

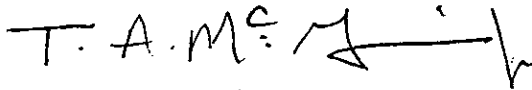
November 9, 1991

To: King Cove Homeowners

Re: o Modifications to Declaration of Covenants,  
Conditions, and Restrictions  
o Modifications to Bylaws of Homeowners Association  
o Modifications to Articles of Incorporation

Dear Homeowner,

Attached you will find a copy of the existing documents mentioned above, and a copy of proposed changes to these documents. The purpose of these changes is to bring King Cove Phase II within the scope of these documents. To assist you with your review, I have circled letters A-V in the margins of both documents wherever there is a need to refer to the old document when reviewing the new one. After allowing time for you to review these documents I will be contacting you to answer questions and obtain your approval. Thanks for your help.

A handwritten signature in dark ink, appearing to read 'T. A. McGuire', followed by a stylized flourish or checkmark.

T. A. McGuire  
TAM Development Corporation

INDEX

TO DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS

	Page
I. Definitions	2
II. Property Subject To This Declaration	3
III. Property Rights	4
IV. The Association	5
V. Covenant for Assessments	7
VI. Architectural Control	11
VII. Restrictions	14
VIII. Easements	18
IX. Insurance	20
X. Rights of Mortgagees	23
XI. Condemnation	24
XII. General Provisions	25

DRAWN BY AND RETURN TO  
A. GRANT WHITNEY, JR.  
2600 CHARLOTTE PLAZA  
CHARLOTTE, NC 28244

DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS

KING COVE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made this 21 day of OCTOBER, 1988 by TAM DEVELOPMENT CORPORATION, a North Carolina corporation, hereinafter referred to as "Declarant".

STATEMENT OF PURPOSE

Declarant is the owner of certain property in Lincoln County, North Carolina, which is more particularly described on that certain map recorded in Map Book F, Page 226 of the Lincoln County Public Registry (except Lot 2 shown on said map). Declarant desires to create on the property shown on said map an exclusive residential community of single-family residences to be named KING COVE (the "Development").

Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Development, and to provide for the maintenance and upkeep of all common areas within the Development. To this end the Declarant desires to subject the real property described herein, together with such additions as may hereafter be made thereto, to the covenants, conditions, 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 the Development, 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 the Development, to insure the residents' enjoyment of the specific rights, privileges and easements in the common area and to provide for the maintenance and upkeep of the common area and other common amenities.

To that end the Declarant has or will cause to be incorporated under North Carolina law, pursuant to the Articles of Incorporation attached hereto as Exhibit "B" and incorporated herein by reference, KING COVE OWNERS' ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached hereto as Exhibit "C" and incorporated herein by reference.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare 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, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the property and be binding on all parties owning any right, title or interest in said property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

DRAWN BY AND RETURN TO  
A. GRANT WHITNEY, JR.  
2600 CHARLOTTE PLAZA  
CHARLOTTE, NC 28244

## ARTICLE I

### DEFINITIONS

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

(K) Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area labeled as "Common Area" on the Maps and privately maintained roads and cul-de-sacs as shown thereon, if any. The Common Area shall be for the use and benefit of the Owners of the Lots shown on Map Book F, Page 226, Lincoln County Public Registry and for the use and benefit of the Owners of Lots which may be created by Declarant out of the parcel of land adjacent thereto, which parcel is more particularly described in Exhibit "A" hereto and to which reference is hereby made; however, no more than fifteen (15) lots shall be created out of said parcel. For the Owners of Lots shown on Map Book F, Page 226, Lincoln County Public Registry only, the Common Area shall also include the pier and boatslips to be constructed over the waters of Lake Norman subject to individual Lot Owners' exclusive rights to use specified boatslips. Declarant reserves the right to grant to one (1) Lot Owner created out of the parcel described in Exhibit "A" the exclusive right to use one (1) specified boatslip.

Section 3. "Declarant" shall mean and refer to TAM Development Corporation and also shall mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by TAM Development Corporation hereafter when such designee becomes vested with title to two or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to TAM Development Corporation shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and unconveyed), but no longer.

(L) Section 4. "Development" shall mean and refer to King Cove, a single-family residential development proposed to be developed on the Properties by the Declarant.

Section 5. "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.

(M) Section 6. "Maps" shall mean and refer to the map recorded in Map Book F, Page 226 in the Lincoln County, North Carolina, Public Registry and any map of the Properties constituting Additional Properties (if they are annexed pursuant to Article II hereof) which may be recorded by Declarant in the Lincoln County, North Carolina, Public Registry hereafter.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 9. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the Declarant if it owns any Lot and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Properties" shall mean and refer to the property described on Map Book F, Page 226, Lincoln County Public Registry and Additional Properties dedicated in additional phases as described in Section 1 and Section 2 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 KING COVE OWNERS' ASSOCIATION, INC.

