

COUNTY OF IREDELL
STATE OF NORTH CAROLINA

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WINSLOW BAY

BRENDA D. BELL
REGISTER OF DEEDS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 12th day of January, 1996 by WINSLOW BAY, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant", and THE RYLAND GROUP, INC., a Maryland Corporation, hereinafter referred to as "Ryland".

STATEMENT OF PURPOSE

Declarant is the owner of certain property in Iredell County, North Carolina, which is more particularly described on Exhibit A attached hereto and incorporated herein by reference, with the exception of Lot 72 of WINSLOW BAY, as shown on map thereof recorded in Map Book 25 at page 128 of the Iredell County Registry, which is owned by Ryland. Declarant desires to create thereon an exclusive residential community of single-family residences to be named WINSLOW BAY.

Declarant desires to insure the attractiveness of WINSLOW BAY and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within WINSLOW BAY and to provide for the maintenance and upkeep of all Common Areas in WINSLOW BAY. In addition, as part of the Common Area, Declarant desires to provide and construct Piers containing Boatslips over the waters of Lake Norman and adjoining portions of the Development, which Piers and Boatslips will be for the use and benefit of designated Owners in the Development, and to provide for the maintenance and upkeep of such Piers and Boatslips. To this end the Declarant desires to subject the real property described herein to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area in WINSLOW BAY, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created in order to efficiently preserve, protect, and enhance the values and amenities in WINSLOW BAY to insure the residents'

Drawn by/Mail to: LandCraft Properties, Inc.
227 W. Trade Street, Suite 2370
Charlotte, N.C. 28202

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enjoyment of the specific rights, privileges and easements in the Common Area, and to provide for the maintenance and upkeep of the Common Area; provided, however, that maintenance and upkeep of the Piers and Boatslips will be paid for only by Owners in the Development who are entitled to the use of a Boatslip. The use and enjoyment of the Piers and Boatslips will be for the common use and benefit of Owners who are entitled to the use of a Boatslip as provided in this Declaration.

To that end the Declarant has or will cause to be incorporated under North Carolina law, WINSLOW BAY OWNERS' ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare and Ryland does hereby agree, that all of the property described herein, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to WINSLOW BAY OWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Boatslip Lots" shall mean and refer to those Lots in the Development which have, as an appurtenance to the Lot, the right to use an assigned Boatslip, whether acquired by deed from Declarant or other conveyance, as more particularly set forth in Article IV, Section 6 of this Declaration.

Section 3. "Boatslip" or "Boatslips" shall mean and refer to the boatslips over the waters of Lake Norman, which Boatslips are designated as Boatslips ___ through ___ on Exhibit "C", attached hereto and incorporated herein by reference, and which Boatslips are more particularly addressed in Article IV of this Declaration, and any additional boatslips over the waters of Lake Norman which are hereafter constructed by Declarant and located adjacent to the Base Tract and specifically designated as Boatslips by Declarant in a written Supplementary Declaration of Covenants, Conditions, and Restrictions.

Section 4. "Boat Storage Area" shall mean and refer to the Common Area on the Map located at the entranceway to the Subdivision alongside Bluefield Road, as reflected on Exhibit "D".

Section 5. "Builder" shall mean and refer to John Crosland Company, The Ryland Group, Inc., Lakeview Homes, Inc., and any other person or entity designated by Declarant, in writing as a "Builder," which such designated person or entity is vested with title to two or more undeveloped Lots acquired from Declarant for the purpose of causing dwellings to be constructed thereon, and any such person or entity shall be a Builder during such period of time as said party is vested with title to two or more such Lots (whether undeveloped, or developed and but not yet conveyed), but no longer. Declarant hereby designates John Crosland Company, The Ryland Group, Inc., and Lakeview Homes, Inc., as "Builders" hereunder for so long as said companies are the owners of two or more undeveloped, or developed but not yet conveyed, Lots, and are not in material breach of their respective contractual agreements to purchase Lots from Declarant.

Section 6. "Common Area" shall mean all real property, easements and improvements owned by the Association for the common use and enjoyment of the Owners, including but not limited to roads and cul-de-sacs constructed in accordance with the standards of governmental authorities with jurisdiction over the acceptance of roads for public maintenance but not accepted by such authorities; the Pier and Boatslips; and the Boat Storage Area. The Common Area to be owned by the Association is all of the area labeled as "Common Area" on the Map and all roads and streets shown thereon, including those roads and streets depicted as "public" roads and streets on the Map; provided, however, said "public" roads and streets shall only be considered to be Common Area until such time as said roads and streets are finally accepted by the appropriate governmental authorities for maintenance purposes. In addition, the entrance to the Development shall be a Common Area and shall consist of various landscaping, lighting and irrigation, together with an entrance sign; provided, however, that only the Members which own Boatslip Lots, the Association and the Declarant shall be entitled to the use, benefit and enjoyment of the Piers and Boatslips, subject to individual Boatslip Lot Owners' exclusive rights to use specified Boatslips.

Section 7. "Declarant" shall mean and refer to Winslow Bay, LLC, and any successor and assign of Winslow Bay, LLC, designated as a "Declarant" by Winslow Bay, LLC hereafter.

Section 8. "Development" shall mean and refer to WINSLOW BAY, a single-family residential development proposed to be developed on the Properties by the Declarant.

Section 9. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps with the exception of the Common Area and public roads and streets.

Section 10. "Map" or "Maps" shall mean and refer to the maps of the Phase I Property as recorded in Map Book 25 at Pages 127, 128, 129 and 135, in the Iredell County, North Carolina, Public Registry, and the maps of any other portions of the Properties which may constitute additional Phases (if annexed pursuant to Article II hereof), which may be recorded by Declarant in the Iredell County, North Carolina, Public Registry hereafter.

Section 11. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 12. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 13. "Mortgagee" shall mean the owner and holder of a Mortgage at the time said term is being applied.

Section 14. "Owners" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, including the Declarant if it owns any Lots, and any Builder as long as it owns any Lots, and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 15. "Pier" or "Piers" shall mean and refer to the pier or piers, containing the Boatslips, which will be constructed over the waters of Lake Norman, including the Pier shown on Exhibit "C" attached hereto and incorporated herein by reference, and which Piers are more particularly addressed in Article IV, Section 6 of this Declaration, and any additional piers containing Boatslips which are hereafter constructed by Declarant and located adjacent to the "Base Tract" (as hereinafter defined) and specifically designated as Piers by Declarant in a written Supplementary Declaration of Covenants, Conditions and Restrictions.

Section 16. "Property" or "Properties" shall mean and refer to the Phase I Property and additional real property which may be dedicated in additional Phases as described in Article II hereof, and such other property as may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

ARTICLE II

**PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF
WINSLOW BAY OWNERS' ASSOCIATION, INC.**

Section 1. Phase I Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration within the jurisdiction of the Association is located in Iredell County, North Carolina, and is more particularly shown on those certain plats recorded in Map Book 25 at Pages 127, 128, 129 and 135 in the Iredell County Public Registry.

Section 2. Additional Properties.

(a) The Phase I Property is a portion of the real property described on Exhibit "A" which is attached hereto. All of such real property described on Exhibit A attached hereto, and any additional tract property acquired by Declarant any portion of which is located within two thousand (2000) feet of any boundary of the real property described on Exhibit A attached hereto, is hereinafter referred to as the "Base Tract." The remaining portion of the Base Tract, exclusive of the Phase I Property, or any part thereof, may be brought within the scheme of this Declaration in one or more additional Phases and within the jurisdiction of the Association in future stages of development, without the consent of the Association or its members, provided that (i) such annexations occur within eight (8) years after the date of the filing of this instrument, and (ii) so long as there is at least one Federal Housing Administration or Veterans Administration insured loan on a Lot within the Properties, such annexations are determined by the Federal Housing Administration and the Veterans Administration to be in accord with the general plan heretofore approved by them, as applicable.

(b) The additions authorized under subsection (a) above shall be made by filing Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the Additional Properties in the Iredell County, North Carolina, Public Registry which shall extend the scheme of this Declaration and the jurisdiction of the Association to such Properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined. At the time of the filing of each such Supplementary Declaration, there shall be recorded in the Iredell County, North Carolina, Public Registry a Map or Maps which show the boundary line of each Lot annexed pursuant to such Supplementary Declaration and which delineates all Common Area annexed pursuant to such Supplementary Declaration.

(c) The obligation for Owners of Lots in any portion of the Additional Properties to pay the assessments described in Article

V and Article V-A hereof shall commence upon the filing of the Supplementary Declaration in the Iredell County, North Carolina, Public Registry annexing such portion. The Owners of such Lots shall have the same voting rights as the Owners of Lots in the Phase I Property, and such voting rights shall commence as of the date of the filing of the Supplementary Declaration.

ARTICLE III

PROPERTY RIGHTS

Section 1. Ownership of Common Area. After the conveyance of 75% of the Lots by Declarant and Builders to other Owners or at an earlier date selected by the Declarant, Declarant shall convey the Common Area to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Area shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public, subject to the provisions of Article VII hereof; provided, however, that Declarant or the Association may offer roads and streets previously a part of the Common Area for dedication to the appropriate governmental authorities and if such roads or streets are accepted for dedication by such governmental authorities then such roads or streets shall then be considered dedicated to the use and enjoyment of the public.

Section 2. Owners' Rights to Use and Enjoy Common Area. Each Owner shall have the right to use and enjoy the Common Area which shall be appurtenant to and shall pass with the title to his or her Lot, subject to the following:

- (a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Area to insure the safety and rights of all Owners;
- (b) the right of the Association to suspend the voting rights of any Member in the Association and right to suspend an Owner's right to use the Common Area for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations; and
- (c) the right of the Declarant or the Association to grant utility, drainage and other easements, of the type and for the purposes set forth in Article IX, across the Common Area; and
- (d) the Piers and Boatslips may be used only by those Owners specifically entitled thereto under this Declaration.

