists. In the event insurance coverage is denied, the corporation shall have the right to select legal counsel of its choosing and pay all costs and expenses associated herewith. If there is no coverage and the corporation declines to defend, either the corporation or the person seeking indemnification shall have the right to file a Declaratory Judgment action to determine whether the corporation must provide a defense or otherwise indemnify the party seeking indemnification.

The Board shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification required by this Article, including without limitation, (a) a determination by a majority vote of disinterested directors that (i) the activities giving rise to the liability or expense for which indemnification is requested were not, at the time taken, known or believed by the person requesting indemnification to be clearly in conflict with the best interests of the corporation, (ii) the person requesting indemnification did not receive an improper personal benefit from the activities giving rise to the liability or expense for which indemnification is requested, and (ii) the person requesting indemnification did not commit any act nor fail to act such in a manner amounting to gross negligence, willful or intentional misconduct, or bad faith with regard to such person's duty to the corporation and (b) to the extent needed, giving notice to the members of the corporation.

Any person who at any time after the adoption of this Article serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article.

ARTICLE XIII **AMENDMENT**

These Bylaws may be amended by Declarant without application or approval during the period of Declarant Control. Thereafter, these Bylaws may be amended at any time by the affirmative vote of at least two-thirds (2/3) of the membership at a meeting duly called for that purpose at which a quorum of more than fifty percent (50%) is present in person or by proxy; provided that the notice of such meeting shall contain a copy of the proposed amendment verbatim which must have been previously approved by a majority of the Directors. However, no right, privilege, duty, or obligation pertaining to any Charter Membership or any Class B Membership may be created, added, changed, altered, or removed without unanimous approval by vote of all Class B Memberships and Charter Membership(s) at a membership meeting called for that purpose.

ARTICLE XIV
DISTRIBUTION OF ASSETS UPON DISSOLUTION

Upon dissolution of the corporation, the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed pursuant to N.C. Gen. Stat. § 55A-14-03 or as otherwise allowed by law at the time of dissolution.

ARTICLE XV
CONFLICT

In the event that any provision(s) of these Bylaws conflict with any provision(s) of the North Carolina Nonprofit Corporation Act, the provision(s) of the North Carolina Nonprofit Corporation Act shall control unless such provisions permit these Bylaws to override the Act, in which event these Bylaws shall control.

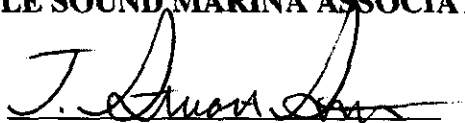
ARTICLE XVI
SEVERABILITY AND CONSTRUCTION

If any provision(s) of these Bylaws or the application of any such provision(s) to any person, group, entity, or circumstance is determined to be invalid, such invalidity shall not affect the validity of any other provisions or applications of these Bylaws that can be given effect without the invalid provision(s) or application(s), and to this end the provisions of these Bylaws are severable. Wherever the masculine singular form of the pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

I certify that the foregoing are a true copy of the Bylaws adopted by Middle Sound Marina Association, Inc.

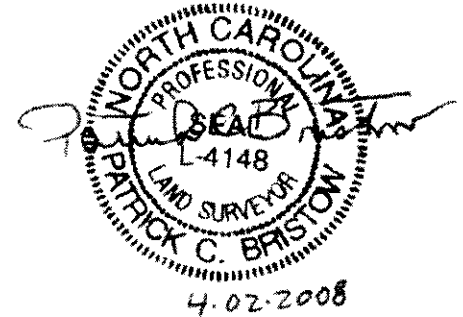
MIDDLE SOUND MARINA ASSOCIATION, INC.