Section 1. Initial Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Lincoln County, North Carolina, is more particularly described and shown on the Maps recorded in Map Book F, Page 226 in the Lincoln County Public Registry ("Initial Property").

#### Section 2. Additional Property.

(a) The real property described on Exhibit "A" attached hereto and incorporated herein by reference (the "Additional 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 five years after the date of the filing of this instrument and (ii) no more than fifteen (15) additional Lots are added by such annexations.

(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 Property in the Lincoln County, North Carolina, Public Registry which shall extend the scheme of this Declaration and the jurisdiction of the Association to such property 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 Lincoln 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 Property to pay the assessments described in Article V hereof shall commence upon the filing of the Supplementary Declaration in the Lincoln County, North Carolina, Public Registry annexing such portion or upon the

issuance of a certificate of occupancy for improvements to be constructed upon the Owner's particular Lot, whichever occurs later. The Owners of such Lots shall have the same voting rights as the Owners of Lots in the Initial Property, and such voting rights shall commence as of the date such Owners become obligated to pay assessments.

(d) Declarant covenants that future improvements on Lots added to the Development by Supplementary Declarations shall be substantially similar in external appearance and general quality of construction with the existing standards of the Development.

(e) Nothing contained in this Declaration shall prohibit or limit the right of TAM Development Corporation, other parties, or their respective heirs, successors and assigns, from developing land adjacent to the land which is the subject to this Declaration or from extending the street(s) or road(s) in the Development to adjacent property or properties. TAM Development Corporation specifically reserves the fee simple ownership of that certain parcel designated "50' Road Easement" shown on Map Book F, Page 226, Lincoln County Public Registry (hereinafter called the "Road Parcel"). Owners of Lots in the Development shall have no right to use the Road Parcel. TAM Development Corporation, for itself, and its successors and assigns in title, further specifically reserves the right of ingress, egress and regress over and across the Road Parcel for pedestrian and vehicular traffic and the right (but without implying an obligation) to convey and/or dedicate the Road Parcel to appropriate governmental authorities having jurisdiction over streets and roads and/or the right to obtain acceptance of dedication for such Road Parcel.

### ARTICLE III

#### PROPERTY RIGHTS

Section 1. Ownership of Common Areas. Declarant shall convey the Common Areas to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas, including cul-de-sacs and roads, if any, shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public; provided, however, that Declarant or the Association may offer such cul-de-sacs and roads for dedication to the appropriate governmental authorities. If accepted for dedication by such government authorities then the cul-de-sacs or roads shall then be considered dedicated to the use and enjoyment of the public.

Section 2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas which shall be appurtenant to and shall pass with the title to his Lot, subject to the following:

(a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the safety and rights to all Owners;

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

(c) the right of the Association to suspend the voting rights in the Association and the right of the Association to suspend the right to use the Common Areas by an Owner 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

(d) 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 VIII across the Common Area.

Section 3. Owners' Easements for Ingress and Egress. To the extent that the cul-de-sacs and roads have not been dedicated to the use and enjoyment of the public sufficient to provide access to a Lot, every Lot shall be conveyed with (and each Lot Owner is hereby conveyed) a perpetual, non-exclusive right to use any cul-de-sac or roadway which may be constructed by the Declarant and conveyed to the Association as part of the Common Area for the purpose of providing access to and from each Lot. Upon dedication and acceptance of such cul-de-sacs and roadways, these easement rights shall terminate with respect thereto.

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 "C"), 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.

#### ARTICLE IV

#### 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. 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. 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. The Declarant shall be entitled to nine (9) votes for each Class B Lot owned by it.

Section 3. Relinquishment of Control. Upon the expiration of three (3) full years after the registration of this Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier time.

Section 4. 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 5. 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.

Section 6. Maintenance. Certain features that are deemed common amenities, being of benefit to all Lots, shall be maintained exclusively by the Association. Said common amenities include, without limitation, the Common Area(s) shown on the maps and private roads, streets and landscaping of Common Areas and maintenance of signage, planter(s) and landscaping at the entrance to the Development. 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.

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

The Association shall maintain the dock and boatslips hereinafter mentioned in Section 9 of this Article IV in accordance with said Section 9.

Section 7. Working Capital Fund. The Association shall establish a working capital fund equal to at least the aggregate annual assessment (as described in Article V hereof) for each Lot for a period of two (2) months. Each Lot's share of said working capital fund shall be collected and transferred to the Association at the time of the closing of the initial sale of each Lot by Declarant. The working capital fund shall be maintained in a separate account for the use and benefit of the Association and shall be used to meet unforeseen expenditures or to acquire furniture, equipment or services deemed necessary or desirable by the Board of Directors. All sums paid into the working capital fund are in addition to and not in lieu of regular assessments for common expenses.

Section 8. 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. Such reserve fund shall be maintained out of the annual assessments described in Section V hereof.

