

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

'96 JUL 1 PM 4 01

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION - COVIL ESTATES AMENITIES

THIS DECLARATION, made and entered into the 28th day of June, 1996 by DLH DEVELOPMENT CO., LLC, a North Carolina limited liability company (hereinafter "Declarant"); for the benefit of OWNERS AND PROSPECTIVE PURCHASERS of Lots within the planned development generally known as "Covil Estates" as shown on various maps or plats recorded in the office of the Register of Deeds of New Hanover County, North Carolina;

W I T N E S S E T H:

WHEREAS, Declarant owns in fee simple the real estate designated as the Properties, more particularly described on Attachment A attached hereto, and has elected to subject that real estate to certain covenants, restrictions, reservations, servitudes and charges, all of which are more particularly set forth; and,

WHEREAS, Declarant owns other real estate within Covil Estates which may become Common Area, as defined in this Declaration subject to the covenants, restrictions, reservations, servitudes and charges as more particularly set forth in this Declaration; and,

WHEREAS, Declarant deems it desirable and in the best interest of all Owners of Lots in Covil Estates to enhance the value and the desirability of Covil Estates by providing for and restricting the use thereof of the Properties and Common Areas as set forth in this Declaration; and,

WHEREAS, to provide a means for meeting the purposes and intents set forth in this Declaration, Declarant has caused to be created Covil Estates Amenities, Inc., a non-profit corporation incorporated under Chapter 55A of the General Statutes of North Carolina; and,

WHEREAS, the Owners of Lots within Covil Estates acquired title subject to certain covenants, conditions and restrictions as recorded in the office of the Register of Deeds of New Hanover County, all of which subject such Owners to the jurisdiction of Covil Estates Amenities, Inc.

Returned To

Phyllis Williams
256-4475

000223

WARD AND SMITH, P.A., ATTORNEYS AT LAW

NOW, THEREFORE, Declarant hereby covenants and declares on behalf of Declarant, and its successors and assigns, that the Properties and Common Area, from the date this Declaration is recorded in the office of the Register of Deeds of New Hanover County, North Carolina, shall be held, conveyed, acquired and encumbered subject to the provisions hereof, all of which shall run with said real estate and bind and inure to the benefit of the Owners and prospective purchasers of Lots within Covil Estates, their heirs, successors and assigns, who may acquire any right, title, estate or interest in Covil Estates or any portion thereof.

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Definitions. Terms used throughout this Declaration shall have the meanings specified for such terms below:

(1) "Articles of Incorporation" means the Articles of Incorporation of Covil Estates Amenities, Inc. filed in the office of the Secretary of State of North Carolina, as may be amended or restated from time to time.

(2) "Association" means Covil Estates Amenities, Inc.

(3) "Association Documents" means collectively the Articles of Incorporation, this Declaration, the Bylaws and the Rules and Regulations, all as may be modified, amended or restated from time to time. Any attachment, exhibit or schedule to an Association Document shall be considered a part of that document.

(4) "Board of Directors" or "Board" means the executive and administrative entity established by the Articles of Incorporation and the Bylaws as the governing body of the Association.

(5) "Bylaws means the bylaws of the Association as may be restated, modified or amended from time to time.

(6) "'Common Area" means all of the real property owned, leased or occupied by the Association or otherwise available to the Association for the benefit, use and enjoyment of the Owners, specifically excluding the Properties. Common Area shall also mean

the Covil Estates identification signage, and related appurtenant landscaping, lighting, irrigation and other facilities, identifying the subdivision as currently located at the intersection of Covil Farm Road and Military Cutoff and as may be constructed and located by the Association in the future.