By:



Date: April 16, 2008

Patrick C. Bristow, PLS
5653 B-1 Carolina Beach Road
Wilmington, NC 28412



Legal Description for Vanguard Properties of NC, LLC

A tract of land located in Harnett Township, New Hanover County, North Carolina being more particularly described as follows: beginning at the Eastern terminus of the Northern line of Tract 1 of three tracts of land conveyed to Vanguard Properties of NC, LLC by a deed recorded in deed book 4954, page 997 of the New Hanover County Registry, said beginning point being the intersection of the Northern line of Tract 1 with the face of a corrugated sheet pile bulkhead, said bulkhead running generally in a North / South direction and separating the three tracts referenced above from the waters of a canal and boat basin, said canal running in a Westerly direction from, and connecting to the waters of the Atlantic Intracoastal Waterway and Middle Sound, running thence from said beginning point and with the seaward face of the bulkhead the following courses and distances: South 54 degrees 49 minutes 25 seconds West 60.51', South 13 degrees 52 minutes 26 seconds West 182.64', South 39 degrees 45 minutes 26 seconds West 91.68', South 80 degrees 36 minutes 50 seconds West 2.73' and North 50 degrees 06 minutes 01 seconds West 89.84' to the intersection of the bulkhead with the high water line of Middle Sound, thence with said high water line and crossing a proposed boat ramp South 39 degrees 50 minutes 13 seconds West 27.16' to the intersection of the high water line with the face of a proposed sheet pile bulkhead, thence with the seaward face of said proposed bulkhead the following courses and distances: South 50 degrees 42 minutes 19 seconds East 17.64', South 52 degrees 53 minutes 05 seconds West 137.25' and South 76 degrees 30 minutes 39 seconds West 87.19' to the intersection of the face of said proposed bulkhead with the Eastern terminus of the Southern line of Tract 3 as described in the above referenced deed to Vanguard Properties of NC, LLC, thence with the Southern line of Tract 3 North 35 degrees 38 minutes 30 seconds West 1.08', thence leaving said Southern line and with a series of lines paralleling the above described courses and being 1.00' landward of the face of the existing and proposed bulkheads the following courses and distances: North 76 degrees 30 minutes 39 seconds East 87.39', North 52 degrees 53 minutes 05 seconds East 135.77', North 50 degrees 42 minutes 19 seconds West 17.37', North 39 degrees 50 minutes 13 seconds East 29.17', South 50 degrees 06 minutes 01 seconds East 90.39', North 80 degrees 36 minutes 50 seconds East 1.90', North 39 degrees 45 minutes 26 seconds East 91.08', North 13 degrees 52 minutes 26 seconds East 182.78' and North 54 degrees 49 minutes 25 seconds East 60.72' to a point in the Northern line of Tract 1 as referenced above, thence with said Northern line South 43 degrees 54 minutes 29 seconds East 1.01' to the point of beginning, the above described parcel being a strip of land, 1 foot in width lying parallel to and landward of the Eastern, or waterfront boundary of Tracts 1, 2 and 3 of the above referenced deed to Vanguard Properties of NC, LLC.

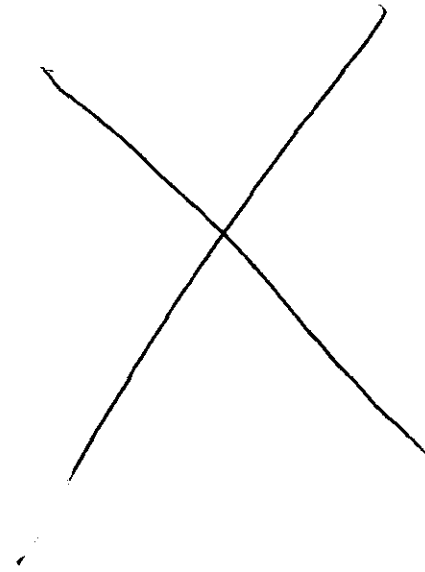
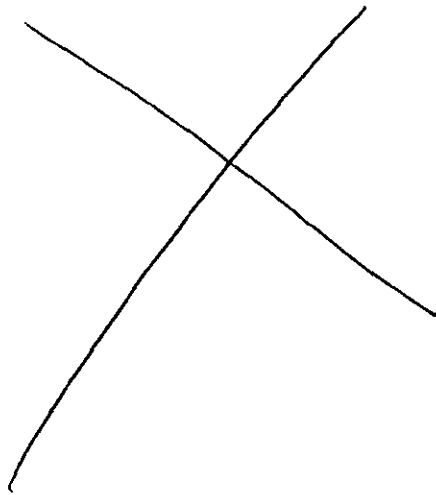