Section 9. Dock and Boatslips. The Association shall own, maintain, repair and, if destroyed, replace the pier and ten (10) boatslips constructed



over Lake Norman and attached to and adjoining the Common Area shown on map recorded in Map Book F, Page 226, Lincoln County Public Registry; however, the maintenance and repair costs of the pier and boatslips shall be assessed in accordance with ARTICLE V hereof against only the Lot Owners having the exclusive rights to use the boatslips (the "Boatslip Assessment"). The Boatslip Assessment shall be in addition to and separate from the Annual Assessments and Special Assessments set forth in ARTICLE V of this Declaration.

In the initial deeds of the nine (9) Lots shown on map recorded in Map Book F, Page 226, Lincoln County Public Registry, Declarant shall designate one boatslip to apply to each Lot conveyed. Declarant, at its option, may also designate one (1) boatslip to apply to one (1) Lot within the Additional Property in the deed to such Lot, if such Additional Property is brought within the scheme of this Declaration. Such deed(s) shall provide that the grantee is granted the exclusive right to use the boatslip. Once designated in such initial deed(s), the exclusive right to use a particular boatslip shall not be separated from ownership, but rather shall run with the title to the Lot to which the boatslip is designated. Any deed, deed of trust, mortgage, transfer or other conveyance of such Lot shall also transfer or convey the right to use the boatslip, even if not expressly included therein.

The use of the pier and the boatslips is and shall be subject to each of the following:

- (a) Rules and regulations for use promulgated by the Association;
- (b) All laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon; and
- (c) Rules and regulations for use by Duke Power Company, its successors and assigns.

The Assessments for the pier and boatslip shall be liens and charges against both the Lot to which the boatslip is designated and the right to use the boatslip itself. In the event that an Owner defaults under either the Annual Assessments or the Special Assessments or the boatslip assessment, or any or all of them, then the Association shall have all remedies available to it under this Declaration and its Exhibits against both the Lot and the boatslip together.

The boatslips may only be used by the Owner(s) of the Lot(s) to which such boatslip(s) are designated, or their guests or invitees. The pier may only be used by the foregoing parties who are entitled to use the boatslips.

## ARTICLE V

### COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements, established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's

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 attorney's 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. Each of the incidents of the Annual Assessments and Special Assessments contained in this Declaration shall apply to the Boatslip Assessments, except that the Boatslip Assessments apply solely to those Owners having the right to use a boatslip and their respective Lots.

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

- (a) to maintain all private roads, cul-de-sacs, sidewalks and portions of public roads not maintained by governmental authorities constructed within the Common Areas to the standard of maintenance (if one is ascertainable) which would be required by the State of North Carolina before it would accept such roads for maintenance; provided that this provision does not require that the width of the road rights-of-way be the width required before such roads would be accepted by the State of North Carolina for maintenance nor does it require curb and gutter to be installed or maintained in accordance with such standards;
- (b) to maintain any and all lighting fixtures, poles, wires and other facilities, drainage, pipes, inlets, basins, ditches, swales and other facilities installed upon the Common Areas;
- (c) to keep all Common Areas clean and free from debris and to maintain same in a clean and orderly condition, and to maintain the landscaping therein in accordance with the highest standards for private parks, including any necessary removal and replacement of landscaping;
- (d) to pay all ad valorem taxes levied against the Common Area and any property owned by the Association;
- (e) to pay the premiums on all insurance carried by the Association 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;
- (g) to provide such garbage removal services as may be approved by the Association for all Lots; and
- (h) to maintain a contingency reserve equal to 10% of the sum of the amounts described in subsections (a) through (g) above in order to fund unanticipated expenses of the Association.

Section 3. Maximum Annual Assessment. Until January 1 of the calendar year following the conveyance of the first Lot by the Declarant to another

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Owner, the maximum annual assessment shall be One Hundred Dollars (\$100.00), provided there shall be no annual assessments until required by the Board.

(a) The maximum annual assessments established above may be increased, effective January 1 of each calendar year following the conveyance of the first Lot by the Declarant to another Owner, without a vote of the membership by an amount of ten percent (10%) per year over the previous year, or 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, U.S. City Average, All Items (1976-100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. 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. If the annual assessment is not increased by the maximum amount permitted under terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the assessment may be increased by that amount in a future year at the election of all members of the Board of Directors without a vote of the membership, in addition to the maximum increase permitted under the terms of the preceding sentence.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds (2/3) 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 amounts not in excess of the maximum. If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by majority vote, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

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, and the common roadways and cul-de-sacs 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 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 seventy-five percent (75%) 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 each Lot as elected by the Board. The first annual assessment shall be adjusted and prorated 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. Special Assessments Regarding Damage to Common Property. In addition to the powers for assessments set forth herein, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner responsible for damage to Common Property through intentional conduct or any act or omission of himself, members of his family, his agents, guests, employees or invitees.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 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 of the Association 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 interest, late payment charge, costs and reasonable attorney's fees of 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 or abandoning his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to 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 annual or a special assessment, as applicable, collectable pro rata from all Owners including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portions may cause the annual assessment to be in excess of the maximum permitted under

Section 3. 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 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 Board of Directors of the Association, or by an architectural committee composed of two (2) or more representatives appointed by the Board (the "Committee"). In the event said Board or 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, carport, tool shed, storage or utility building, wellhouse, guest quarters, detached servants' quarters or other similar building constructed on a Lot or incidental thereto 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 servants' quarters and guest quarters; and

(d) "improvements" or "structures" mean buildings, walls, fences, decks, patios, planters, terraces, swimming pools, tennis courts or anything else constructed or placed on a Lot.