(7) "Common Expenses" means all expenditures lawfully made and incurred on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

(8) "Covil Estates" means the planned development generally known as Covil Estates Subdivision as shown on various maps or plats recorded in the office of the Register of Deeds of New Hanover County including, but not limited to, those maps or plats recorded in Map Book 33, at Page 59; Map Book 33, at Page 60; Map Book 33, at Page 61; Map Book 34, at Page 98; Map Book 34, at Page 332; Map Book 34, at Page 384; Map Book 35, at Page 10; Map Book 35, at Page 324; and future maps or plats of subdivided parcels of land constituting a portion of that tract or parcel of land described by deed recorded in Book 1759, at Page 1375, in the office of the Register of Deeds of New Hanover County, and any and all recorded revisions or modifications to said maps or plats.

(9) "Covil Estates Declarations" means all declarations of covenants, conditions and restrictions applicable to or encumbering Lots within Covil Estates.

(10) "Declarant" means DLH Development Co., LLC, its successors and assigns.

(11) "Declaration" means this Declaration and all amendments, modifications or restatements thereof.

(12) "Lot" means the same as defined in the Covil Estates Declarations; but, for purposes of this Declaration, no parcel or tract of land within Covil Estates shall become a Lot until a map or plat has been recorded in the office of the Register of Deeds showing said tract or parcel and identifying it numerically or alphabetically. Specifically excluded from the definition of Lot

are those tracts or parcels clearly designated for uses other than residential including, but not limited to, those parcels identified on various recorded plats of Covil Estates as "Future Development," "Buffer" and "Conservation Area."

(13) "Majority Vote" means a simple majority (more than fifty percent (50%)) of the votes actually cast in person or by proxy at a duly held meeting of the members of the Association at which a quorum is present or at a duly held meeting of the Board at which a quorum is present.

(14) "Owner" means one or more persons who own a Lot in fee simple in Covil Estates, but does not mean any Person having an interest in a Lot solely by virtue of a contract of purchase or as security for an obligation.

(15) "Person" means one or more natural persons, corporations, partnerships, associations, limited liability companies, trusts or other entities capable of holding lawful title or real estate.

(16) "Properties" means the real estate described on Attachment A and includes all improvements and appurtenances now or hereafter existing thereon.

(17) "Rules and Regulations" means the rules and regulations governing the use, occupancy, operation and physical appearance of the Properties and Common Area adopted, modified or restated from time to time by the Board.

(18) "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

Section 1.2. Construction of Association Documents.

(1) Caption. The captions are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of the Article, Section, Subsection or any other portion of this Declaration.

(2) Severability. Each provision of the Association Documents is severable from every other provision and the validity of any one or more provisions shall not change the meaning of or otherwise affect any other provision.

(3) Interpretation. If there is any conflict between the Association Documents, the Declaration shall control.

Section 1.3. Covil Estates Amenities, Inc.

(1) The Association. The Association is a nonprofit corporation organized and existing pursuant to Chapter 55A of the General Statutes of North Carolina charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

(2) Membership. Members of the Association shall at all times be, and be limited to, the Persons who constitute Owners of the Lots within Covil Estates. If more than one Person owns a Lot, then all of the Persons who own such Lot shall constitute collectively one Owner and shall be one member of the Association. Each Person is entitled to attend all meetings of the Association.

Membership in the Association is mandatory. Upon acquiring title to a Lot within Covil Estates, each new Owner shall immediately give written notice to the Secretary of the Association stating the name and address of such new Owner and the Lot acquired by such new Owner. If the new Owner fails to give the Secretary such notice within thirty (30) days of acquiring title to such Lot, then the costs of locating each new Owner and reasonable recordkeeping costs incurred by the Association may be assessed as a special assessment against such Owner.

(3) Members and Voting Rights. All members, including the Declarant, shall have one (1) vote for each Lot in which they hold the interest required for membership. When one or more Persons is the Owner of a Lot, the vote appurtenant to such membership or Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(4) Board Authority to Act. Unless otherwise specifically provided in the Association Documents, all rights, powers, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association.