EXHIBIT 2



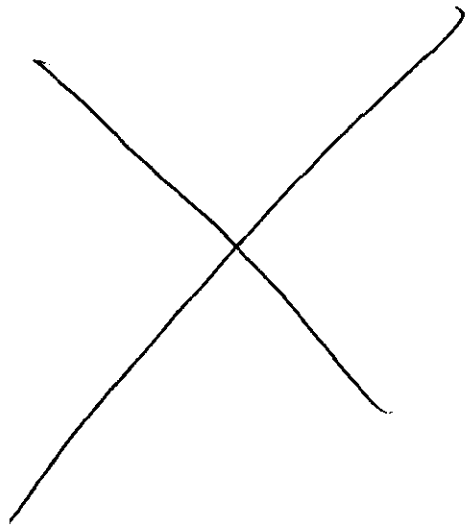
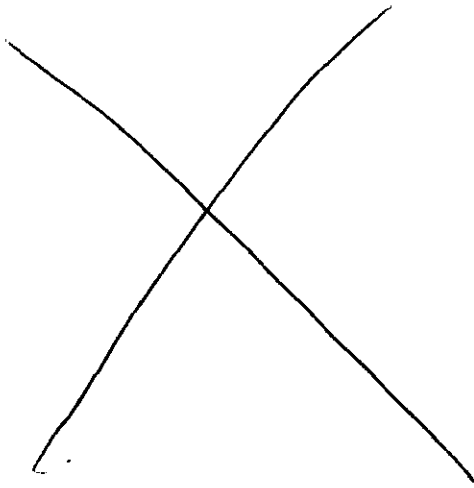


EXHIBIT 3



Class A Membership	Class B Membership	Length of Slip (feet)	Portion of Assessments Allocated to Membership (%)	Membership Votes
A-1	N/A	25	2.9	1
A-2	N/A	25	2.9	1
A-3	N/A	25	2.9	1
A-4	N/A	35	3.3	1
A-5	N/A	35	3.3	1
A-6	N/A	40	3.5	1
A-7	N/A	40	3.5	1
A-8	N/A	40	3.5	1
A-9	N/A	40	3.5	1
A-10	N/A	40	3.5	1
A-11	N/A	40	3.5	1
A-12	N/A	60	4.1	1
A-13	N/A	60	4.1	1
A-14	N/A	60	4.1	1
A-15	N/A	60	4.1	1
A-16	N/A	45	3.6	1
B-17	N/A	40	3.5	1
B-18	N/A	35	3.3	1
B-19	N/A	30	3.2	1
B-20	N/A	30	3.2	1
B-21	N/A	30	3.2	1
B-22	N/A	30	3.2	1
B-23	N/A	30	3.2	1
B-24	N/A	30	3.2	1
B-25	N/A	20	2.9	1
B-26	N/A	20	2.9	1
B-27	N/A	20	2.9	1
B-28	N/A	20	2.9	1
B-29	N/A	20	2.9	1
B-30	N/A	20	2.9	1
N/A	Lot A	N/A	N/A	1
N/A	Lot B	N/A	N/A	1
N/A	Lot C	N/A	N/A	1
Total: 30 Class A Memberships	Total: 3 Class B Memberships	Total: 1,045 feet	Total: 100.00%	Total: 33 Votes in the Corporation



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

WILMINGTON, NC 28401

Filed For Registration: 04/16/2008 01:24:29 PM
Book: RE 5302 **Page:** 1527-1585
Document No.: 2008016356
DECL 59 PGS \$185.00
Recorder: PHELPS, MICAH

State of North Carolina, County of New Hanover

**YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.**

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