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

(a) Every dwelling constructed on a Lot shall contain the minimum number of square feet of fully enclosed floor space as follows:

1,600 square feet for one story dwellings;

1,800 square feet for two story dwellings with at least 900 square feet on the first floor; and

1,650 square feet for one and one-half story dwellings with at least 1,100 square feet on the first floor.

For purposes hereof, the "fully enclosed floor area" of a dwelling shall (i) include any screened porch if the roof thereof forms an integral part of the roof line of the main dwelling or if such screened porch is on the first story or level of a multi-story building and (ii) exclude decks, patios, terraces, attached garages and carports, accessory buildings and roofed or unroofed but unscreened porches.

If a dwelling incorporates a basement, such basement shall not be considered a "level" or "story" and the level of the dwelling immediately above the basement shall be considered the "first level" or "first story" of such dwelling for purposes of this subsection (a) of this Section 3.

(b) No basement shall be incorporated in a dwelling to be constructed upon a Lot unless such basement is constructed substantially beneath or under the ground upon which the dwelling is located. Notwithstanding anything herein to the contrary, no one and one-half story dwelling or two story dwelling shall include a basement unless (i) the Committee determines that such dwelling is to be located on a Lot where the terrain is suitable for the construction of such basement substantially beneath or under the ground comprising such Lot; and (ii) the Committee determines that the construction of such two story dwelling with a basement would not detract from the general scheme of the Development.

(c) Since the establishment of standard inflexible building set back lines for 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 set back lines are established by these covenants except as shown on the Maps. In order to assure, however, that location of the 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, and the location of large trees, the Declarant reserves unto itself, its successors and assigns (or, if control by Declarant has been relinquished pursuant to ARTICLE IV, Section 3 of this Declaration, the Board of Directors of the Association or the duly appointed Committee), 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 subdivision; 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 set back lines established on the Maps, if any.

(d) All storage areas and facilities must be screened and hidden from view;

(e) 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.

(f) 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.

(g) All driveways, turning areas and parking areas shall be surfaced asphalt or concrete and must be completed prior to the occupancy of any dwelling on the Lot. If any driveway is to cross a drainage ditch, the Owner will be required to install, at his own expense, all necessary culverts and coverings prior to the commencement of any other construction on the Lot. The installation of the culvert and any covering must be approved by the Committee. All driveways shall connect to streets or roads within the Development. No driveway shall connect to State Road 1395.

(h) The minimum roof pitch for buildings within the Development shall be 6/12 (27 degrees). The minimum roof overhang for buildings within the Development shall be eighteen (18) inches.

(i) No piers, floating docks or boatslips shall be constructed upon or attached to any Lot either permanently or temporarily.

(j) Any irrigation system(s) constructed on the Lot(s) so as to use water from Lake Norman must be approved in writing by the Board of Directors or the Committee prior to installation or use. Such irrigation system shall also be subject to laws, ordinances, rules and regulations governing same.

(k) No modular homes or mobile home shall be placed, constructed or erected on any of the Lots or in the Development, except by Declarant for a temporary office in connection with the marketing and sale of the Lots.

Section 4. Approval of Plans, Specifications, and Construction. In addition to the requirements imposed by all applicable governmental agencies governing the issuance of building permits and certificates of occupancy, no structure shall be erected on any Lot without the approval of the Committee as provided in this section.

(a) Prior to commencing any construction or reconstruction on a Lot, the Owner thereof shall submit to the Committee two sets of all building plans and specifications (the "Plans") covering such construction which have been prepared by a qualified registered architect or reviewed and approved by a registered architect for the specific use of the Owner submitting the same. The Plans shall contain the following: (i) foundation plans, (ii) elevation drawings of all exterior walls, (iii) roof plan, (iv) plot plan showing location and orientation of all structures proposed to be built on the Lot, (v) the square footage of the proposed structures on a floor by floor basis, (vi) on-site sewage and water facilities, or, if central water is available to the Lot, how the proposed structure will be connected to such central water facilities, and (vii) the location of any driveway, and, where the driveway is to cross a drainage ditch adjacent to any roadway, the installation of the culvert and covering to be used under the proposed driveway.

