

STATE OF NORTH CAROLINA,
COUNTY OF NEW HANOVER.

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
OAK LANDING

THIS DECLARATION, made this the 16th day of December, 1983, by OAK LANDING DEVELOPMENT CORPORATION, a North Carolina corporation, hereinafter referred to as "Declarant";

KNOW ALL MEN BY THESE PRESENTS

THAT WHEREAS, the Declarant is the fee simple owner of a certain tract of real property located within Harnett Township, New Hanover County, North Carolina, said tract being described as follows:

Tract #1: BEGINNING at an iron pipe in the northern line of Pig Fish Lane if same were extended Eastwardly, that is South 67 deg. 00 m in. East along said line 487.55 feet from an old stone marked "P" at its intersection with the eastern line of Shandy Lane (40-foot right of way) said intersection being shown on the map of Redivision of Lots, Pig Fish Lane, dated October 2, 1957; and recorded in Map Book 6, at Page 58 of the New Hanover County Registry; running thence from said Beginning North 23 deg. 00 min. East along a new line 301.56 feet to an iron pipe in the northern line of the First Tract conveyed to Robert Allen Melton by deed recorded in Book 656 at Page 10 of the New Hanover County Registry, said pipe being South 66 deg. 35 min. East along said line 472.29 feet from an old stone marked "P", the northwestern corner of said Melton Tract, said northern line having iron pipe at one hundred foot intervals from said stone with an old wire fence being more or less on line; thence South 66 deg. 35 min. East along the northern line of said Melton Tract 557.71 feet to an iron pipe at, or near, the old natural high water line of Greenville Sound, said pipe being the northeastern corner of said First Tract; thence South 66 deg. 35 min. East along the northern line of the Second Tract as described in said Melton deed to the 18th line of the tract conveyed to F. A. Mattes by deed recorded in Book 150 at Page 184 of said Registry, said line being shown on the map of Consolidation Survey of Lands of Shore Acres Co., recorded in Book 2 at Page 141 of the said Registry; thence Southwardly along said 18th line to the northern line of Pig Fish Lane, if same were extended eastwardly; thence North 67 deg. 00 min. West along said line of Pig Fish Lane to an iron pipe at, or near the said high water line; thence North 67 deg. 00 min. West along said line of Pig Fish Lane 362.45 feet to the point of BEGINNING, the same containing three acres, more or less, of land above the old natural high water line of Greenville Sound together with the marsh land (and filled marsh land) lying East of said high water line, and being the eastern portion of the First Tract and all of the Second Tract as conveyed to Robert Allen Melton by the aforementioned deed. Being the same property described in Book 1177 at Page 1353 of the New Hanover County Registry.

TOGETHER with an easement or right of way for ingress and egress over, and across a strip of land, fifteen (15) feet in width, the southern line of same being the northern line of Pig Fish Lane, said easement extending westwardly from the western line of the above described tract, a distance of 140.0 feet.

Tract #2: BEGINNING at a an old stone marked "P" where the eastern line of Shandy Avenue (40-foot right of way) is intersected by the northern line of Pig Fish Lane (20-foot right of way), said intersection being shown on the map of Redivision of Lots, Pig Fish Lane, dated October 2, 1957, and recorded in Map Book 6 at Page 58 of the New Hanover County Registry, running thence from said Beginning Point North 25 deg. 52 min. East along the eastern line of Shandy Avenue 305.38 feet to an old stone marked "P", the northwestern corner of the First Tract conveyed to Robert Allen Melton by deed recorded in Book 656 at Page 10 of said Registry; thence South 66 deg. 35 min. along the northern line of said Melton Tract 472.29 feet to an iron pipe, said northern line having iron pipe at one hundred foot intervals from said stone with an old wire fence being more or less on line; thence South 23 deg. 00 min. West along a new line 301.56 feet to an iron pipe in the northern line of

Admitted to record
16th day of Dec. 1983
Recorded in Book
Book 1240 Page 1999
New Hanover County, N. C.