ARTICLE 2

PROPERTIES AND COMMON AREA

Section 2.1. Conveyance and Title. Declarant shall convey the Properties and Common Area to the Association in fee simple released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances appearing in the public records in New Hanover County including this Declaration. The Association shall accept title to the Properties and the Common Area and any personal property or fixtures appurtenant.

Section 2.2. Transfer of Responsibility for Upkeep. The Association shall assume liability for and be responsible for all Upkeep of (a) the Properties, together with any appurtenant personal property used in the operation of the Properties, from and after the date this Declaration is recorded in the office of the Register of Deeds of New Hanover County and (b) the Common Areas, and any and all improvements located thereon or thereunder together with any personal property appurtenant thereto, from the date of the recording of a deed or deeds for Common Area from the Declarant to the Association in the office of the Register of Deeds of New Hanover County and the delivery of any bill of sale from the Declarant to the Association for any appurtenant personal property.

Section 2.3. Regulation of Properties and Common Area. The Association shall have the right to regulate the use of the Properties and Common Area pursuant to Section 5.3 hereof and to levy assessments upon the members for the use thereof. The Association may also mortgage, dedicate, convey or grant easements across the Properties and Common Area subject to the restrictions in Section 7.4 hereof.

Section 2.4. Easement for Use of Properties and Common Area.

(1) Use and Enjoyment. The Declarant hereby grants to each Owner a non-exclusive right and easement of use and enjoyment in common with others of the Properties and Common Area. Such right and easement of use and enjoyment shall be appurtenant to each Lot. Any purported conveyance or other transfer of such rights and easements without the Lot to which such rights and easements are appurtenant shall be void.

(2) Limitations. The rights and easements of enjoyment created hereby shall be subject to all rights and powers of the Association when exercised in accordance with other applicable provisions of the Association Documents including, without limitation, the Association's right to regulate the use of the Properties and Common Area, to grant easements across the Properties and Common Area, to dedicate portions of the Properties and Common Area and to encumber the Properties and Common Area all as set forth in this Declaration.

(3) Delegation. Subject to the Rules and Regulations and other restrictions as lawfully adopted by the Association, any Owner having the right to use and enjoy the Properties and Common Area may delegate such rights to such Owner's guests, employees, customers, tenants, agents and invitees and to such other Persons as may be permitted by the Association.

(4) Priority and Enforcement of Easements. No Owner may subordinate the easements herein created to any subsequent encumbrance.

The easements and rights granted by this Declaration shall not be enforceable by Persons to whom the use and enjoyment of such easements and rights may be delegated by Owners including, without limitation, the guests, employees, customers, tenants, agents or invitees of any Owner.

BOOK PAGE
2053 0832

ARTICLE 3

COMMON EXPENSES AND ASSESSMENTS

Section 3.1. Determination of Common Expenses and Assessments.

(1) Preparation and Approval of Budget.

(a) At lease sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management of the Association and management and Upkeep of the Properties and Common Area and the cost of other expenses as set forth in the Association Documents and as may, by a resolution of the Board of Directors, be declared to be Common Expenses.

(b) Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), a general operating reserve (including an amount to cover operating losses due to insurance deductibles) and reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and replacements. At least thirty (30) days before the beginning of each fiscal year, the Board of Directors shall make available a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any assessment or special assessment to each Owner and provide a copy of each such budget to each member. Such budget shall constitute the basis for determining the assessment to be paid by each Owner.

(2) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined. In the absence of any annual budget or adjusted budget, each Owner shall continue to pay assessments at the rate established for the

previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins more than ten (10) days after such new annual or adjusted budget is adopted and the Owner receives notice of its adoption.

Section 3.2. Assessments and Common Expenses.

(1) Rate of Assessment and Payment Period.

(a) All Owners shall be assessed annually in amounts as determined by the Board of Directors, which said amounts shall be equal for all Owners. The Board shall determine the method of payment of the annual assessment.

(b) Any additional or special assessment as may be levied by the Board shall be calculated on the same basis as the annual assessment.