(b) At the time of the submission of the Plans, the Owner shall also submit samples of all proposed building materials as may be requested by the Committee.

(c) The Committee shall have the absolute and exclusive right to refuse to approve the proposed Plans. In passing upon such Plans and samples, the Committee may take into consideration the suitability and desirability of the proposed construction and the proposed materials to the Lot involved, and the harmony of the external design with the natural features and the existing structures of the surrounding neighborhood and the appearance of such proposed improvements as viewed from neighboring Lots. Refusal to approve the proposed Plans may be based by the Committee on any grounds, including purely aesthetic considerations. If the Committee approves the construction of such improvements, it shall issue a letter evidencing such approval. No alterations in the external appearance of any structure shall be made without approval by the Committee as provided herein; provided, however, that no approval by the committee granted hereunder shall constitute or be construed as approval by Declarant or any other person of the structural stability or quality of any structure.

(d) Upon completion of approved construction, the Committee shall inspect the construction to insure that the approved Plans and samples were complied with by the Owner. No structure may be occupied or used until the issuance by the Committee of a letter of compliance. The letter of compliance shall be issued by the Committee without fee; provided, however, that in the event that the Committee's first inspection of the construction reveals deviations or deficiencies from the approved Plans and samples, the Committee may charge a fee of \$50 for every subsequent inspection which is necessary to insure compliance with the approved Plans and samples. Any such fee must be paid before the issuance of the compliance letter.

(e) If an Owner occupies or uses a structure constructed upon a Lot without a letter of compliance, the Committee may levy a fine of up to One Hundred Dollars (\$100.00) per day for each day of such occupancy or use and said fine will be collectable by Declarant together with interest at the then current "prime rate" of interest announced and published from time to time by Lincoln Bank of North Carolina, said rate to change as the prime rate changes.

## ARTICLE VII

### RESTRICTIONS

Section 1. Use. All Lots, boatslips and the pier 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, which may include a detached private garage, provided that such building is not used for any activity normally conducted as a business. Provided, however, Declarant 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 and other regulations applicable to his Lot.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot, or in the Common Areas or in any dwelling, nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

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 controlled and 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 Board.

Section 6. Tanks. No exposed above-ground water or fuel tanks will be permitted to be located on any Lot.

Section 7. Wells. Except with the prior written approval and permission of the Board, no well shall be sunk or drilled on any Lot.

Section 8. Antennas. No outside radio transmission tower or receiving antenna shall be erected by any Owner and no outdoor television antenna (including "dish" antenna) may be erected or installed if cable television is available. If cable television service is not available, then a customary outdoor television receiving antenna (but not a "dish" antenna) may be installed with the prior approval of the Board. Such outdoor antenna shall thereafter be removed by the Owner if cable television shall later become available.

Section 9. Sewage Disposal. No privies or outside toilet facilities shall be constructed or maintained on any Lot without the prior written approval of the Board. Any individual sewage disposal system (i.e. septic tank) or water system permitted by the Board shall be of a type approved and recommended by the state and local Departments of Health and shall be maintained by each Owner at all times in the proper sanitary condition in accordance with the applicable state and county sanitation laws. Upon completion of such approved facilities, all plumbing and other sanitary systems, as installed, must be approved by state and local health officials.

Section 10. Utilities. All residential utility service lines to the Lots shall be underground; provided, however, that this restriction shall not be construed to prohibit the installation or construction of one or more central utility service relay towers in the event such is deemed necessary in the Board's sole discretion. Further, certain amenities such as utilities transformers, trash containers, mail boxes, lighting facilities, utilities meters, drainage pipes, ditches and swales, storm drains and easements may be located and maintained on the Lots (even though they may serve several other Lots) and the Association and others benefitting from such items shall have non-exclusive easements over the Lots for the installation, maintenance and use of same.

Section 11. Mailboxes. No mailboxes may be placed upon any Lot or attached to any structure unless required by the U.S. Postal Service except as originally installed by Declarant or approved by the Board of Directors of the Association. If so required, all mailboxes shall be attached to the main dwelling structure or shall be of a type consistent with the character of the Development and shall be placed and maintained to compliment the houses in the neighborhood.

Section 12. 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. All damages to the Common Areas intentionally or negligently caused by any Owner, his family, guests, agents, servants, lessees, employees or contractors shall be promptly repaired by such Owner at his sole cost and expense; provided, however, that if such repairs are necessitated by casualties insured against by the Association then, to the extent the Association receives insurance proceeds for such repairs, the cost thereof shall be borne by the Association.

Section 13. 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 situate 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 14. 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 15. Signs. No signs or other advertising devices shall be displayed upon any Lot or on the Common Area, or in the facilities thereon, without prior written permission of the Board of Directors of the Association. Declarant, however, may post temporary for sale signs on the Properties until such time as all Lots owned by Declarant have been sold.

Section 16. Garbage Disposal. Unless otherwise provided herein, all garbage shall be stored within the residence of each Owner and no Owner may change or supplement the garbage disposal facilities (if any) provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with public rules and regulations.