83

50349 RV-3

Pig Fish Lane if same were extended Eastwardly; thence North 67 deg. 00 min. West along the northern line of Pig Fish Lane 487.55 feet to the point of BEGINNING, the same containing 3.34 acres and being the western portion of the First Tract conveyed to Robert Allen Melton by the aforementioned deed. Being the same property described in Book 1177 at Page 1355 of the New Hanover County Registry.

SUBJECT to an easement or right of way for ingress and egress over and across a strip of land fifteen (15) feet in width, the southern line of same being the southern line of the above described tract, said easement extending westwardly from the eastern line of said tract a distance of 140.0 feet.

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

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

ARTICLE I

DEFINITIONS

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

1. "DECLARANT" - shall mean and refer to OAK LANDING DEVELOPMENT CORPORATION, a North Carolina corporation, with its principal place of business being located in the County of New Hanover, and State of North Carolina, and/or its successors in interest.

2. "ASSOCIATION" - shall mean and refer to the OAK LANDING HOMEOWNERS ASSOCIATION, a non-profit corporation organized pursuant to the laws of the State of North Carolina with its principal office being located in the County of New Hanover and State of North Carolina, and/or its successors in interest.

3. "PROPERTY" - shall mean and refer to all of the real property subject to this Declaration, described as follows:

Being all of LOTS 1 through 15 of OAK LANDING, a planned unit development located in Harnett Township, New Hanover County, North Carolina, as appears on a map of same recorded in Map Book 22 at Page 69 of the New Hanover County Registry, reference to which map is hereby made for a more complete description.

4. "LOT" - shall mean and refer to any one of those parcels of real property subdivided from the property and designated by the numbers 1 through 15 upon the map of the property referred to hereinabove.

5. "TOWNHOUSE" - shall mean and refer to any one of the 15 single-family residential dwellings constructed upon the 15 lots of the property.

6. "OWNER" - shall mean and refer to any one of those individuals or entities who hereafter shall purchase, and/or are conveyed, and/or hold a fee simple title to any lot and townhouse, including contract seller, but excluding the Declarant, and those holding or acquiring such title merely as security for the performance of any obligation.

7. "COMMON ELEMENTS" - shall mean and refer to:

(a) all of the real property located within the property which is not a lot; and

(b) all of the improvements on the real property described in Paragraph (a) hereinabove, including, but not limited to:

(i) all drainage and sewer pipes and other such facilities located upon or under the common elements;

(ii) all utility installments, fixtures and facilities of whatever nature, including, but not limited to, such facilities, fixtures and installations for electricity, lighting and water located upon, under or for the benefit of the common elements;

(iii) all other apparatus, equipment and installations existing upon, beneath or for the benefit of the common elements, of whatever nature or kind; and

(iv) all roads, driveways and/or parking areas.

8. "DEVELOPMENT" - shall mean and refer to the whole of the planned residential development to be known as "OAK LANDING" which shall consist of all of the property, which the Declarant has subdivided into 15 lots and the common elements, plus the improvements to the common elements, as described hereinabove. Each of the 15 lots shall be improved by the Declarant by the construction thereon of a townhouse; each townhouse being a separate independent dwelling; except that it shall share and enjoy a common roof and party wall which shall extend down and along the dividing line between the lots, with one inch of continual air space existing from roof to slab between the interfacing outer fire walls of each townhouse. The common elements, with the improvements constructed thereon by the Declarant, shall be conveyed to and owned by the Association. The development shall be a private residential community and all of the property, and all of the improvements thereon, shall be private property and nothing in these Articles, or in the recording of any map or deed pursuant hereto, shall dedicate (or be deemed to dedicate) to public use any of the property, or the improvements thereon.

ARTICLE II

THE ASSOCIATION

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

2. MEMBERSHIP: There shall be 15 memberships in the Association and no others. Each membership shall be appurtenant to the ownership of a lot and townhouse in the development, and may not be severed or transferred separate and apart from the transfer of the lot and townhouse to which it is appurtenant. For the purposes of this Article, the Declarant shall be deemed an owner so long as it owns any lots and townhouses in the development.