Section 3. Owners' Easements for Ingress and Egress. Every Lot shall be conveyed with a perpetual, non-exclusive right to use any roadway which may be constructed by the Declarant and conveyed to the Association as part of the Common Area, or dedicated to the public and accepted for maintenance by the appropriate governmental authority, for the purpose of providing access to and from each Lot.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association (a copy of which is attached as Exhibit "B"), his right of enjoyment to the Common Area and facilities to the members of his family, his guests, his tenants, or contract purchasers who reside on his Lot.

Section 5. Consent to Mortgage or Conveyance of Common Area. The Common Area may not be mortgaged or conveyed unless at least two-thirds (2/3) of the Owners consent (excluding Declarant).

ARTICLE IV

MEMBERSHIP, PIERS AND BOAT SLIPS, VOTING RIGHTS AND CONTROL OF THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 3. Management Contracts. The Association is authorized and empowered to engage the services of any person, firm or corporation to act as managing agent of the Development at a compensation to be established by the Board of Directors and to perform all of the powers and duties of the Association. Provided, however, that the term of any such agreement with a managing agent shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association with or without cause upon ninety (90) days' prior written notice to the manager without payment of a termination fee by the Association.

Section 4. Maintenance. Certain features that are deemed common amenities shall be maintained exclusively by the Association. Said common amenities include, without limitation,

the clubhouse, the swimming pool, the tennis courts, the entrance walls and landscaping, interior parks, private roads, streets and sidewalks, common walks, gazebos, parking areas, landscaping, irrigation and lighting of entry, landscape furniture, picnic tables, Piers, Boatslips, Boat Storage Area, and the boat ramp. The Association shall also maintain all utilities and all storm and drainage easements located within the Common Areas, together with common amenities not maintained by public entities or utilities. Maintenance for the Piers and Boatslips shall include the maintenance, repair and reconstruction, when necessary, of the Piers and Boatslips, including all lighting, water lines and other fixtures, wire, railings, pathways and other facilities located thereon, and providing and paying for utility charges therefor. Maintenance of the Boat Storage Area shall include the maintenance and repair, when necessary, of any improvements located on the Boat Storage Area, including all lighting, fixtures, wire, pathways, gravel area and other facilities (if any) located thereon, and providing and paying utility charges therefor.

The Association shall not be responsible for the maintenance of any Lots or the improvements within the boundaries thereof. The Owner thereof shall be responsible for same.

Section 5. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all Common Areas which the Association is obligated to maintain, but excluding the Pier and Boatslips. Such reserve fund shall be maintained out of the annual assessments described in Article V hereof.

Section 6. Piers and Boatslips. Declarant shall have the exclusive right to construct some or all of the Piers and Boatslips, in the approximate locations shown on Exhibit "C", and such other locations as Declarant may hereafter determine. Declarant may, in its sole discretion, transfer this right to construct to Builders. Neither Declarant, any Builder, nor the Association shall construct more Boatslips than are approved by Duke Power Company pursuant to Declarant's boatslip permit requests for the Subdivision.

(a) Upon the construction of one or more Piers and Boatslips as set forth above, Boatslips shall be designated for the exclusive use of the Owners of certain Lots as follows: In a recorded deed or other recorded instrument, Declarant may designate one numbered Boatslip as an appurtenance to any individual Lot. The Lot to which a Boatslip is designated as an appurtenance shall thereafter be a Boatslip Lot. Such recorded deed or other recorded instrument shall operate to grant the Boatslip Lot Owner the exclusive right to use the designated Boatslip. The creation of a Boatslip Lot shall be conclusively deemed to establish a valid sublease of the designated Boatslip from the Association to the Owner of a Boatslip Lot for as long as such Lot shall remain a Boatslip Lot. Once

designated in such deed or other recorded instrument, the exclusive right to use the designated Boatslip shall not be separated from ownership of the Boatslip Lot to which it is appurtenant, but, rather, shall run with the title to such Boatslip Lot. Any deed, deed of trust, mortgage, transfer or other conveyance of a Boatslip Lot shall also transfer, convey or encumber (as the case may be) the right to use the Boatslip appurtenant thereto, even if not expressly included therein.

(b) Declarant shall have the right to use and shall have the obligation to pay Boatslip and Special Boatslip Assessments with respect to any Boatslip Lots owned by Declarant and not conveyed to an Owner.

(c) In the event that a Pier contains more Boatslips than there are Boatslip Lots in the Subdivision, then any Boatslip which is not designated as an appurtenance to a Boatslip Lot shall remain the property of the Association. Such an undesignated Boatslip shall be owned by the Association for the common use and enjoyment of the Owners, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased by the Association to, or used by, any other party or the public. Declarant shall have the right, for a period of six (6) years after any such undesignated Boatslip is subjected to the terms of this Declaration, to designate such undesignated Boatslip as an appurtenance to a Lot in the manner provided in Section 6(a) above, and immediately upon such designation, all rights of the Association and the Owners (other than the Owner of the Lot to which such Boatslip is designated as an appurtenance) to use such Boatslip shall terminate.

(d) The Board of Directors, pursuant to the Bylaws attached hereto as Exhibit "B", shall adopt rules and regulations governing the use of the Piers and Boatslips and the personal conduct thereon of the Members, their families, guests and invitees. Should Members owning Boatslip Lots desire to amend such rules and regulations, then a meeting of the Members owning Boatslip Lots may be called and held, in accordance with the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Boatslip Lot Owners may direct the Board of Directors to make such amendments to the rules and regulations governing the use of the Piers and Boatslips, including additions to and deletions of portions of such rules and regulations, as are approved by a vote of the Members owning Boatslip Lots, in accordance with the Bylaws, and as are permitted under the Association's lease with Duke Power Company as to the lake bed over which the Piers and Boatslips are located.

(e) The Piers and Boatslips may be used only by Owners of Boatslip Lots, their families, guests and invitees, with the exception of Boatslips owned by the Association, which may be used by all Owners and their families, guests, and invitees, subject to

rules and regulations adopted in the manner provided for above. Each Boatslip may be used only by the Owner(s) of the Boatslip Lot to which such Boatslip is designated, their families, guests and invitees, or, with respect to Boatslips owned by the Association, all Owners, and their families, guests, and invitees, subject to rules and regulations adopted in the manner provided for above.

Section 7. Boat Storage Area. The Boat Storage Area shall be graded and covered with gravel by Declarant, and the Association shall maintain, repair and if destroyed, replace, as a common expense of the Association the Boat Storage Area. The Boat Storage Area shall be constructed and maintained in order to provide a limited number of spaces for dry boat storage, and may be used by Owners, their families, guests and invitees on a "first come, first serve" basis, subject to rules and regulations adopted by the Association.

Section 8. Classes of Lots. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two classes of Lots with respect to voting rights:

- (a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said 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 Class A Lot.
- (b) Class B Lots. Class B Lots shall be all Lots owned by the Declarant or by a Builder which have not been conveyed to purchasers who are not affiliated with the Declarant or a Builder. Declarant shall be entitled to three (3) votes for each Class B Lot owned by it. Each Builder shall be entitled to three (3) votes for each Lot owned by such Builder.

Section 9. Amendment. Notwithstanding the provisions of Section 8 above, so long as Winslow Bay, LLC, owns any Lot, neither this Declaration, nor the Bylaws to the Association, may be amended without its written consent.

Section 10. Board of Directors. The Association shall be governed by a Board of Directors in accordance with the Bylaws.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, and Ryland, for each Lot owned within the Properties, hereby covenant, and each Owner (including all Builders) of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges (the "Annual Assessments"), damage assessments (the "Special Individual Assessments"), and special assessments for capital improvements (the "Special Assessments") established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used as follows:

- (a) to maintain all roads constructed within the Common Area to the standard of maintenance which would be required by the State of North Carolina before it would accept such roads for maintenance;
- (b) to maintain all roads and streets being a part of the Common Area which have been offered or otherwise dedicated to the public until such time as such roads or streets have been accepted for public maintenance by the appropriate governmental authorities, including, without limitation, repair of damage caused by movement of construction equipment or materials, the payment of all bonds, bond premiums, service agreements in connection therewith and the performance of all governmental requirements in connection with acceptance of same for maintenance by such governmental authorities, including, without limitation, sedimentation, storm drainage and erosion requirements;
- (c) to maintain those portions of the Common Area fronting on Lake Norman (excluding the Pier and Boatslips) in accordance with the applicable requirements of Iredell County and any other applicable governmental authorities;
- (d) to maintain any trails or paths in the Common Area in an easily passable condition, free from fallen trees,

undergrowth, and other obstructions; and to keep all dead, diseased or decaying trees, shrubs and bushes removed from such areas;

- (e) to maintain the landscaping, including, without limitation, the mowing of lawns, planting and maintenance of shrubs, flowers and other plants, and watering on and within the boundaries of the Common Area;
- (f) to maintain the interior parks and shelter gazebos in the Common Areas and sidewalks or other common walks, common signs and development statement pieces or entranceways (including any walls erected at said entranceways);
- (g) to maintain any and all retention ponds, drainage pipes, inlets, basins, ditches, swells and other facilities installed upon the Common Area;
- (h) to keep the Common Area clean and free from debris and to maintain any amenities located thereon in a clean and orderly condition (excluding the Pier and Boatslips), and to maintain the landscaping thereon including any necessary removal and replacement of landscaping;
- (i) to provide such security services as may be deemed reasonably necessary for the protection of the Common Area from theft, vandalism, fire and damage from animals;
- (j) to pay all ad valorem taxes levied against the Common Area and any property owned by the Association;
- (k) to maintain all recreational and related facilities, including the clubhouse, swimming pool, parking lots, tennis courts, and picnic tables, located within the Common Areas as a common amenity (excluding the Pier and Boatslips), and to purchase furniture, fixtures and equipment for such facilities;
- (l) to maintain an entrance monument and sign at the entrance to the Development and a sign or signs on the Common Area and any and all lighting and related electrical facilities used in connection with such signs, said signs to be of standard construction and quality;
- (m) to maintain a concrete boat ramp of standard length and width on the Common Area as depicted on the Maps;
- (n) to maintain the Boat Storage Area;
- (o) to pay the premiums on all hazard insurance carried by the Association on the Common Area and all improvements located thereon or comprising a portion thereof

(excluding the Pier and Boatslips), and all public liability insurance carried by the Association pursuant to the Bylaws;

- (p) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;
- (q) to maintain a contingency reserve equal to 10% of the sum of the amounts described in subsections (a) through (o) above in order to fund unanticipated expenses of the Association; and
- (r) to pay Boatslip Assessments on all Boatslips owned by the Association.