Section 17. Maintenance. The owner of each Lot is responsible for maintaining the exterior of the residential improvements thereon as well as the Lot itself. All owners shall keep their respective Lots free of all tall grass, undergrowth, dead, diseased or decaying trees, weeds, trash, rubbish and debris, and to keep their Lots in a neat and attractive condition. All residential improvements shall be maintained in a clean, neat and orderly condition and in a good state of maintenance and repair.

Section 18. 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 Board of Directors of the Association.

Section 19. Vehicles and Parking. There shall be no parking on any street, public or private, except where specifically designated by the Association. Parking is permitted in conjunction with each Lot only within the driveway serving said Lot. No truck over three-fourth (3/4) ton capacity shall be parked for storage overnight on any Lot so as to be visible to the occupants of other Lots, the users of any streets, or from any Common Areas. No boat, motor home, travel trailer or other recreational vehicle or any unlicensed vehicle may be stored for an extended period of time on any Lot unless visually screened from adjacent streets and Lots.

Section 20. 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 21. Subdivision. No Lot shall be subdivided or its boundary lines changed without the written consent of the Declarant. However, the Declarant hereby expressly reserves to itself, its successors and assigns, the right to replat any two (2) or more Lots shown on the Maps of the development provided that no Lot originally shown on any Map is reduced by more than 20% of its original size.

Section 22. Leasing. No building on any Lot may be leased except in accordance with rules and regulations promulgated by the Association.

Section 23. Hazardous Activities. Nothing shall be done or kept on any Lot or in the Common Area which will increase the rate of insurance on the Common Area or any other Lot without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept on his Lot or in the Common Area which would result in the cancellation of insurance on any part of the Common Area, or which would be in violation of any law.

Section 24. 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 Board of Directors of the Association.

Section 25. 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; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the Owners before the same shall become effective. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

Section 26. 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 together with interest at the prime rate described above until paid.

## ARTICLE VIII

### EASEMENTS

Section 1. Easements Reserved by Declarant. Declarant reserves easements for the installation and maintenance of driveways, walkways, parking areas, water lines, telephone and electric power lines, cable television lines, sanitary sewer and storm drainage facilities, pumping and lift stations, drainage ditches and for other utility installations over the Properties and Common Area (including the pier and the boatslips). Included in this reservation is the right to locate sewer pipes and facilities along and with side, rear and front boundary lines of each Lot. Each Owner, by his acceptance of a deed to a Lot, and the Association by its acceptance of a deed to the Common Area, acknowledges such reservation and the right 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.

Certain easements reserved by the Declarant and the Association for the benefit of themselves and others are or may be shown on the Maps. Declarant further reserves the right to locate wells, pumping stations, lift stations and tanks and other items as prescribed above within any Common Areas or any residential Lot designated for such use on any Map or upon any Lot adjacent to such designated Lot with the permission of the Owner of such adjacent Lot.

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, retainage 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 or use 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, or which may otherwise interfere with the enjoyment of the easements for their intended purposes. In addition, the Declarant and the Association 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 maintenance and

landscaping all of the Common Area. The amount, manner and maintenance of said 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.

Section 3. Encroachments. Each Owner of a Lot with an exterior wall, roof or eave, including overhangs, a fence, concrete walk or concrete patio which encroaches on the Common Area owned by the Association and/or the unimproved portion of a Lot of another Lot Owner shall have an easement over that portion of the Common Area or adjacent Lot affected by the encroaching wall, roof, eave, fence, walk or patio for the purpose of using said portion of the Common Area or adjacent Lot for his own benefit and for the purpose of maintaining the encroaching structure in good condition and repair. In the event of a wall, roof, eave and/or fence encroachment, it shall be the responsibility of the Owner thereof to maintain the encroaching wall, roof, eave and/or fence in good condition and repair unless said responsibility is that of the Association as is provided in this Declaration. Notwithstanding anything above to the contrary, this provision does not authorize any encroachments except those which exist by virtue of original construction by the Declarant or with Declarant's express approval.