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

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

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

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

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

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

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

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

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

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

(d) FISCAL MANAGEMENT: The Board of Directors shall be responsible for annually preparing a budget for the Corporation determining therein the projected annual costs to the Corporation of performing all of its duties. Once said budget has been approved by the membership as outlined in its By-Laws, the Association shall thereafter assess each owner of a lot and townhouse within the development 1/15th of the projected annual costs to the Association, as described hereinabove. Said annual assessments shall constitute a lien in favor of the Association upon each lot and townhouse against which such assessment is levied, and shall remain a lien until paid. In addition, each assessment shall be the personal obligation of the owner of the lot and townhouse against which such

assessment is levied at the time such assessment is levied. In the event the assessments as described hereinabove remain unpaid, the Association shall have the right and duty to attempt to recover such unpaid assessments, together with interest thereon, and the expenses of any and all proceedings necessary, including reasonable attorney's fees, in an action brought against the owner on his personal obligation to the Association or by foreclosure of the lien against the lot and townhouse in favor of the Association for the enforcement of such assessments. In the event the Association forecloses the lien against a lot and townhouse, the procedure therefor shall be the same as that provided for judicial foreclosures of mortgages or deeds of trust by the general laws of the State of North Carolina. The lien for unpaid assessments provided for herein shall be subordinated to the lien of any first mortgage or first deed of trust against any lot and townhouse;

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

ARTICLE III

THE OWNERS

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

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

b. An undivided 1/15th interest, for each membership in the Association owned, in the Association and all of its assets.

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

(1) the right of the Association to suspend the voting rights and the right to the use of any of the common elements by any owner for any period during which any assessment against his lot remains unpaid.

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

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

(4) the right of any owner to delegate in accordance with the By-Laws of the Association, his right of enjoyment to the common elements and its facilities to members of his family, his tenants or contract purchasers who reside on the property.

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

ARTICLE IV

THE DECLARANT

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

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

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

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

d. Reserves the right to subject the property to contracts with electric, telephone, cable television, and other utilities for the installation of underground cables, wires, pipes or other necessary conduits, for utilities.

ARTICLE V

PARTY WALLS

Section 1. General Rules of Law to Apply: Each wall which is built as a part of the original construction of the homes upon the properties and place on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance: The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or other Casualty: If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing: Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land: The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the Land and shall pass to such Owner's successors in title.

Section 6. Arbitration: In the event of any dispute arising concerning a party wall or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrator shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VI

General Provisions

a. **ENFORCEMENT:** The Association, the Declarant, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Articles and any and all liens hereinafter imposed pursuant to the provisions of these Articles. Failure by the Association, the Declarant or any owner to enforce any of the above shall in no event be deemed waiver of the right to do so thereafter. In addition to the foregoing, the Declarant shall have the right, whenever there shall have been built on any lot any structure which is in violation of these Articles, the By-Laws or the Rules and Regulations of the Association, to enter upon said lot where such violation exist, and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the owner, any such entry and abatement or removal shall not be deemed a trespass.

b. **INVALIDATION:** The invalidation of any one of the covenants, conditions or restrictions contained in these Articles by any court, agency or legislature shall in no way affect any of the other covenants, conditions or restrictions contained in these Articles, and they shall remain in full force and effect.

c. **DURATION AND AMENDMENT:** All covenants, conditions or restrictions set forth within these Articles shall run with the property, and all portions thereof, and shall be binding upon all parties having any right, title or interest in the property, or any portion thereof, their personal representatives, heirs, devisees, successors and assigns, and shall inure to the benefit of the same, for the term of twenty (20) years, commencing with the date these Articles are recorded in the New Hanover County Registry, after which term these Articles shall be automatically extended for successive periods of ten (10) years unless ninety percent (90%) of the then owners agree to revoke the same and do so by an instrument signed by ninety percent (90%) of the then owners and recorded in the New Hanover County Registry. These Articles may be amended during the first twenty (20) years by an instrument signed by not less than ninety percent (90%) of the owners and recorded in the New Hanover County Registry; and thereafter by an instrument signed by not less than seventy-five percent (75%) of the owners and recorded in the New Hanover County Registry. The word "owner" as used in this Paragraph is intended to include the Declarant as well as the owners of lots and townhouses, but not those having an interest in any of the property for the purpose of securing the performance of any obligation.