(2) Initial Budget and Initial Assessment. Upon the filing of this Declaration, the Board of Directors shall assess each Owner for each Lot owned for Common Expenses an amount equal to Thirty-Five and No/100 Dollars (\$35.00) each month payable monthly. Additionally, the Board of Directors shall assess, and each Owner shall pay, an initial assessment in the amount of Seventy and No/100 Dollars (\$70.00) to provide working capital for the period ending on the last day of the current fiscal year. This initial assessment shall not be an advance or credit to subsequent monthly assessment amounts.

(3) Lots Added During the Fiscal Year. Notwithstanding any other provision of this Declaration, whenever any additional Lots become subject to this Declaration and the jurisdiction of the Association, the assessment against each Owner shall be prorated based upon the number of days remaining in the payment period and shall be calculated in the same manner and due in the same number of installments as the assessment for the remainder of the fiscal year against the Owners who are already members.

(4) Additional Assessments. The Board of Directors may levy additional assessments on the Owners in the following manner: The Board shall give written notice of any proposed additional

assessment to the Owners specifying the amount and the reasons therefore, which said notice shall provide for a special meeting of the members of the Association to be held not less than fifteen (15) days following said notice, the sole purpose of said meeting to be to vote upon the said proposed additional assessment period. At that special meeting, said assessment must be approved by two-thirds (2/3) of the votes actually cast in person or by proxy.

Following the approval of said additional assessments as herein specified, the Board shall give notice to the Owners and, unless otherwise specified in the notice, said additional assessments shall be payable in full at the next periodic installment of regular assessments which is due not more than ten (10) days after the date of such notice or in not more than twelve (12) equal periodic installments as the Board may determine.

(5) Special Assessments. The Board of Directors shall have the power to assess an Owner individually for the amount of any costs incurred by the Association because of any violation of the Association Documents or negligence for which that Owner is responsible as set forth in this Declaration and the cost and expenses including, but not limited to, all attorneys fees, as may be incurred by the Association in the collection of any assessment that has been levied against and is due from said Owner.

(6) Surplus. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Owners, be credited to the next periodic installment due from the Owners and into the current fiscal year's budget, until exhausted, or distributed to each Owner.

Section 3.4. Liability for Common Expenses.

(1) Owner Liability. Each Owner for each Lot owned hereby covenants and agrees to pay to the Association all Common Expenses and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall

be personally liable for all assessments so levied, and no Owner may be exempted from liability for the assessments for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or Properties.

(2) Declarant Exemption. The Declarant shall be exempt from assessments for Common Expenses and any other fees or charges levied by the Association.

Section 3.5. Collection of Assessments. Any assessment, or installment thereof, not paid within fifteen (15) days after the due date shall be delinquent and shall accrue a late charge in the amount of one-half (1/2) of one percent (1%) of such assessment, or such greater percentage as may be established from time to time by the Board of Directors. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner which remain unpaid for more than thirty (30) days after the due date for payment thereof.

Section 3.6. Assessment from Other Covil Estates Associations. With respect to any annual or additional assessments provided for herein, the Board of Directors may elect by resolution to collect such assessments directly from the owners' associations within Covil Estates which also govern Lots owned by Owners. In such event, payment of such assessment shall be an obligation of such owners' association, but each Owner shall remain personally liable for the assessment. If the Board elects to collect assessments from such owners' associations, then all notices regarding assessments against the Owners shall be sent to such association. This section shall not limit or waive any of the Association's remedies for non-payment of assessments.

ARTICLE 4

OPERATION OF THE COMMON AREA AND THE PROPERTIES

Section 4.1. Upkeep of Common Areas and Properties. The Association shall be responsible for the management and Upkeep of all of the Common Areas and the Properties, the cost of which shall be assessed against all Owners as a Common Expense. If the Board

determines that certain Upkeep was necessitated by the negligence, misuse or neglect of any Owner, the cost of such Upkeep shall be assessed against such Owner as a special assessment.