Section 3. Maximum Annual Assessment. Until January 1 of the calendar year following the conveyance of the first Lot by the Declarant or Builder to another Owner (other than Declarant or a Builder), the maximum Annual Assessment for each Lot shall be Three Hundred Fifty Dollars (\$350.00).

- (a) The maximum Annual Assessment established above may be increased, effective January 1 of each calendar year following the conveyance of the first Lot by the Declarant or Builder to another Owner (other than Declarant or a Builder), without a vote of the Membership by an amount which is the greater of (i) ten percent (10%) per year over the previous year, or (ii) the percentage increase between the first and last months of the thirteen (13) month period terminating at the end of the third (3rd) quarter of the previous calendar year in the Consumer Price Index for All Urban Consumers, South (1982-84 = 100), All Items, relating to urban populations of 50,000-450,000 (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics, whichever of these two percentage figures is larger. In the event the CPI shall hereafter be converted to a different standard reference base or otherwise revised, the determination of the amount of the maximum Annual Assessment shall be made with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or, failing such publication, by statistical information. If the CPI is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.
- (b) Notwithstanding the limitations set forth in Section 3(a) above, from and after January 1 of the calendar year immediately following the conveyance of the first Lot by Declarant or Builder to another Owner (other than

Declarant or a Builder), said maximum Annual Assessments may be increased without limitation if such increase is approved by Members entitled to no fewer than fifty-one percent (51%) of all of the votes to which all Members are entitled. Such voting may be represented in person or by proxy at a meeting duly called for this purpose.

- (c) The Board of Directors may fix the Annual Assessments at such amounts as they deem necessary to fulfill the purposes thereof; provided that such amounts shall not be in excess of the maximum amounts permitted herein.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, but excluding the Pier and Boatslips, and the common roadways serving the Development provided that any such assessment requires the same assent of the Members as provided in Section 3(b) of this Article.

Section 5. Assessment Rate. Both Annual and Special assessments must be fixed at a uniform rate for all Lots.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each Class of membership shall constitute a quorum. If the required quorum is not present, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance to the Association of the Common Area. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the Annual Assessment shall be sent to every Owner. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a

specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Damage Assessment. In the event the Association finds that an Owner has damaged any part of the Common Area such as roads which have not been accepted by governmental authorities for maintenance, the Association may levy an assessment (a "Special Individual Assessment") on such Owner's Lot for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas including the common roadways and cul-de-sacs serving the Development and the amount of said Special Individual Assessment shall be a lien with respect to said Lot.

ARTICLE V-A

COVENANT FOR BOATSLIP AND SPECIAL BOATSLIP ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boatslip, Supplemental Boatslip and Special Boatslip Assessments. Declarant and Ryland, for each Boatslip Lot owned within the Property, hereby covenant, and each Owner of any Boatslip Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by acceptance of any other recorded instrument which designates a Boatslip as an appurtenance to such Owner's Lot as more particularly set forth in Article IV, Section 6 of this Declaration, and the Association (with respect to all Boatslips owned by it), is deemed to covenant and agree to pay to the Association, in addition to the assessments provided for in Article V, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments, as hereinafter defined, for maintenance and repair costs of the Piers and Boatslips established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boatslip Lot against which each such assessment or charge is made and upon the right to use the Pier and the Boatslip appurtenant to such Boatslip Lot. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boatslip Lot effective at the time when the assessment falls due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Boatslip Assessments. The assessments to be levied annually by the Association against each Boatslip Lot ("Boatslip Assessments") shall be used as follows:

- (a) to clean, maintain, repair and reconstruct, when necessary, the Piers and Boatslips, including all

lighting and other fixtures, wires, railings and other facilities located thereon, including the maintenance, repair and replacement, when necessary, of any landscaping around the Piers, all as more particularly set forth in Article IV, Section 4 of this Declaration;

- (b) to provide and pay for lighting of and water service to the Piers and Boatslips (if any) to the extent necessary for the safety and enjoyment of the users thereof;
- (c) to pay all ad valorem taxes levied against the Piers and Boatslips, and any other property owned by the Association in connection therewith;
- (d) to pay all lease payments, if applicable, to Duke Power Company for the lease of the land on which the Piers and Boatslips are located;
- (e) to pay the premiums on all insurance carried by the Association in connection with the Piers and Boatslips, (including all improvements located thereon) pursuant hereto or pursuant to the Bylaws;
- (f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws in connection with the Piers and Boatslips (including all improvements located thereon);
- (g) to maintain contingency reserves as to the amounts described in subsections (a) and (b) above for the purposes set forth in Article IV, Section 5 hereof in amounts as determined by the Board of Directors.

Section 3. Payment of Boatslip Assessments; Due Dates. The Boatslip Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Boatslip Lot (to which a completed Boatslip is appurtenant), and shall be due and payable thirty (30) days following the assignment of a completed Boatslip to a Boatslip Lot as set forth in Article IV, Section 6 of this Declaration (such assessment shall be prorated from the date of such assignment through the remainder of the calendar year for which such assessment is due). The initial Boatslip Assessments shall be One Hundred Fifty Dollars and No/100 Dollars (\$150.00) per Boatslip Lot. Boatslip Assessments for each and every year thereafter shall be due and payable no later than July 31 of such year. The Boatslip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article V-A, and shall be due and payable no later than July 31 of each such year. The Board of Directors shall fix the amount of the Boatslip Assessment as to each Boatslip Lot for any year at least thirty

(30) days prior to July 1 of such year, and the Association shall send written notice of the amount of the Boatslip Assessment to each Boatslip Lot Owner on or before July 1 of such year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Boatslip Assessments. Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Boatslip Assessments, and may increase or decrease the frequency of the collection of the Boatslip Assessments (or installments thereof) in any reasonable manner.

Section 4. Maximum Boatslip Assessment.

(a) For years following the first year of Boatslip Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Boatslip Assessments each year by a maximum amount equal to the previous year's Boatslip Assessments times the greater of (i) ten percent (10%); or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84=100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living.

(b) From and after the first year of Boatslip Assessments, the Boatslip Assessments may be increased without limitation if such increase is approved by Members entitled to no fewer than fifty-one percent (51%) of all the votes of Members owning Boatslip Lots, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Boatslip Assessments at an amount not in excess of the maximum set forth in subparagraph (a) of this Section 4 (the "Maximum Boatslip Assessment"). If the Board of Directors shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such year, determine that the important and essential functions of the Association as to the Piers and Boatslips cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment ("Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year.

Section 5. Special Assessments for Boatslip Improvements.

In addition to the Boatslip Assessments authorized above, the Association may levy, in any assessment year, a special Boatslip Assessment ("Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the Piers and Boatslips, and any capital improvement located thereon, including

lighting, pathways, water lines and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided that any such assessment must be approved by a vote of no less than fifty-one percent (51%) of the votes of all Members owning Boatslip Lots, taken at a duly held meeting of such Members in accordance with the Bylaws, and further providing that any such Special Boatslip Assessment may be levied only against the Owners of Boatslip Lots.

Section 6. Assessment Rate.

Boatslip, Supplemental Boatslip and Special Boatslip Assessments must be fixed at a uniform rate for all Boatslip Lots.

ARTICLE V-B

GENERAL ASSESSMENT PROVISIONS

Section 1. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 2. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment (or installment thereof) not paid by its due date as set forth in Article V or Article V-A hereof, or any other assessment not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the Lot and the right to use a Boatslip, if applicable, and interest, late payment charges, costs and reasonable attorney's fees related to such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas and/or his Boatslip, if applicable, or by abandoning his Lot.

Section 3. Subordination of the Lien to Mortgages. The lien of the assessments provided for in Articles V and V-A of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to the Declarant or a Builder. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, however,

shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be an assessment, collectable pro rata from all Owners (or from all Boatslip Lot Owners if a Boatslip, Supplemental Boatslip or Special Boatslip Assessment), including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners (or all Boatslip Lot Owners if a Boatslip, Supplemental Boatslip or Special Boatslip Assessment) notwithstanding the fact that such pro rata portions may cause the assessment to be in excess of the maximum annual assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. Except for improvements made upon the Properties by Declarant or a Builder (including John Crosland Company, The Ryland Group, Inc., and Lakeview Homes, Inc.), or except as otherwise provided under this Declaration, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Control Committee. The Board of Directors of the Association shall appoint no less than three (3) and no more than five (5) members of the Committee to carry out the functions set forth in this Article. In the event the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Definitions. For purposes of this Article VI, the following terms shall have the following meanings unless the context clearly requires a different meaning:

- (a) "accessory building" means every detached garage, tool shed, storage or utility building, dog house, pier, boat dock, boat slip, well house, or other similar building or any other type of building constructed or placed on a Lot or incidental thereto (whether above or below the

elevation of the contours of Lake Norman), which is not a dwelling;

- (b) "buildings" means accessory buildings and dwellings;
- (c) "dwelling" means a building constructed for single-family residential use but excluding detached servants' quarters and guest quarters; and
- (d) "improvements" or "structures" mean buildings (including accessory buildings), walls, fences, decks, patios, planters, terraces, swimming pools, statuary, tennis courts or anything else constructed or placed on a Lot or incidental thereto (whether above or below the elevation of the contours of Lake Norman).

Section 3. General Guidelines. The placement and construction of improvements on the Lots shall be subject to the following general guidelines:

- (a) Every dwelling constructed on a Lot shall contain a minimum of 1,500 square feet of fully enclosed floor space. For purposes hereof, the "fully enclosed floor area" of a dwelling shall exclude decks, patios, terraces, attached garages and carports, accessory buildings and porches.
- (b) Since the establishment of standard inflexible building setback lines for the location of dwellings on Lots tends to force construction of dwellings both directly behind and directly to the side of other dwellings with detrimental effects on privacy, preservation of important trees, etc., no specific setback lines are established by these covenants except as shown on the Maps, which comply with the regulations and guidelines of the applicable governmental authorities. In order to assure, however, that location of dwellings will be staggered where practical and appropriate, so that the maximum amount of view will be available to each dwelling; that all structures will be located with regard to the topography of each individual Lot, taking into consideration the elevation contours of the Lot, the location of large trees and fields and similar considerations, the Declarant reserves unto itself, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any structure, improvements and utilities upon all Lots and every Lot within the Development; provided, however, that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site and in any event all buildings shall be constructed beyond the minimum setback lines established on the Maps.