d. **GENDER:** The use of the masculine gender in these Articles shall be deemed to include the feminine gender and the neuter gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

e. **CAPTIONS:** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Articles or the intent of any provision hereof.

f. **INCORPORATION:** All of the powers, duties, privileges, obligations and rights of the Association, its Board of Directors, its officers, its members, the Declarant and all others who may hereafter own, hold, or have any right, title or interest in or to the property or any portion thereof all as set forth in, and all other provisions of, the duly enacted By-Laws and Rules and Regulations and all duly adopted amendments, modifications and repeals thereof, of the Association are incorporated herein by reference and are made a part hereof as if fully stated herein.

IN WITNESS WHEREOF, OAK LANDING DEVELOPMENT CORPORATION,
the Declarant has caused this instrument to be signed in its corporate name by

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



Bettie R. Stovall
Secretary

OAK LANDING DEVELOPMENT CORPORATION
BY:

W. Stovall III
President

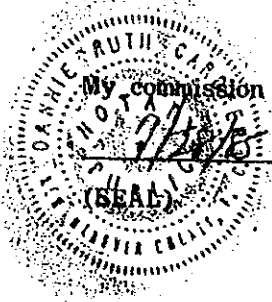
STATE OF NORTH CAROLINA,

COUNTY OF NEW HANOVER,

I, Dannie Ruth Gardner, a Notary Public in and for the state and county aforesaid, do hereby certify that Bettie R. Stovall personally appeared before me this day and acknowledged that she is Secretary of OAK LANDING DEVELOPMENT CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by herself as its Secretary.

WITNESS my hand and notarial seal, this 16th day of December 1983.

Dannie Ruth Gardner
NOTARY PUBLIC



My commission expires:

7-28-85

60349 RV-3

JOINDER AND CONSENT OF TRUSTEE AND BENEFICIARIES/MORTGAGEES

JAMES C. STEADMAN, as Trustee and UNITED CAROLINA BANK, a North Carolina corporation, as Mortgagee, join in the execution of this Declaration of Covenants, Conditions and Restrictions, of OAK LANDING for the sole purpose of subjecting, submitting and subordinating, and they, and each of them, do hereby subject, submit and subordinate any and all right, title and interest in the property described in Exhibit "A", attached hereto, that they have, or either of them has, or may have, by virtue of that deed of trust recorded in Book 1209 at Page 1096 of the New Hanover County Registry, to said Supplemental Declaration, and every provision hereof, and to the jurisdiction of the OAK LANDING HOMEOWNERS ASSOCIATION, as the same may be amended from time to time.

IN WITNESS WHEREOF, UNITED CAROLINA BANK has caused this JOINDER AND CONSENT to be signed in its corporate name by it duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors and the Trustee has hereunto

set his hand and seal, on this the 15th day of December, 1983.



[Signature]
Secretary

UNITED CAROLINA BANK

BY: *[Signature]*
Vice President

[Signature] (SEAL)
JAMES C. STEADMAN

STATE OF NORTH CAROLINA,

COUNTY OF ~~NEW HANOVER~~ COLUMBUS

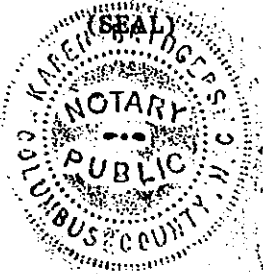
I, Karen Bridgers, a Notary Public in and for the County and State aforesaid, hereby certify that JAMES C. STEADMAN, TRUSTEE, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the uses and purposes therein expressed.

WITNESS my hand and notarial seal, this 15th day of December, 1983.