Section 4.2. Standard of Upkeep. The Board of Directors shall establish the standard for Upkeep of the Properties and Common Area in its sole discretion. The Board of Directors shall provide for the Upkeep of the rights-of-way along dedicated streets and roadways and public easements constituting a part of the common areas to the extent not provided by any public corporation, entity or agency or any other association of owners within Covil Estates. Additionally, the Board of Directors shall maintain as Common Area the improvements and irrigation systems located on any Common Areas and within the Properties.

Section 4.3. Additions, Alterations or Improvements. Whenever in the judgment of the Board of Directors, the Common Area or the Properties shall require capital additions, alterations or improvements (other than for Upkeep) cost in an excess of fifteen percent (15%) in the aggregate of the total annual assessment for Common Expenses for that fiscal year, the making of such additions, alterations, or improvements requires a Majority Vote of the members, and the Board of Directors shall assess for the cost thereof as a Common Expense. Any capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate fifteen percent (15%) or less of the total annual assessment for Common Expenses for that fiscal year may be made by the Board of Directors without approval of the members and the cost thereof shall constitute a Common Expense.

Section 4.4. Disclaimer of Liability.

(1) Bailee. The Board of Directors, the Association, any member, any Owner and the Declarant shall not be considered a bailee of any personal property stored or parked on the Properties and Common Area (including property located in vehicles) and shall not be responsible for the security of such personal property.

BOOK PAGE
2053 0837

(2) Operational. The Association shall not be liable for any failure of water supply or other services to be provided by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements or by any Owner, or any other Person. The Association shall not be liable to any Owner for loss or damage by theft or otherwise, of articles which may be stored upon any portion of the Properties. No diminution, offset or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Properties by the Association or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority.

ARTICLE 5

RESTRICTIONS ON USE OF PROPERTIES AND COMMON AREA RULES AND REGULATIONS

Section 5.1. Permitted Uses. The Properties and Common Areas at all times shall be maintained as natural or landscaped space, open space, recreational areas and parks with improvements limited solely to recreational uses and other uses as the Board of Directors may, from time to time, determine to be of general benefit and service for the Owners, all such use to be subject to the Association Documents.

Section 5.2. Restrictions.

(1) No Person shall be permitted to cause any unreasonably loud noise, nor shall any Person permit or engage in any activity, practice or behavior which causes annoyance, discomfort or disturbance to any Person lawfully present upon any portion of the Common Area and the Properties; but this provision shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Common Area or of Properties as may have been authorized and directed by the Board of Directors.

(2) No Owner shall obstruct any of the Common Area or Properties or otherwise impede the rightful use and access of any other Person lawfully permitted to use the same. No Owner shall

place or cause or permit anything to be placed on or in any of the Common Area or Properties without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Area or Properties except with the prior written approval of the Board of Directors.

(3) The improvements located on the Properties and Common Area shall be utilized only for their intended purposes. No Owner shall make any private, exclusive or proprietary use of any of the Common Area or Properties without the prior written approval of the Board of Directors and then only on a temporary basis and upon such terms and conditions (including the imposition of a user fee), as may be determined and established from time to time by the Board of Directors. No Owner shall engage or direct any employee of the Association or any private business of that Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

(4) Except for such signs as may be posted by the Declarant for promotional or marketing purposes or by the Association for purposes it determines to be proper and desirable by the Board of Directors, no signs of any character shall be erected, posted or displayed upon the Common Areas or Properties without the prior written approval of the Board of Directors.

Section 5.3. Rules and Regulations. The Board of Directors shall have the power to adopt, amend, restate and repeal Rules and Regulations restricting and regulating the use and enjoyment of the Common Area and the Properties or any portion thereof which may supplement, but which may not be inconsistent with, the provisions of Association Documents. Copies of the Rules and Regulations shall be published and made available to all Owners prior to the time when the same become effective. The Rules and Regulations shall not unreasonably interfere with the use or enjoyment of the Common Areas or the Properties.