Provided, further, that the site location requirements described above, except the minimum setback lines, shall not apply to improvements made upon the properties by a Builder (including John Crosland Company, The Ryland Group, Inc., and Lakeview Homes, Inc.).

- (c) All storage areas and facilities must be screened and hidden from view.
- (d) Unless specifically otherwise approved in writing by the Committee, all structures constructed or placed on any Lot shall be built of substantially new materials and no used structures shall be relocated or placed on any such Lot.
- (e) All structures approved by the Committee must be completed within one (1) year after the receipt of such approval; provided, however, the Committee may waive this requirement if construction delays have been caused by strikes, war, fire, acts of God or other events which render the completion of construction within such time impossible.
- (f) All driveways, turning areas and parking areas shall be constructed of concrete or brick and must be completed prior to the occupancy of any dwelling on the Lot.
- (g) The Committee shall have the right to approve or disapprove the design and construction of all mailboxes.

Section 4. Approval of Plans, Specifications, and Construction. No Improvement shall be erected, remodeled or placed on any Lot, except by Declarant or a Builder, until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Committee as to:

- (a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets;
- (b) conformity and harmony of the external design, color, type and appearance of exterior surfaces;
- (c) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and any improvements situated thereon and drainage arrangement; and
- (d) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Committee, or matters in which the Committee has been vested with the authority to render a final interpretation and decision.

Prior to the commencement of any construction of an improvement on a Lot, final plans and specifications (including a site plan showing the location of the contemplated improvements on the Lot) for all improvements proposed to be constructed on a Lot, shall be submitted to the Committee for approval or disapproval. The Committee is authorized to request the submission of samples of proposed construction materials. Any modification or change to the Committee-approved set of plans and specifications (specifically including, but without limitation, the above-described site plan) must again be submitted to the Committee for its inspection and approval. The Committee's approval or disapproval as required herein shall be in writing. Once the Committee has approved the plans and specifications for the proposed improvements, the construction of such improvements must be promptly commenced and diligently pursued to completion and if such construction is not commenced within the time set therefor by the Committee in the written approval, such approval shall be deemed rescinded and before construction of improvements can thereafter be commenced on the Lot in question, the plans and specifications therefor must again be approved by the Committee pursuant to this Article.

The Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in regard to the Lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. Such bulletins shall supplement this Declaration and are incorporated herein by reference. Current copies of the architectural standards bulletins shall be available to interested persons at the principal office of the Association for a reasonable cost.

Section 5. Enforcement. The Committee shall have the specific, nonexclusive right (but no obligation) to enforce the provisions contained in this Article and to prevent any violation of the provisions contained in the Article by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained herein.

Section 6. Effect of Failure to Approve or Disapprove. If the Committee fails to approve or disapprove the design of any proposed improvements within forty-five (45) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article shall be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Committee if they contain erroneous data or present inadequate information upon which the Committee can arrive at a decision. Notwithstanding the foregoing, the Committee shall have no right or power, either by action or failure to act, to waive or grant any variance relating to any mandatory requirements specified in the Declaration.

Section 7. Right of Inspection. The Committee shall have the right, at its election, to enter upon any of the Lots during

preparation, construction, erection, or installation of any improvements thereon to determine that such work is being performed in conformity with the approved plans and specifications.

Section 8. Limitation of Liability. Neither the Committee, the members thereof, nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of services performed pursuant to this Declaration. The Committee's approval of any plans and specifications shall not constitute a representation, warranty, or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Committee, the members thereof, the Declarant or any Builder appointing the members thereof, the Association, any member thereof, nor the Board assumes any liability or responsibility therefor, or for any defect in the structure constructed from such plans or specifications. Neither the Committee, any member thereof, the Association, nor the Board shall be liable to any Owner, occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings and specifications.

Section 9. Compensation. No member of the Committee shall be entitled to compensation arising out of services performed pursuant to this Article. The Association shall reimburse members of the Committee for reasonable out-of-pocket expenses incurred by such members in the performance of their duties as members of the Committee. The Association may pay the cost of professional consultation services used by the Committee.

ARTICLE VII

USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose. Only one family may occupy a Lot as a principal residence at any one time. No structure, except as herein provided, shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family dwelling, one one-story accessory building which may include a detached private garage and a swimming pool, provided the use of such dwelling or accessory building or pool does not overcrowd the site and provided further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. A guest suite or a like facility without a kitchen may

be included as part of the main dwelling or accessory building, if such guest suite would not result in overcrowding the site, but such suite may not be rented or leased except as part of the entire premises including the main dwelling. Notwithstanding anything in this Article VII to the contrary, Declarant and every Builder may maintain a sales office, models, and construction office on any Lot until all Lots have been sold.

Section 2. Governmental Regulations. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions, watershed protection regulations, and other regulations applicable to his Lot.

Section 3. Nuisance. No activity will be carried on in any Lot which is an unreasonable nuisance to other residents. No Owner will permit anything on his Lot which would result in the cancellation of insurance on any other residence or any part of the Common Area.

Section 4. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other common household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.

Section 5. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Committee.

Section 6. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association; provided, however, that so long as Declarant or Builder owns any Class B lots, Declarant, and any Builder to whom Declarant grants permission, shall have the exclusive right to use parts of Common Area for sales purposes, including, without limitation, promotional activities.

Section 7. Access to Lots. The Association, its agents or employees shall have access to each Lot from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Common Area, or facilities situated upon such Lot which serve another Owner's Lot. The Association or its agent shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or another Lot.

Section 8. Signs and Ornaments. No Owner will display any signs or other articles outside of his dwelling so as to be visible from outside the Lot, except seasonal decorations. Notwithstanding the foregoing, one professionally manufactured sign of not more than five (5) square feet advertising a Lot for sale may be placed

by the Owner on his Lot in such manner that it will be visible from outside the Lot.

Section 9. Tree Protection. No trees measuring six (6) inches or more in diameter at ground level may be removed by any Owner other than Declarant or a Builder without the written approval of the Architectural Control Committee unless such trees are located within ten feet of the approved dwelling or any approved accessory building. No trees will be removed from any Lot until Owner is ready to commence construction.

Section 10. Trash and Vegetation. No trash will be kept on any Lot except in sanitary containers. No weeds, rubbish or debris will be permitted to accumulate on any Lot which would render it unsanitary or offensive to its neighbors. Grass and landscaping will be maintained to appear neat and attractive. Dead trees or shrubs will be promptly removed.

Section 11. Maintenance. All improvements erected on Lots shall be maintained in a clean, neat, and orderly condition and in a good state of maintenance and repair. All Owners shall maintain their boat docks, piers and slips in structurally sound, neat and attractive condition and state of repair. All Owners of Lots fronting on Lake Norman shall maintain any rip-rap, bulkheads or other construction on their Lot designed to prevent erosion or silting, and all Owners shall comply with all applicable governmental regulations relating to erosion control, silting prevention and watershed restrictions.

Section 12. Accessory Structures. No metal carport or freestanding metal garage or utility building will be erected on any Lot. One wooden utility building or non-commercial greenhouse may be located in the rear one-quarter (1/4) of any Lot so that it is directly behind the residence as viewed from a point on a line of sight perpendicular to the street. Such structure shall not exceed 400 square feet. The siding and trim paint color of any storage building must be the same as the siding and trim color on the home. If the residence is all brick, the exterior color of the siding on the storage building must be approved by the Architectural Control Committee.

Section 13. Utilities. All residential utility service lines to the Lots shall be underground. Further, certain amenities such as utilities transformers, trash containers, lighting facilities, utilities meters, drainage pipes, ditches and swells, storm drains and easements may be located and maintained on the Lots (even though they may serve several other Lots) and the Declarant and others benefitting from such items shall have non-exclusive easements over the Lots for the installation, maintenance and use of same.

Section 14. Mailboxes. The mailbox on each Lot will conform to a design established or otherwise approved by the Architectural Control Committee.

Section 15. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other unenclosed area (including porches and patios) within the Properties.

Section 16. Additions. Any additions or substantial alterations to improvements, including alteration to the exterior of residential improvements and garages, must first be approved in writing by the Committee pursuant to Article VI hereof.

Section 17. Parking. No boat, trailer, recreational vehicle, camper or commercial vehicle will be left in any driveway or on any other part of a Lot unless it is fully enclosed within the garage, is behind the house reasonably hidden from the view of neighbors walking by the Lot, or is otherwise screened in a manner approved by the Architectural Control Committee. This restriction will not apply to construction trailers or other construction vehicles during the time construction is proceeding on the affected Lot. No boat, truck, trailer, manufactured home, camper or tent will be used as a living area on any Lot. No unlicensed vehicles may be left on a Lot.

Section 18. Painting of Residences. No Owner may change the color of his residence or garage or repaint same in a color other than its original color without the approval of the Committee.

Section 19. Access. There shall be no overland vehicular access to any Lot except from designated roads lying within the Common Area or as shown on the Maps.

Section 20. Antennas, Satellite Dishes, Discs. No satellite dishes or discs, radio or television aerial, antennas, towers or any other external electronic equipment or devices may be installed or maintained on any exterior of any structure erected on Lot or elsewhere upon any Lot or within the Property without the prior written approval of the Committee pursuant to Article VI hereof and, so long as Declarant shall own a Lot, without the prior written approval of Declarant, which approval Declarant may withhold in its sole and absolute discretion; provided, however, that satellite dishes which are eighteen (18) inches or less in size, ground mounted or screened from view from the street, may be installed without such approval.