[Signature]
NOTARY PUBLIC

My commission expires:

1/13/85



50349 RV-3

STATE OF NORTH CAROLINA,

COUNTY OF ~~NEW MANOVER~~ COLUMBUS

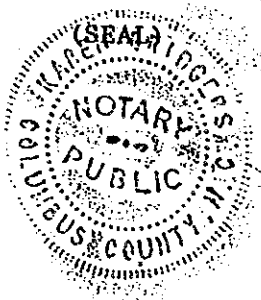
I, Karen Bridgers, a Notary Public in and for the state and county aforesaid, do hereby certify that Florence H. Toby personally appeared before me this day and acknowledged that she is Secretary of UNITED CAROLINA BANK, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

WITNESS my hand and notarial seal, this 15th day of December, 1983.

Karen Bridgers
NOTARY PUBLIC

My commission expires:

1/13/85



50349 RV-3

BY-LAWS

OF

OAK LANDING HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

General Provisions

Section 1: IDENTITY: These are the By-Laws of the OAK LANDING HOMEOWNERS ASSOCIATION, a non-profit corporation organized pursuant to Chapter 55A of the General Statutes of the State of North Carolina.

Section 2: INCORPORATION: The provisions of these By-Laws are enacted pursuant to the provisions of that certain Declaration of Articles of Covenants, Conditions and Restrictions applicable to that residential development more particularly described therein and:

Being all of Lots 1 through 15, OAK LANDING as shown on Plat Book 22 at Page 69 of the New Hanover County Registry.

The provisions of said Declaration are incorporated herein and made a part hereof as if fully set forth.

Section 3: APPLICATION: These By-Laws govern the affairs, rights, privileges, duties and obligations of the Association, all owners, the Declarant, all mortgagees, beneficiaries under deeds of trust, lessees and occupants of all lots and townhouses, their employees and all others who may use or enjoy any of the property known as OAK LANDING, and the acceptance of a deed for or conveyance of, or the succeeding to title to, or the entering into of a lease for, or the actual occupancy of, or use of a lot, townhouse, the common elements or any of the improvements thereon by any of the above shall constitute an acceptance by the same of the provisions of these By-Laws, the Rules and Regulations enacted pursuant hereto and the provisions of the hereinabove referenced Declaration, and an agreement to comply and abide by the same.

Section 4: PRINCIPAL OFFICE: The principal office of the Association and of the Board of Directors shall be located at The Landing, Wrightsville Beach, N. C. 28403.

ARTICLE II

Membership

Section 1: IDENTIFICATION: The Association shall have 15 memberships. Each membership shall be appurtenant to and shall not be severed from the fee simple ownership of a lot and townhouse within the development. The rights, duties, obligations, powers and privileges appurtenant to each membership shall be exercised by the fee simple owner of the lot and townhouse to which such membership is appurtenant. Any devise, contract for the sale of, deed, lease or other means of conveyance of any lot and townhouse within the development shall be deemed to include the appurtenant membership in the Association. No portion of the rights, privileges, powers, duties, or obligations appurtenant to each membership in the Association may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the lot and townhouse to which such membership is appurtenant.

Section 2: RECORDS: The Secretary of the Association shall maintain at the principal office of the Association, a register of all of the current owners of memberships in the Association and the mailing address of each owner and of all mortgagees or beneficiaries under deeds of trust of all lots and townhouses.

Section 3: VOTING RIGHTS: Each membership shall be entitled to one (1) vote in all matters of the Association requiring a vote of the membership. If a membership is owned by one (1) person his right to vote shall be established by the record title to his lot and townhouse. If a membership is owned by more than one person, or is under lease, the person entitled to cast the vote for

such membership shall be designated by a certificate signed by all of the record owners of such membership and filed with the Secretary of the Association. If a membership is owned by a corporation, the person entitled to cast the vote for that membership shall be designated by a certificate signed by the President or Vice-President and attested by the Secretary or the Assistant Secretary of each corporation and filed with the Secretary of the Association. If a membership is owned by a partnership, whether general or limited, or a joint venture, the certificate designating the voting member shall be signed by all partners or joint venturers, as the case may be. Such certificates shall be valid until revoked or superceded by a subsequent certificate or until a change occurs in the ownership of the membership concerned. A certificate designating the person entitled to cast the vote of a membership may be revoked by any owner of such membership. If such a certificate is not on file, the vote of such membership shall not be considered in determining the requirements for a quorum nor for any other purpose under these By-Laws.