Section 5.4. Leasing. Nothing contained herein shall prohibit the Board of Directors from establishing procedures, guidelines and rules and regulations relating to the leasing of the Properties, or a portion thereof, on a temporary basis by an Owner or group of Owners.

ARTICLE 6

SPECIAL DECLARANT RIGHTS; TRANSFER

Section 6.1. Special Declarant Rights. Special Declarant rights are those rights reserved for the benefit of the Declarant as may have been more particularly set forth in the Covil Estates Declarations, and shall include without limitation the following rights:

- (a) to complete improvements on the Properties;
- (b) to utilize the Properties to promote sales of Lots within Covil Estates so long as Declarant continues to own Lots within Covil Estates or other areas within or contiguous to Covil Estates which have been reserved for future development including additional tracts which may be annexed into Covil Estates as set forth in the Covil Estates Declarations; and
- (c) to enjoy and utilize the Properties, and all improvements and recreational facilities located thereon, without the payment of any fee, charge or other assessment levied by the Association from time to time on any members, but at all times subject to the Rules and Regulations as otherwise applied to the use and enjoyment of the Properties and improvements.

Section 6.2. Transfer of Special Declarant Rights. The Declarant may transfer the special Declarant rights created and reserved in Section 6.1 (c) above to (a) Dallas L. Harris, his lawful spouse and any unmarried children under the age of 25 years of Dallas L. Harris and/or his lawful spouse and (b) to R. Edward Mitchell and his lawful spouse and any unmarried children under the

age of 25 years of R. Edward Mitchell and/or his lawful spouse. The transfer of the special Declarant rights pursuant to this Section 6.2 shall be effective upon a written instrument requesting the transfer signed by the Declarant and delivered to the Association.

ARTICLE 7

COMPLIANCE AND DEFAULT

Section 7.1. Relief. Each Owner and each owners' association located within Covil Estates shall be governed by, and shall comply with, all of the terms of the Association Documents. For the purpose of determining an Owner's liability for the violation of any provision of the Association Documents or for an act or omission of such Owner, each Owner is responsible, regardless of negligence or culpability, for such Owner's own acts or omissions, the acts or omissions of such Owner's tenants, household, guests, employees, customers, agents or invitees. A default by an Owner shall entitle the Association, acting through its Board of Directors, to the following relief.

(1) Costs and Attorney Fees. In any proceedings arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys fees as may be determined by the Court.

(2) No Waiver of Rights. The failure of the Association to enforce any right, provision, covenant, or condition which may be granted by the Association Documents shall not constitute a waiver of the right of the Association or the Board of Directors to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association pursuant to the Association Documents shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the Association from exercising such other privileges as may be granted by the Association Documents, at law or in equity.

(3) Interest. In the event of a default by any Owner in paying any sum assessed which continues for a period in excess of fifteen (15) days, interest from the due date at a rate not to exceed Ten Percent (10%) per annum may be imposed in the discretion of the Board of Directors on the principle amount unpaid from the date due until paid.

(4) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board or the breach of any other provisions of the Association Documents shall give the Board of Directors the right, in addition to any other rights set forth in the Association Documents (a) to enter the portion of the Common Area or Properties on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and the meaning of the provisions of the Association Documents; (b) to use self-help to remove or cure any violation of the Association Documents including, without limitation, the towing of vehicles; or (c) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 7.2. Other Remedies. The Board of Directors may suspend an Owner's voting rights pursuant to the Bylaws. The Board may also suspend the right of an Owner, and the right of such person's household, guests, employees, tenants, customers, agents and invitees, to use the Properties and Common Area for a reasonable period not to exceed sixty (60) days for any violation of any provision of the Association Documents or for any period during which any assessment against an Owner remains unpaid. The Board of Directors shall constitute a subcommittee having the power to impose charges and suspend the right to vote and impose other penalties as permitted under the Association Documents. Except for the failure by an Owner to pay any assessment within the time period set forth in the Association Documents or in the notice of the assessment, no penalty shall be imposed against the Owner until

the Owner has been given notice and an opportunity to be heard in accordance with provisions adopted from time to time by the Board.