Section 21. Fences. No fence shall be erected on any Lot closer to the street than the front of the building facade except for temporary decorative fencing installed by the builder on a model home. Fencing may not exceed six (6) feet in height. All fencing (including both privacy and perimeter fencing) shall appear at least forty percent (40%) open when viewed from an angle perpendicular to the vertical plane of the face of the fence. Chain link or other metal fencing is expressly prohibited, except that metal fencing attached to split-rail fencing may be used to contain animals within the yard. Any fence not of a split-rail type will be constructed of cedar, redwood or fir and shall be

painted or stained. Split-rail fences will be left natural and unfinished.

Section 22. Reconstruction. Any building on any Lot which is destroyed in whole or in part by fire, windstorm, flood or other Act of God must be rebuilt, or all debris from such building removed and the Lot restored to the condition it was in prior to commencement of construction of such building with reasonable promptness; provided, however, that any such reconstruction must be commenced within six (6) months from the date of such destruction or if no reconstruction is to occur, then all such debris must be removed and the Lot restored to its prior condition within six (6) months of such destruction.

Section 23. Subdivision. No Lot shall be subdivided or its boundary lines changed without the written consent of the Declarant.

Section 24. Leasing. No building on any Lot may be leased except in accordance with rules and regulations promulgated by the Association.

Section 25. Above-Ground Pool. No above-ground pools will be installed on a Lot.

Section 26. Piers. Design and location of piers for waterfront lots must be approved by the Architectural Control Committee and otherwise comply with all applicable governmental and Duke Power Company requirements. The Declarant will establish limitations on the size and location of piers to maximize views and convenience of the owners of other waterfront lots.

Section 27. Declarant's Right of Entry. In order to implement effective insect and woods fire control, the Declarant reserves for itself and its agents the right to enter upon any Lot on which a residence has not been constructed and upon which no landscaping plan has been implemented (with prior written approval of the Declarant for such plan), such entry to be made (at the expense of the owner of the Lot) by personnel with tractors or other suitable devices for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Declarant detracts from the overall beauty, setting and safety of the Development. Such entry for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Declarant and its agents may likewise enter upon such Lot to remove any trash which has collected on such Lot without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of the Declarant to mow, clear, cut or prune any Lot nor to provide garbage or trash removal services.

Section 28. Regulations. Reasonable regulations governing the use of the Common Area and external appearance of all structures erected on the Lots may be made and amended from time to

time by the Board of Directors of the Association. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

Section 29. Compliance. In the event that the Owner of any Lot fails to comply with any of the restrictions set forth in this Article or the rules and regulations subsequently promulgated by the Board of Directors, the Association shall have the right, but not the obligation, to enter any Lot and undertake any necessary action in order to cure such Owner's default. All expense and cost incurred by the Association in curing such default shall be charged to the defaulting Owner and shall be payable by such Owner to the Association immediately upon demand.

ARTICLE VIII

SPECIAL RESTRICTIONS AFFECTING COMMON AREA

Section 1. Purpose. It shall be the intent and purpose of these restrictions and covenants to maintain and enhance the Common Area, to afford and enhance recreation opportunities, and to implement generally the master plan for the Development.

Section 2. Buildings. No building, tent, trailer or other structure, either temporary or permanent, except as noted elsewhere herein, shall be erected or caused to be placed on the Common Area except a "Sales Center" for the purpose of selling all Lots in the Development.

Section 3. Declarant's Rights to Protect Land. The Declarant shall have the right to protect the Common Area from erosion by planting trees, plants and shrubs where and to the extent necessary or by such mechanical means as bulkheading, or other means deemed expedient or necessary by Declarant and to otherwise meet all applicable requirements of the Iredell County Department of Environmental Protection and any other applicable governmental or Duke Power Company requirements. The right is likewise reserved to the Declarant to take necessary steps to provide and insure adequate drainage ways in the Common Area.

Section 4. Declarant's Right of Entry. The Declarant reserves unto itself, its successors and assigns the right to go 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 equipment, gas, sewer, water or other public conveniences or utilities in the Common Area. These reservations and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

Section 5. Prohibition Against Dumping. No dumping of trash, garbage, sewage, sawdust or other debris shall occur and no unsightly or offensive material shall be placed upon the Common Area, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as Common Area.

Section 6. No Public Rights. The establishment of the Common Area does in no way grant to the public or to the owners of any surrounding or adjacent land, the right to enter such Common Area without the express permission of the Declarant.

Section 7. Rights Reserved By Declarant. The Declarant expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of the Common Area, in a manner not inconsistent with the provisions of this Declaration.

Section 8. Declarant's Actions Permissive. Where the Declarant is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the restricted property, entering the property and taking such action shall not be deemed a breach of these covenants.

ARTICLE IX

EASEMENTS

Section 1. Easements Reserved by Declarant. Declarant reserves easements for the installation and maintenance of driveways, walkways, parking areas, telephone and electric power lines, cable television lines, water and sewer lines, lift stations, drainage ditches and for other utility installations over the Properties and the Common Area. Each Owner, by his acceptance of a deed to a Lot, and the Association by its acceptance of a deed to the Common Area, acknowledge such reservations and the rights of Declarant to transfer such easements to the Association or to such utility companies as Declarant may choose. The easements reserved by the Declarant include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any similar action reasonably necessary to provide economical utility installation and to maintain the overall appearance of the Development.

Declarant reserves the right and easement to erect permanent walls on the Common Area and Lots (other than areas of the Lots upon which buildings are constructed) for the purposes of providing screening, privacy, decoration, retamage and topographical stability in connection with the overall plan and development of the Properties and the various Lots located thereon.

Within any such easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of utilities, or which may change the direction of flow or drainage channels in the easements or which

may obstruct or retard the flow of water through drainage channels in the easements. In addition, the Declarant shall have the continuing right and easement to maintain all sewer and water lines located on the Lots, including the right to go into dwellings and disturb the structure and floors thereof in order to maintain those lines located within or under said dwelling.

Section 2. Easements Reserved for the Association. The Association is hereby granted an exclusive easement for the purpose of the operation, maintenance and landscaping all of the Common Area. The amount, manner and maintenance of said operation, maintenance and landscaping shall be in the Association's absolute discretion.

The Association is hereby granted an easement for the installation and maintenance of utilities (including transformers) and other commonly beneficial amenities including without limitation, mailboxes, trash containers and area lighting.

ARTICLE X

INSURANCE

Section 1. Individual Lot Owners. Each Owner shall secure and maintain in full force and effect, at such Owner's expense, one or more insurance policies insuring Owner's Lot and the improvements thereon for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring on Owner's Lot, any other Lot, or upon the Common Area, in an amount not less than the amount designated by the Association. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect and the Association will be given thirty (30) days' notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as required, the Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Association against Owner and Owner's Lot in accordance with the other provisions of this Declaration, and Owner covenants and agrees to pay to the Association such special assessment upon demand.

This Insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all Lots provided the approval of a majority of the Owners is obtained and approval by 75% of the owners and holders of first deeds of trust

on the Lots is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration which amendment shall be executed only by the Association and recorded in the Mecklenburg County Public Registry.

Section 2. Board of Directors. The Board of Directors shall obtain and maintain at all times insurance on the property of the type and kind and in no less than the amounts set forth below:

- (a) Fire. All improvements and all fixtures and personal property included in the Common Area and all personal property and supplies belonging to the Association shall be insured in an amount equal to 100% of the current replacement cost (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors with the assistance of the insurance company providing coverage. The Board of Directors shall, at least annually, review the insurance coverage required herein and determine 100% of the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, explosion and boiler damage, vandalism and malicious damage and all perils covered by a standard "all risk" endorsement. All such policies shall provide that adjustment of loss shall be made by the Board of Directors. In addition to the provisions and endorsements set forth in Section 4 of this Article, the fire and casualty insurance described herein shall contain the following provisions:
- (i) a waiver by the insurer of its right to repair and reconstruct instead of paying cash;
 - (ii) standard "Agreed Amount" and "Inflation Guard" endorsements;
 - (iii) construction code endorsements if the Common Area becomes subject to a construction code provision which would require changes to undamaged portions of any building thereby imposing significant costs in the event of partial destruction of such building by an insured peril;
 - (iv) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Owners and their employees, agents, tenants and invitees;

- (v) a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control; and

The fire and casualty insurance policy shall not contain (and the insurance shall not be placed with companies whose charters or bylaws contain) provisions whereby: (1) contributions or assessments may be made against the Association, the Owners or the Mortgagees; (2) loss payments are contingent upon action by the carrier's directors, policy holders or members; and (3) there are limiting clauses (other than insurance conditions) which could prevent Owners or Mortgagees from collecting the proceeds.

- (b) Public Liability. The Board of Directors shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the Board of Directors may, from time to time, determine to be customary for projects similar in construction, location and use as the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the Property or any portion thereof. Such insurance shall also protect against legal liability arising out of lawsuits related to employment contracts of the Association. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage.
- (c) Fidelity Coverage. The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy shall be written in an amount sufficient to provide protection which is in no event less than one

and one-half times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

- (d) Flood Insurance. In the event it is determined, by survey or otherwise, that the Common Area is located within an area having special flood hazards and if flood insurance has been made available under the National Flood Insurance Program ("NFIP"), the Association shall obtain and pay, as a common expense, the premiums upon a policy of flood insurance on the Common Area in such amount as may from time to time be deemed appropriate by the Board of Directors; provided, however, that such coverage shall not be less than the lesser of: (1) the maximum coverage available under the NFIP for that portion of the Common Area within a designated flood hazard area or (2) 100% of the current "replacement cost" of such portion of the Common Area.
- (e) Other. Such other insurance coverages, including workmen's compensation, as the Board of Directors shall determine from time to time desirable.

Section 3. Premium Expense. Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charged as a common expense to be collected from the Owners pursuant to Articles V and V-A hereof.

Section 4. Special Endorsements. The Board of Directors shall make diligent effort to secure insurance policies that will provide for the following:

- (a) recognition of any insurance trust agreement entered into by the Association;
- (b) coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the named insured, any Insurance Trustee and all Mortgagees; and
- (c) coverage that cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the default and the allowance of a reasonable time thereafter within which the default may be cured by the Association, any Owner or any Mortgagee.