Section 4: MORTGAGEES AND TRUSTEES UNDER DEEDS OF TRUST: In the event that any lot and townhouse are conveyed by mortgage or by deed of trust, then the rights, duties, obligations, powers, and privileges appurtenant to the membership appurtenant to such lot and townhouse shall be exercised by the owner of the equity in the lot and townhouse, and not by the mortgagee under any mortgage or the trustee or beneficiary under any deed of trust against such lot and townhouse.

Section 5: ANNUAL MEETINGS: Subject to the provisions of Article VI of these By-Laws, the annual meetings of the Association shall be held on the 15th day of January of each succeeding year unless such date shall occur on a Saturday, Sunday, or legal holiday, in which event, the meeting shall be held on the next succeeding business day. The purpose of the annual meeting shall be for the election of directors of the Association for the succeeding year and for the transaction of any and all business of the Association as may properly come before the meeting.

Section 6: SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the membership if so directed by resolution of the Board of Directors or upon a petition calling for a special meeting presented to the Secretary of the Association and signed by at least twenty-five (25) percent of the owners of memberships in the Association. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 7: NOTICE OF MEETINGS: The Secretary shall mail to each owner of a membership in the Association notice of each annual or special meeting of the membership at least ten (10) days but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. Said notice shall be mailed to the address which the owner of each membership has designated to the Directors; (c) the election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast, each person representing a membership entitled to vote being entitled to cast one (1) vote for each of as many nominees as there are directorships to be filled. There shall be no cumulative voting.

Section 3: REMOVAL OF DIRECTORS: Any director may be removed by concurrence of two-thirds (2/3) of the votes of the membership of the Association present at a special meeting of the membership called for the consideration of such removal. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

Section 4: ORGANIZATION MEETING: The organization meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they are elected, and no further notice of the organization meeting shall be necessary.

Section 5: REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two such meetings shall be held during the fiscal year. Notice of the regular meetings of the Board of Directors shall be given to each member of the Board of Directors by personal delivery, mail or telegraph, at least five (5) business days prior to the day named for such meeting.

Section 6: SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by the President of the Association on five (5) business days' notice to each member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notices on the written request of any member of the Board of Directors.

Section 7: WAIVER OF NOTICE: Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8: QUORUM: At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at such a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 9: COMPENSATION: No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 10: JOINDER IN MEETING BY APPROVAL OF MINUTES: The joinder of a director in the action of a meeting by signing and concurring of the minutes of that meeting shall constitute the presence of such director at such meeting for the purpose of determining a quorum.

Section 11: PRESIDING OFFICER AT DIRECTORS' MEETING: The presiding officer of a directors' meeting shall be the President of the Association. In the absence of the presiding officer the directors present shall designate one of their number to preside.

Section 12: ORDER OF BUSINESS AT DIRECTORS' MEETINGS: The order of business at directors' meetings shall be: (a) the calling of the roll; (b) the proof of due notice of the meeting; (c) reading and disposal of any unapproved minutes; (d) the reports of officers and committees; (e) the election of officers; (f) unfinished business; (g) new business and (h) adjournment.

Section 13: POWERS AND DUTIES: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Directors by the membership of the Association. The powers and duties to be exercised and performed by the Board of Directors shall include, but shall not be limited to, the following:

- a. the operation, care, upkeep and maintenance of the common elements and the improvements thereon;
- b. the care, upkeep, and maintenance of the asphalt shingle roofs of the townhouse and the exterior surfaces of all townhouses;
- c. the determination of the amounts required for the operation, maintenance, care and upkeep of the roof and exteriors of the townhouses and of the common elements and the improvements thereto, and the amounts required for the general operation of the Association.
- d. the levying and collection of the assessments from the membership owners;
- e. the employment and dismissal of personnel as necessary for the efficient maintenance of the development and operation of the Association;

f. the adoption and the amendment of rules and regulations governing the operation of the Association and the use and enjoyment of the townhouses and the common elements.

g. the opening and maintaining of bank accounts on behalf of the Association and designating the signatures required therefor;

h. the purchasing, leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, on behalf of all members of the Association, lots and townhouses offered for sale or lease.