ARTICLE 8

AMENDMENT

Section 8.1. Amendment by Declarant. Prior to the conveyance of the Common Areas and Properties to the Association, the Declarant may, without the consent of the Board or any members, amend any provision of this Declaration to: (1) make non-material changes; (2) satisfy the requirements of any government or governmental agency with jurisdiction over the Common Area or the Properties; and (3) correct inconsistencies among the Association Documents.

Section 8.2. Amendment by the Association.

(1) Subject to Section 8.3 hereof, the Association may amend, modify or restate this Declaration by at least a sixty-seven percent (67%) vote of the members.

(2) An amendment shall not be effective until certified by the President as to compliance of the procedures set forth in this Declaration, executed and acknowledged by the President and attested by the Secretary or Assistant Secretary of the Association, and recorded in the office of the Register of Deeds of New Hanover County.

Section 8.3. Prerequisites. Written notice of any proposed amendment, modification or restatement of the Declaration under Section 8.2 above shall be sent to every member and Owner at least thirty (30) days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner, diminish or impair the rights of the Declarant, or create an obligation upon the Declarant for the payment of Common Expenses.

Section 8.4. Extraordinary Actions of the Association. Unless the members by at least a sixty-seven percent (67%) vote have given their prior approval, the Association shall not, by act or omission, (i) seek to abandon, partition, subdivide, encumber,

sell or transfer the Common Area and/or Properties (except for making dedications or granting easements for utilities or other public purposes consistent with the intended use of such Common Area or Properties; (ii) change the method of determining the obligations, assessments or other charges which may be levied against an Owner; (iii) fail to maintain fire and extended coverage on insurable Properties and Common Area on a current replacement cost basis in an amount at least 100% of the insurable value based upon the replacement cost; or (iv) use hazardous insurance proceeds for losses to the Common Area or the Properties for any purpose other than repair, replacement or restoration in accordance with the Association Documents.

IN TESTIMONY WHEREOF, Declarant has caused this instrument to be executed under seal and in such form as to be binding, all by authority duly given, this the day and year first above written.

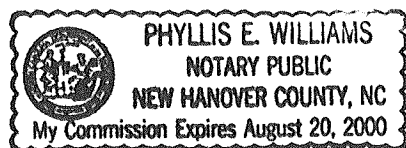
DLH DEVELOPMENT CO., LLC (SEAL)

By: Rodney Q. Harris (SEAL)
Rodney Q. Harris, Manager

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Phyllis E. Williams, a Notary Public in and for said County and State, do hereby certify that RODNEY Q. HARRIS before me this day personally appeared, who being by me first duly sworn, says that he is a manager of DLH DEVELOPMENT CO., LLC, the limited liability company described in and which executed the foregoing instrument; that he executed said instrument in the limited liability company name by subscribing his name thereto; and that the instrument is the act and deed of said limited liability company.

WITNESS my hand and notarial seal, this the 1st day of July, 1996.



Phyllis E. Williams
Notary Public

BOOK

PAGE

My Commission Expires:

2053

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Aug 20, 2000

Sworn to and subscribed before me,

this _____ day of _____, 1996.

STATE OF NORTH CAROLINA

New Hanover County

The Foregoing/ Annexed Certificate(s) of

Not

My Commission

Phyllis E. Williams

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

This the 1 day of July 1996
Mary Sue Oots, Register of Deeds

by Tommy Donahue
Deputy/ Assistant

95W0073 (A)

WLMAIN/16598.1