Section 5. General Guidelines. All insurance policies purchased by the Board of Directors shall be with a company or companies licensed to do business in the State of North Carolina

and holding a rating of "AAA" or better by the current issue of the Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of and provide that all proceeds thereof shall be payable to the Association. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

ARTICLE XI

RIGHTS OF MORTGAGEES

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the owners and holders of first deeds of trust on Lots located within the Property then subject to the full application of this Declaration, have given their prior written approval, the Association shall not:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association (the granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause);
- (b) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;
- (c) by act or omission change, waive or abandon any plan of regulation, or enforcement thereof pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawn and plantings in the subdivision;
- (d) fail to maintain fire and extended coverage insurance on insurable improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or
- (e) use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any owner and holder of a first deed of trust on any Lot will have the right to examine the books and records of the Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Area and which pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

Section 4. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with Federal Housing Administration or Veterans Administration insured mortgage loans, then as long as any Class B Lot exists, as provided in Article IV hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: (a) annexation of additional properties, other than as provided in Article II, Section 2 hereof, and (b) amendment of this Declaration.

ARTICLE XII

CONDEMNATION

Section 1. Partial Taking Without Direct Effect on Lots. If part of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected lots, shall be paid to the Board of Directors of the Association in trust for all Owners and their mortgagees according to the loss or damages to their respective interests in such Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues in respect to the taking and compensation affecting the Common Area, including without limitation on the right of the Owners to represent their own interests. Such proceeds shall be used to restore the Common Area with the excess, if any, paid to the Owners pro rata. Nothing herein is to prevent Owners whose Lots are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots, or personal improvements therein, exclusive of damages relating to Common Area. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Board of Directors as their interest may appear by arbitration in accordance with the rules of the American Arbitration Association.

Section 2. Partial or Total Taking Directly Affecting Lots.
If part or all of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Area as provided in Section 1 of this Article and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots and any specific easements assigned thereto. All compensation and damages for and on account of the taking of any one or more of the Lots, or personal improvements therein, shall be paid to the Owners of the affected Lots and their mortgagees, as their interests may appear.

Section 3. Notice to Mortgagee. A notice of any eminent domain or condemnation proceeding shall be sent to holders of all first mortgages.

ARTICLE XIII

GENERAL PROVISIONS

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

Section 2. Incorporation of Declaration into Instruments.
Any deed or other instrument by which a Lot is conveyed shall be subject to the provisions of this Declaration and shall be deemed to incorporate the provisions of this Declaration, whether or not the deed makes reference hereto.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Term and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land until January 1, 2015 after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration (except as set forth to the contrary in Article IV, Section 7) may be amended by an instrument signed by the Owners of not less than sixty-six and two-thirds percent (66 2/3%) of the Lots.

IN WITNESS WHEREOF, the Declarant and Ryland have caused this instrument to be executed by its officers thereunto duly authorized

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IN WITNESS WHEREOF, the Declarant and Ryland have caused this instrument to be executed by its officers thereunto duly authorized and its corporate seal to be hereunto affixed, all the day and year first above written.

DECLARANT:

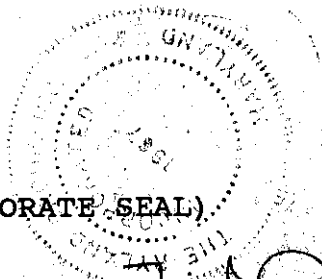
WINSLOW BAY, LLC,
a North Carolina Limited
Liability Company [SEAL]

By: Landcraft Properties,
Inc., Member/Manager

By: J. Franklin Mendenhall
President



ATTEST: Lana L. Zachary
Asst. Secretary



(CORPORATE SEAL)

BUILDER:

THE RYLAND GROUP, INC.,
a Maryland Corporation

ATTEST:

[Signature]
Asst Secretary

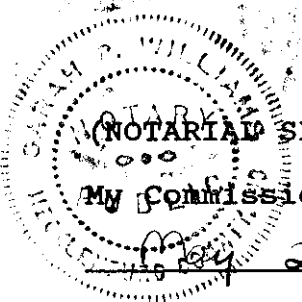
By: Jan S. Hardy
Division President/V.P.
Ops.

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me J. Franklin Martin who, being by me duly sworn, says that he is _____ President of Landcraft Properties, Inc., a North Carolina corporation, Member/Manager of WINSLOW BAY, LLC, a North Carolina Limited Liability Company that the seal affixed to the foregoing instrument in writing is the corporate seal of said Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said President _____ acknowledged the said writing to be the act and deed of said acknowledged the said writing to be the act and deed of said Corporation.

Sarah P. Williams
NOTARY PUBLIC

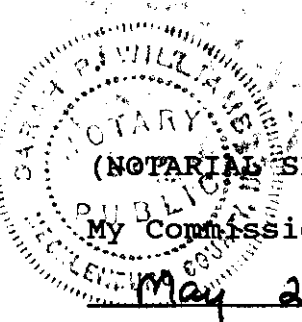


STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me Jon S. Hardy who, being by me duly sworn, says that he is Division President of THE RYLAND GROUP, INC., that the seal affixed to the foregoing instrument in writing is the corporate seal of said Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said Division President _____ acknowledged the said writing to be the act and deed of said acknowledged the said writing to be the act and deed of said Corporation.

Sarah P. Williams
NOTARY PUBLIC



WINSLOW BAY
CONSENT OF MORTGAGEE

Centura Bank, being the Beneficiary under that certain Deed of Trust from Declarant to *Ann Morris Hogshead*, Trustee, conveying the property or portions thereof described in this Declaration and made a part hereof, and recorded in Book 939, at Page 1521 in the Iredell County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 29th day of December, 1995.

TRUSTEE

Ann Morris Hogshead [SEAL]
Ann Morris-Hogshead, Trustee

BENEFICIARY

CENTURA BANK

By *Joseph L. Green*
Vice President



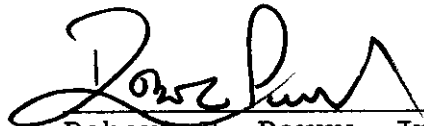
Lynne W. Davis
Asst. Secretary

WINSLOW BAY
CONSENT OF MORTGAGEE

The Ryland Group, Inc., being the Beneficiary under that certain Deed of Trust from Declarant to Robert E. Perry, Jr., Trustee, conveying the property or portions thereof described in this Declaration and made a part hereof, and recorded in Book 1056, at Page 240 in the Iredell County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 10th day of January, 19956.

TRUSTEE

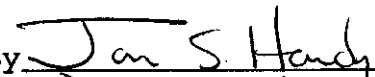
 [SEAL]
Robert E. Perry, Jr., Trustee


[CORPORATE SEAL]
Attest:


Asst Secretary

BENEFICIARY

THE RYLAND GROUP, INC.

By 
Division President / V.P. of Ops.

WINSLOW BAY
CONSENT OF MORTGAGEE

John Crosland Company, being the Beneficiary under that certain Deed of Trust from Declarant to Robert E. Perry, Jr., Trustee, conveying the property or portions thereof described in this Declaration and made a part hereof, and recorded in Book 944, at Page 1736 in the Iredell County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 10th day of January, 19956.

TRUSTEE

[Signature] [SEAL]
Trustee



[CORPORATE SEAL]

Attest:

[Signature]
Asst Secretary

BENEFICIARY

[Signature]

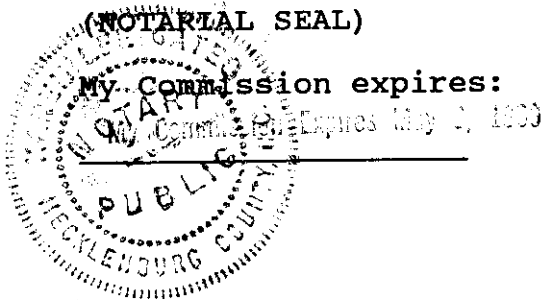
By DANIEL L. BARNHART
Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 29th day of December, 1995, personally came before me Ann MORRIS-Hogshead, Trustee, who, being by me duly sworn, acknowledged the execution of the foregoing instrument.

Karen Lee Gates
NOTARY PUBLIC

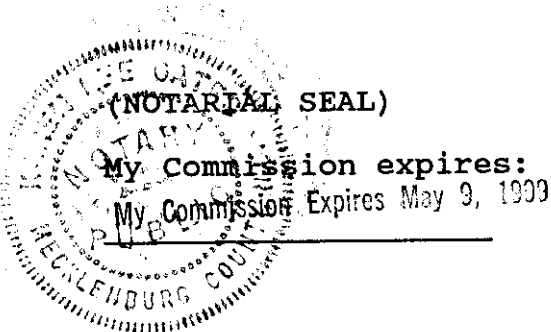


STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 29th day of December, 1995, personally came before me Greg S. Hoer, who being by me duly sworn, says that he/she is a Vice President of CENTURA BANK, that the seal affixed to the foregoing instrument in writing is the official seal of the Corporation, that said writing was signed and sealed by him/her in behalf of said Corporation by its authority duly given. And the said Vice President acknowledged said writing to be the act and deed of said Corporation.

Karen Lee Gates
NOTARY PUBLIC

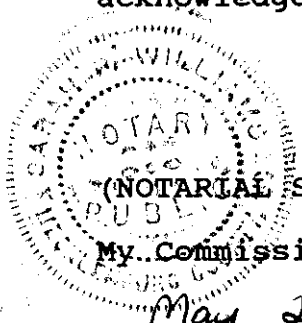


STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me Robert E. Perry, Jr. Trustee, who, being by me duly sworn, acknowledged the execution of the foregoing instrument.

Sarah P. Williams
NOTARY PUBLIC



(NOTARIAL SEAL)

My Commission expires:

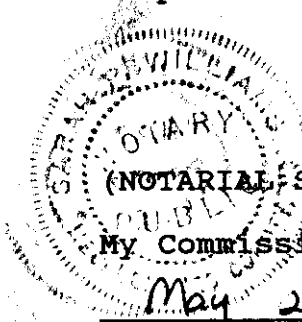
May 2, 1996

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me Daniel L. Belmont, who being by me duly sworn, says that he/she is a Vice President of JOHN CROSLAND COMPANY, that the seal affixed to the foregoing instrument in writing is the official seal of the Corporation, that said writing was signed and sealed by him/her in behalf of said Corporation by its authority duly given. And the said Vice President acknowledged said writing to be the act and deed of said Corporation.