i. the purchasing of townhouses and lots at foreclosure or other judicial sales in the name of the Association, or its designee, corporate or otherwise, on behalf of the membership;

j. the selling, conveying, leasing, mortgaging of, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with the lots and townhouses acquired by, and subleasing lots and townhouses by the Board of Directors in behalf of the membership of the Association;

k. the organizing of corporations to act as designees of the Board of Directors in acquiring title to or leasing lots and townhouses by the Board of Directors on behalf of the membership of the Association;

l. the purchasing and maintaining of insurance for the lots, townhouses, common elements and the improvements thereto pursuant to the provisions of these By-Laws;

m. the making of repairs, additions and improvements to, or alterations of, the property, and repairs to and restoration of the property, in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

n. the appointing of committees to be comprised of members of the Association to aid in governance of the Association in such numbers and for such specific purposes as the Board may determine necessary and proper;

o. the adoption of a seal for the Association;

p. the enforcing of the obligations of the members of the Association, allocating income and expenses of the Association and doing anything and everything else necessary and proper for the sound management of the Association;

q. the levying of fines, or expenses against the members of the Association for violations of the Rules and Regulations established pursuant to these By-Laws to govern the use and enjoyment of the lots, townhouses, common elements and the improvements thereon;

r. the borrowing of money on behalf of the Association when required in connection with the operation, care, upkeep or maintenance of the lots, townhouses, common elements and the improvements thereon, PROVIDED, HOWEVER, that (i) the consent of at least seventy-five percent (75%) of the entire membership, obtained at a special meeting duly called and held for such purposes in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$2,500; (ii) no lien to secure payment of any sum borrowed may be created on any of the lots and townhouses without the written consent of each owner thereof, or on any of the common elements or the improvements thereon without the consent of at least seventy-five percent (75%) of the entire membership, obtained at a special meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, and (iii) the owner of any townhouse and lot will not be liable for payment of any portion of any such loans. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Paragraph (r) is not repaid by the Board, an owner of a lot and townhouse who pays to the creditor such proportion thereof as his interest in the Association bears to the interests of all members of the Association in the Association shall be entitled to obtain from the creditor a release from the lien of any mortgage, deed of trust, or judgment, or other lien of whatever nature owned or held by such creditor against such owner's lot and townhouse.

s. adjusting and settling claims under insurance policies obtained pursuant to the By-Laws and executing and delivering releases on settlements of such claims on behalf of all lot and townhouse owners, all holders of mortgages, deeds of trust or other liens on the lots and townhouses and all owners of any other interest in the property.

Section 14: LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board of Directors shall not be liable to the Association or any of its members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any member of the Association arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Association bears to the interest of all members of the Association in the Association. Every agreement made by the Board of Directors on behalf of the Association shall provide that the members of the Board of Directors are acting only as agents for the Association and shall have no personal liability thereunder (except as members of the Association), and that each member of the Association's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interest of all members in the Association in the Association.

Section 15. FIDELITY BONDS: The Board of Directors shall obtain adequate fidelity bonds for all officers and employees of the Association. The premiums on such bonds shall constitute an expense of operating the affairs of the Association.

ARTICLE IV

Officers

Section 1: DESIGNATION: The principal officers of the Association shall be the President, the Vice-President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice-President must be members of the Board of Directors. All other officers need not be members of the Board of Directors. All other officers need not be members of the Board of Directors or of the Association.

Section 2: ELECTION OF OFFICERS. Officers shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected.

Section 3: REMOVAL OF OFFICERS: Upon the affirmative vote of a majority of the members of the Association, or members of the Board of Directors, any officer may be removed, either with or without cause; and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4: PRESIDENT: The President shall be the chief executive officer of the Association. He shall preside at all meetings of the membership and at all meetings of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Laws of the State of North Carolina including, but not limited to, the power to appoint from among the membership any committee which he deems appropriate to assist in the conduct of the affairs of the Association.

Section 5: VICE-PRESIDENT: The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to perform. If neither the President or Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The