Sarah P. Williams
NOTARY PUBLIC



(NOTARIAL SEAL)

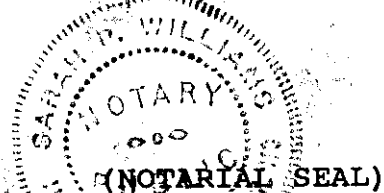
My Commission expires:

May 2, 1996

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me Robert E. Percy, Jr., Trustee, who, being by me duly sworn, acknowledged the execution of the foregoing instrument.



Sarah P. Williams
NOTARY PUBLIC

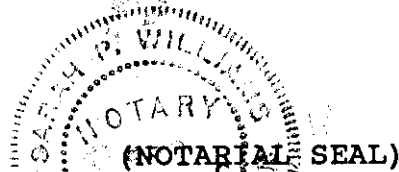
My Commission expires:

May 2, 1996

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 10th day of January, 1996, personally came before me Jon S. Hardy, who being by me duly sworn, says that he/she is a Division President of THE RYLAND GROUP, INC., a Maryland corporation, that the seal affixed to the foregoing instrument in writing is the official seal of the Corporation, that said writing was signed and sealed by him/her in behalf of said Corporation by its authority duly given. And the said Division President acknowledged said writing to be the act and deed of said Corporation.



Sarah P. Williams
NOTARY PUBLIC

My Commission expires:

May 2, 1996

STATE OF NORTH CAROLINA — Iredell County

The foregoing certificate(s) of Sarah P. Williams & Karen Lee Bates,
Notaries Public

~~Is~~ (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of Iredell County, North Carolina in Book 972, Page 201.

This 22nd day of January, A.D., 19 96 at 3:40 o'clock P.M.

Brenda D. Bell
REGISTER OF DEEDS

By: Sally B. Lewis
ASST./DEPUTY REGISTER OF DEEDS

EXHIBIT A

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

LEGAL DESCRIPTION

WINSLOW BAY BASE TRACT

LYING AND BEING, in Davidson Township, ~~Windsorville~~^{HW}, Iredell County, North Carolina and being more particularly described as follows:

BEGINNING at a nail in the center line of the 60 foot wide right-of-way of Bluefield Road (S.R. 1474), said nail being N 08-44-51 W 516.20 feet from the intersection of the center lines of said Bluefield Road and the center line of North Carolina Highway 150, said nail also being in the northerly boundary of that certain property of David M. Beam, Jr. pursuant to a deed recorded in Book 581 at Page 437 in the Iredell County Public Registry; thence with the northerly boundary of said Beam property (now or formerly) N 87-01-51 W 30.17 feet to a new iron pin in the westerly margin of the 60 foot right-of-way of Bluefield Road; thence continuing with the northerly boundary of said Beam property N 87-06-35 W 114.80 feet to an existing iron pin located N 34-44-33 E 547.35 feet from NCGS Monument "Marina"; thence continuing with the northeasterly boundary of said Beam property and the northeasterly boundary of that certain property of H.A. Proctor pursuant to a deed recorded in Book 215 at Page 21 in said Registry N 34-08-54 W 1,933.81 feet to an existing iron pin in a northeasterly corner of said Proctor property (now or formerly); thence continuing with the northerly boundary of said Proctor property N 88-51-28 W 1,008.24 feet to an existing iron pin in a corner of said Proctor property; thence with the easterly boundary of said Proctor property N 00-24-31 E 531.70 feet to an existing iron pin in the common easterly corner of said Proctor property and that certain property of R.B. Stutts; thence with the easterly boundary of said Stutts property (now or formerly) N 04-13-24 W 1,126.56 feet to an existing iron pin in the common easterly corner of said Stutts property and that certain property of Crescent Land & Timber Corporation (Cowans Ford Development Lots 1-5 Section 12); thence with the easterly boundary of said Crescent property (now or formerly) N 03-19-20 W 747.77 feet to an existing iron pin near the 760 contour elevation line of Lake Norman; thence with the approximate location of the 760 contour elevation line of Lake Norman the following eleven (11) courses and distances: (1) N 88-41-41 E 66.20 feet to a point, (2) S 57-11-19 E 108.40 feet to a point, (3) S 68-24-19 E 88.20 feet to a point, (4) N 57-49-41 E 115.80 feet to a point, (5) N 62-10-41 E 105.30 feet to a point, (6) S 63-03-19 E 113.10 feet to a point, (7) S 54-27-19 E 151.70 feet to a point, (8) S 48-30-19 E 98.10 feet to a point, (9) N 61-15-41 E 127.40 feet to a point, (10) N 77-37-41 E 103.40 feet to a point, and (11) N 41-34-26 E 231.12 feet to an existing iron pipe in the southerly boundary of that certain property of Duke Power Company (Ref. Mountain Island Drawing 332 U.M.I. 612); thence with the southerly boundary of said Duke Power Company property (now or formerly) S 76-53-48 E 581.70 feet to an existing iron pin in the westerly boundary of other Duke

Power Company property (Ref. Mountain Island Drawing 409 U.M.I. 535); thence with the westerly boundary of said Duke Power Company property (now or formerly) S 19-14-48 W 814.68 feet to an existing iron pin; thence continuing with the westerly boundary of said Duke Power Company property S 08-42-07 E 396.75 feet to an existing iron pin in the common westerly corner of said Duke Power Company property and that certain property of Richard A. Freund pursuant to a deed recorded in Book 545 at Page 455 in said Registry; thence with the westerly boundary of said Freund property (now or formerly) S 08-53-22 E 1,577.76 feet to an existing iron pin; thence continuing with the westerly boundary of said Freund property S 40-39-00 E 801.07 feet to a point; thence with a new line S 55-50-44 W 298.07 feet to a point in the easterly margin of a 60 foot wide access easement granted to Crescent Land & Timber Corp. recorded in Book 490 at Page 211 in said Registry; thence with the easterly margin of said 60 foot access easement the following three (3) courses and distances: (1) S 34-09-16 E 410.25 feet to a point, (2) with the arc of a circular curve to the left having a radius of 170.00 feet (chord bearing of S 61-24-08 E and chord distance of 155.67 feet) a distance of 161.69 feet to a point, and (3) N 88-39-00 E 24.03 feet to a point in the centerline of Bluefield Road; thence with the centerline of Bluefield Road S 01-21-00 W 60.86 feet to a nail, the BEGINNING point, said property containing 89.471 acres, more or less, as more particularly shown on that certain Boundary Survey of the property of Allison Investments III prepared by Baucom-Davis & Associates for LandCraft Properties, Inc. dated November 4, 1994, reference to which survey is hereby made.

TOGETHER WITH those certain four parcels comprising a total of approximately 0.158 acres conveyed by that certain Deed from Duke Power Company to Allison Investments, III dated January 16, 1995 and recorded on January 17, 1995 in the Iredell County Public Registry (the "Duke Power Deed") and more particularly shown as Parcels 1, 2, 3 and 4 on the map attached to the Duke Power Deed.

LESS AND EXCEPT those certain three parcels comprising a total of approximately 0.72 acres conveyed by Allison Investments, III to Duke Power Company pursuant to a Deed dated January 17, 1995 and recorded in the Iredell County Public Registry, said parcels being more particularly shown as Parcels 1A, 2A, 3A, 4A and 5A on a plat of survey entitled "Duke Power Company Cowans Ford Development Land Exchange with Allison Investments, III", dated December 20, 1994, marked Request No. 28003 (the "Duke Power Map"), a copy of which is attached to the above-referenced Deed and also attached to the Duke Power Deed.

EXHIBIT "B" TO
DECLARATION FOR WINSLOW BAY
BYLAWS
OF
WINSLOW BAY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the corporation is WINSLOW BAY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. Location. The principal office of the Association shall be located in either Iredell County, North Carolina or Mecklenburg County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

Section 3. Purpose. The purpose for which the Association is organized is to further social activities of property owners of Lots in Winslow Bay Subdivision located in Iredell County and in connection therewith to provide services to such property owners, manage and maintain the Common Areas and administer and enforce all covenants and restrictions dealing with the Property located in Winslow Bay and any other purposes allowed by law.

ARTICLE II

DEFINITIONS

All capitalized terms when used in these Bylaws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in that certain Declaration of Covenants, Conditions and Restrictions for Winslow Bay executed by Winslow Bay, LLC and the Ryland Group, Inc., and duly recorded in the Office of the Register of Deeds for Iredell County, North Carolina, as the same may be supplemented and amended from time to time (the "Declaration").

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ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held in April of 1996, or on such other date as determined by a vote of the Board of Directors, and each subsequent regular annual meeting of the Members shall be held in April each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes appurtenant to the Lots.

Section 3. Meetings of Boatslip Lot Owners. Meetings of the Members owning Boatslip Lots may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes appurtenant to the Boatslip Lots, for the purpose of discussing and voting on matters affecting the Piers and Boatslips. Such meetings may be held at the annual meeting of the Members or at a special meeting of the Members owning Boatslip Lots.

Section 4. Place of Meetings. All meetings of the Members and the Members owning Boatslip Lots shall be held at such place, within Mecklenburg County, North Carolina or Iredell County, North Carolina, as shall be determined by the Board of Directors of the Association.

Section 5. Notice of Meetings. Written notice of each meeting of the Members and Members owning Boatslip Lots shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 6. Classes of Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two classes of Lots with respect to voting rights.

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote for each Class A Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said 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 Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. Each Class B Lot shall entitle the Owner of said Lot to three (3) votes for each Class B Lot owned by it.

Section 7. Relinquishment of Control. The Class B membership shall cease and be converted to Class A membership on the earliest to occur of:

- (a) when the number of votes in the Class A membership held by Owners occupying full-time homes in the Subdivision equals the total number of votes outstanding in the Class B membership and the Declarant surrenders its right to annex any Additional Property to the Property pursuant to these Bylaws;
- (b) upon the expiration of five (5) full years after the registration of this Declaration;
- (c) Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots by written instrument recorded in the Iredell County Register of Deeds.

Section 8. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one third (1/3) of the votes appurtenant to the Lots (or to the Boatslip Lots, if a meeting of the Members owning Boatslip Lots) shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 10. Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of no less than two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of the Members.

Section 11. Action by Members Owning Boatslip Lots. Except as otherwise provided in the Articles of Incorporation, the Declaration or the Bylaws, any act or decision approved by a vote of no less than two-thirds (2/3) of all votes present at a duly held meeting of the Members owning Boatslip Lots at which a quorum is present shall be regarded as the act of such Members.

Section 12. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members or Members owning Boatslip Lots in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members or Members owning Boatslip Lots shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, or if all the Members owning Boatslip Lots are present at a meeting of such Members, no notice shall be required and any business may be transacted at such meeting.

Section 13. Informal Action by Members. Any action which may be taken at a meeting of the Members or Members owning Boatslip Lots may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The business and affairs of the Association shall be managed by a Board of three directors, who need not be Members of the Association.

Section 2. Initial Directors. The initial directors shall be selected by the Declarant. Such initial directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Office of the Register of Deeds of

Iredell County until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in the Office of the Register of Deeds of Iredell County until such time as their successors are duly elected and qualified are as follows:

| <u>Name</u> | <u>Address</u> |
|---------------------------|--|
| <u>J. Franklin Martin</u> | 227 W. Trade Street, Suite 2370 Charlotte, North Carolina 28202 |
| <u>Scott A. Stover</u> | 227 W. Trade Street, Suite 2370 Charlotte, North Carolina 28202 |
| <u>Lana C. Hathaway</u> | 227 W. Trade Street, Suite 2370 Charlotte, North Carolina 28202 |

Section 3. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the first meeting of the Members. After the first election of directors, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election. Except as provided in Section 6 of this Article IV, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Term of Office. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the first annual meeting of the Members, the Members shall elect one (1) member of the Board of Directors for a term of three (3) years, who shall be the person receiving the largest number of votes, one (1) Member of the Board of Directors for a term of two (2) years, who shall be the person receiving the second largest number of votes, and one (1) Member of the Board of Directors for a term of one (1) year, who shall be the person receiving the third largest number of votes. At all annual elections thereafter, a director shall be elected by the Members to succeed that director whose term then expires. Nothing herein contained shall be construed to prevent the election of a director to succeed himself.

Section 6. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Meetings of the Board of Directors shall be held on a regular basis as often as the Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 6. Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board 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 Bylaws. 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, except to the extent that they are Owner(s).

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, including but not limited to, Piers, Boatslips, Boat Storage Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a Member, including the rights to use the Common Area (and all improvements thereon), Piers and Boatslips (and all improvements thereon), and Boat Storage Area (and all improvements thereon), during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice of hearing, for a period not to exceed sixty days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not

reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties;

(f) employ attorneys to represent the Association when deemed necessary;

(g) grant easements for the installation and maintenance of sewer or water lines and other utilities or drainage facilities upon, over, under and across the Common Areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Property;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient;

(i) do anything necessary or desirable, including, but not limited to, establishing any rules or regulations which the Association deems necessary to carry out the purposes of the Association as set forth herein or as permitted by law;

(j) enforce the provisions of the Declaration and any one or more Amendment or Supplementary Declaration and any rules or regulations made hereunder or thereunder and to enjoin and/or, at its discretion, seek damages or other relief for violation of such provisions or rules and/or by Special Individual Assessments against any Owner for violation of such provisions, rules or regulations pursuant to the provisions of the Declaration; and

(k) to levy assessments as more particularly set forth in the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to at least one-third (1/3) of the votes appurtenant to the Lots;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration:

(1) fix the amount of the Annual, Special, Special Individual, Annual Boatslip, Supplemental Boatslip and Special Boatslip Assessments, as defined in the Declaration, against each Lot at least thirty (30) days before January 1 of each fiscal year;

(2) send written notice of each assessment to every Owner subject thereto before its due date and before January 1 of each year;

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid (reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment);

(e) procure and maintain adequate liability insurance covering the Association and the directors and officers thereof and adequate hazard insurance on the property owned by the Association, and to divide appropriate portions of such related costs between the applicable assessments described in the Declaration;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Areas to be maintained, and if damaged, to repair or replace such Common Areas (and any improvements located thereon) as they see fit.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may elect from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one

(1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4, Article VII hereof.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 9. Duties. The duties of the officers are as follows:

President

(a) The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Members, shall keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, shall keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual, Special and Special Individual Assessments, and each Owner of a Boatslip Lot is obligated to pay to the Association Boatslip, Supplemental Boatslip, and Special Boatslip Assessments, as defined in the Declaration. Any assessments which are not paid when due shall be delinquent. If an assessment is not paid by its due date, as set forth in the Declaration, the assessment shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less, plus such late charge as may be established by the Board, and the Association may bring an action at law against the Member personally obligated to pay the same. The late charges, costs of collection and reasonable attorneys' fees related to any such action shall be added to the amount of such assessment, all in accordance with the provisions of the Declaration. No Member may waive or otherwise escape liability for the assessments provided for herein by non-use of the Property.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words WINSLOW BAY OWNERS ASSOCIATION, INC.

ARTICLE XII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of at least two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.

Notwithstanding anything in this Section 1 to the contrary, the Class B Member may at its option amend these Bylaws without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause these Bylaws to comply with the requirements of the FHA, VA, Federal National Mortgage Association or similar agency.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall

control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS, AND OFFICERS

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director or officer of the Association, or is or was serving at

the request of the Association as a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article XIV, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable State or Federal law.

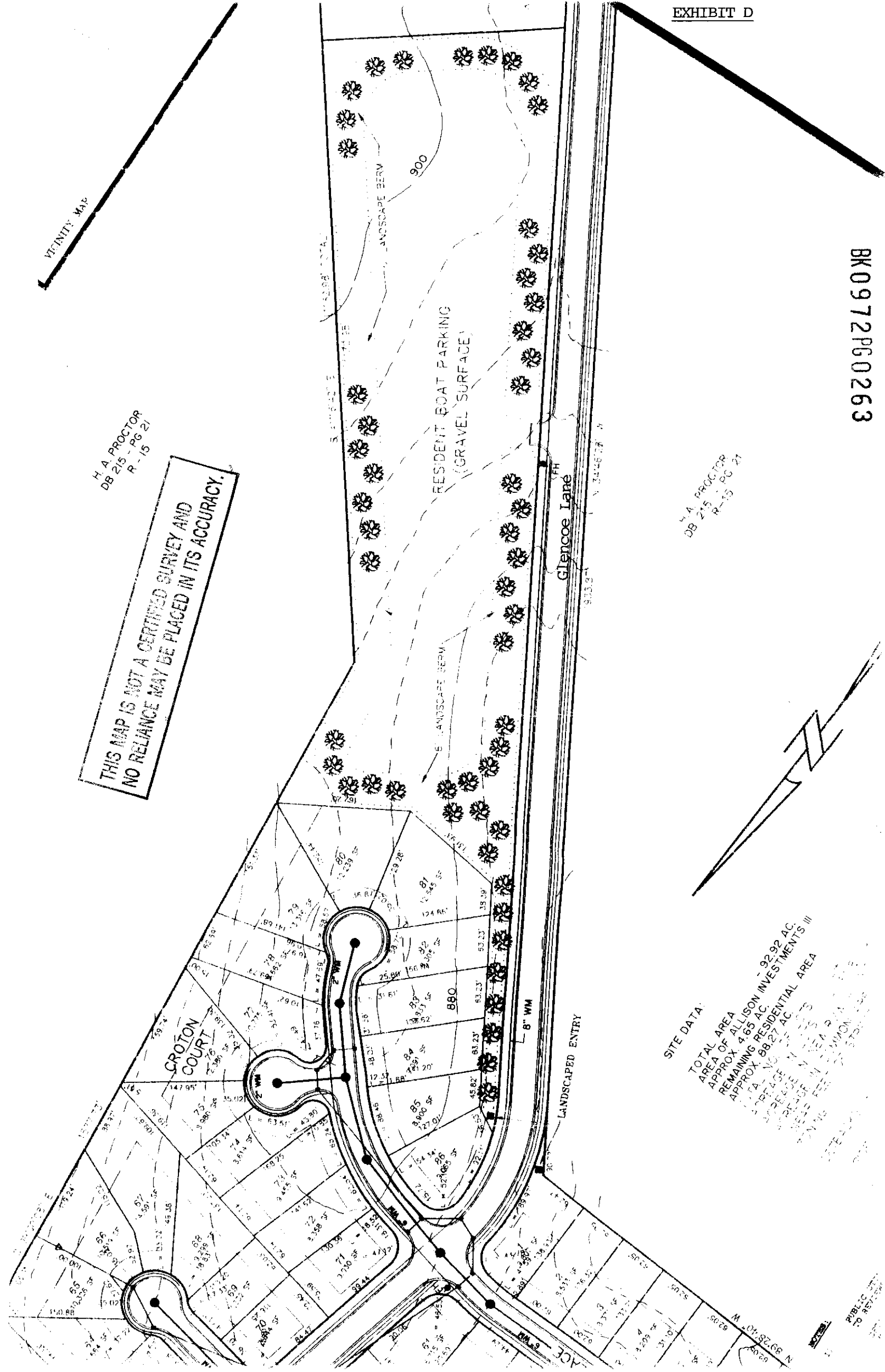
VINITY MAP

H. A. PROCTOR
DB 215 - PG 21
R - 15

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

H. A. PROCTOR
DB 215 - PG 21
R - 15

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SITE DATA:

| | |
|---------------------------------|-------------------|
| TOTAL AREA | APPROX. 92.92 AC. |
| AREA OF ALLISON INVESTMENTS III | APPROX. 4.65 AC. |
| REMAINING RESIDENTIAL AREA | APPROX. 88.27 AC. |
| AREA OF VEA DEVELOPMENTS | APPROX. 7.00 AC. |
| AREA OF VEA INVESTMENTS III | APPROX. 2.00 AC. |

DATE: 11/15/08
SCALE: AS SHOWN
PUBLIC TO BE REVIEWED