Section 4. Easements for Shared Facilities. The Board of Directors may hereafter grant and accept, and Declarant hereby reserves unto itself, its successors and assigns, easements and other rights for the benefit of the Development and also for the benefit of all of Declarant's adjacent or other land and any other property now, formerly or hereafter owned by Declarant, to be developed as single family lots, apartments, condominiums, townhouses for sale, or planned unit developments (whether under separate declaration(s) of condominium or separate declaration(s) of covenants, conditions, restrictions and easements) or otherwise, for the purpose of providing such benefits as shared recreational facilities and amenities, reasonable access for pedestrian and vehicular traffic, open areas, green spaces, park lands and other shared uses in, along and over any portion of the Common Area; provided, however, that the rights herein reserved by Declarant for itself, its successors and assigns in, along or over the Common Area of the Development for the benefit of adjacent or other property now or hereafter owned or acquired by Declarant, shall not be available to Declarant or any successor or assign of Declarant unless Declarant and such successor or assign shall agree or be bound, as evidenced by an instrument in writing in recordable form, to share with the Lot Owners of the Development in the expenses of operation, maintenance, repair and replacement of the Common Area made available to Declarant and such successors and assigns of Declarant based upon the total number of dwelling units which are or will be entitled to the use and benefit of such Common Area; provided, further, that the obligations to be incurred in connection therewith shall not accrue or be incurred or due until the date such parties are entitled to actual usage of the portions of the Common Area of the Development made available to such parties hereunder. Each Lot Owner hereby grants to the Board of Directors and Declarant an irrevocable, "durable" power of attorney (which shall survive incompetency) pursuant to Chapter 32A of the North Carolina General Statutes to execute, acknowledge and record for and in the name of each Lot Owner such instruments as may be necessary to effectuate the foregoing; provided, further, that the designation by Declarant on the Maps of an area dedicated for the use

of any of the foregoing purposes in connection with any adjacent or other land of Declarant, as hereinabove described, shall constitute the granting of such easement without the consent or joinder of any Lot Owner. In addition, Declarant hereby reserves for itself, its employees, agents, successors and assigns such easements over the Common Area for purposes of temporarily storing construction materials or parking vehicles and equipment in connection with the construction of improvements on adjacent or contiguous property owned by Declarant.

## ARTICLE IX

### 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 personal 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. Owners 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 herein 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 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 seventy-five percent (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 Lincoln County Public Registry.

Section 2. Board of Directors. \*The Board of Directors shall obtain and maintain at all times insurance 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

(vi) steam boiler coverage, if applicable.

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 carriers, 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: (i) 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 worker'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 Article V 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 cancelled 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 cancelled, 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 defect and the allowance of a reasonable time thereafter within which the defect 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 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 X

### RIGHTS OF MORTGAGEES

Section 1. Approval of Mortgagees. Unless at least seventy-five percent (75%) of the Mortgagees holding Mortgages on Lots located within the Properties 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, or the upkeep of lawns and plantings in the Development;

(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 100% of the insurable value as set forth in Article IX; 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 Common Area or other common amenities.

Section 2. Additional Rights. Any Mortgagee shall have the following rights, to wit:

(a) to be furnished at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year;

(b) to be given notice by the Association of the call of any meeting of the Association's membership, and to designate a representative to attend all such meetings;

(c) to be given prompt written notice of default under the Declaration, the Bylaws or any rules and regulations promulgated by the Association by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it may designate in writing;

(d) to be given prompt written notice of any casualty loss or loss by eminent domain or other taking of the Common Areas or any Lot encumbered by a Mortgage held by the Mortgagee;

(e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(f) to be given prompt written notice of any action which requires the consent of all or any portion of the Mortgagees as specified herein.

Whenever any Mortgagee desires the provisions of this Section to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Certified Mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Lot or Lots upon which any such Mortgagee holds any Mortgage or identifying any Lot owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee.

Section 3. Books and Records. Any Mortgagee will have the right to examine the books and records of the Association during any reasonable business hours.

Section 4. Payment of Taxes and Insurance Premiums. The Mortgagees 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 may 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.

## ARTICLE XI

### 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 with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Owners to represent their own interests. Each owner by his acceptance of a deed to a Lot, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or

settle on his behalf all claims arising from the condemnation of the Common Area. 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 improvements, fixtures or personal property thereon, 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. All compensation and damages for and on account of the taking of any one or more of the Lots, or improvements, fixtures or personal property thereon, 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 on the Lots.

## ARTICLE XII

### 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. Each Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Development against the Association.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration may be amended at any time and from time to time by an agreement signed by a majority of the Owners whose Lots are then subject thereto; provided, however, that such amendment must be consented to by Declarant so long as Declarant is the owner of any Lot in the Development. Any such amendment shall not become effective until the instrument evidencing such change has been filed of

record. Notwithstanding the foregoing, the consent of the Owners holding 67% of the votes in the Association and the approval of Mortgagees holding Mortgages on Lots to which at least 67% of the votes of the Association are appurtenant shall be required to terminate the legal status of the Association. The consent of the Owners having at least 67% of the votes in the Association and the approval of Mortgagees holding Mortgages on Lots to which at least 51% of the votes are appurtenant shall be required to add or amend any material provision of this Declaration which establish, provide for, govern or regulate any of the following:

- (a) voting;
- (b) assessments, assessment liens or subordinations of such liens;
- (c) reserves for maintenance, repair and replacement of the Common Areas;
- (d) insurance or fidelity bonds;
- (e) rights to use of the Common Areas;
- (f) responsibility for maintenance and repair of the Development;
- (g) expansion or contraction of the Development or the addition, annexation or withdrawal of property to or from the Declaration except as provided in Article II hereof;
- (h) boundaries of any Lot;
- (i) the interest in the Common Areas;
- (j) convertibility of Lots into Common Areas or of Common Areas into Lots;
- (k) leasing of Lots;
- (l) imposition of any right of first refusal or similar restriction on the right of any Lot Owner to sell, transfer, or otherwise convey his or her Lot;
- (m) any provisions which are for the express benefit of Mortgagees or insurers or guarantors of Mortgages.

An addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. A Mortgagee who receives a request to approve non-material additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 4. Duration. The covenants and restrictions of this Declaration shall run with and bind the land until January 1, 2009 after which time they shall be automatically extended for successive periods of ten (10) years.

IN WITNESS WHEREOF, the Declarant has 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.

ATTEST

Sharon B. McVie  
Secretary

TAM DEVELOPMENT CORPORATION

By: T.A. McVie  
President

[CORPORATE SEAL]

STATE OF NORTH CAROLINA

COUNTY OF Union

This 21st day of October, 1988, personally came before me T.A. McVie, Jr., who, being by me duly sworn, says that he is the \_\_\_\_\_ President of TAM DEVELOPMENT CORPORATION, a North Carolina corporation, and that the seal affixed to the foregoing instrument is the official seal of the Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said T.A. McVie, Jr. acknowledged the said writing to be the act and deed of said Corporation.

Linda S. Kuhn  
NOTARY PUBLIC

My Commission Expires:

2/26/92

[Affix Seal]

EXHIBIT "A"  
TO  
DECLARATION  
FOR  
KING COVE  
(Additional Property)

Lying and being in Lincoln County, North Carolina, and more particularly described as follows:

BEGINNING at a point in the right of way of S.R. 1393, a common corner with Sigmon (Deed Book 375, Page 429). From said beginning point, thence with the right of way of S.R. 1393, S. 87-21-00 E. 541.10 feet to a point; thence S. 00-45-00 W. 579.32 feet to a point; thence N. 78-58-22 W. 197.93 feet to a point; thence S. 1943 W. 176.44 feet to a point; thence with an arc with a circular curve to the left having a radius of 25 feet a distance of 39.27 feet to a point; thence N. 70-17-00 W. 142.39 feet to a point; thence with an arc with a curve to the left having a radius of 335 feet an arc distance of 142.24 feet to a point; thence with a arc with a circular curve to the right having a radius of 25 feet an arc distance of 38.4 feet to a point; thence with the easterly margin of S.R. 1395 in four courses as follows N. 08-40-18 W. 121.82 feet; thence N. 11-09-27 W. 63.44 feet; thence N. 15-25-38 W. 98.58 feet; thence N. 23-23-48 W. 103.45 feet to a point; thence leaving the easterly margin S.R. 1395 N. 19-01-00 E. 320.70 feet to the point in place of beginning. Containing 7.317 acres, more or less, and all is shown on a survey of said property by Raymond T. Buckner, Jr. N.C.R.L.S., dated September 15, 1988, to which reference is hereby made.

EXHIBIT "B"  
TO  
DECLARATION  
FOR  
KING COVE

True Copy of Articles of Incorporation for  
King Cove Owners' Association, Inc.

\*\*\*\*\*

See Rider #1 Attached

(Charter)

RIDER #1 TO  
EXHIBIT "B" TO  
DECLARATION

CHARTER

ARTICLES OF INCORPORATION  
OF  
KING COVE OWNERS' ASSOCIATION, INC.  
A NON-PROFIT CORPORATION

The undersigned natural person of the age of eighteen (18) years or more hereby forms a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, and to that end does hereby set forth:

1. The name of the Corporation is King Cove Owners' Association, Inc. (hereinafter referred to as the "Association").

2. The period of duration of the Association shall be perpetual.

3. The purposes for which the Association is organized are:

(a) To manage, maintain, operate, care for and administer King Cove (the "Development") as shall be described in a Declaration of Covenants, Conditions and Restriction, by TAM Development Corporation, a North Carolina corporation ("Declarant"), which said Declaration shall be recorded in the Office of the Register of Deeds for Lincoln County, North Carolina (such Declaration as the same may be amended from time to time being hereinafter referred to as the "Declaration"); to enforce the covenants, restrictions, easements, charges and liens provided in the Declaration to be enforced by the Association; to fix, levy, assess, collect, enforce and disburse the charges and assessments created under the Declaration, all in the manner set forth in and subject to the provisions of the Declaration; and to exercise all power and privileges and to perform all duties and obligations of the Association under the Declaration;

(b) To do any and all other lawful things and acts that the Association from time to time, in its discretion, may deem to be for the benefit of the Development and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants thereof; and

(c) To exercise all powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated purposes.

4. The Association is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Association shall be distributed, upon dissolution or otherwise, to any member, director or officer of the Association.



5. Provisions relating to the members of the Association, and the election and appointment of directors, are:

(a) Members of the Association shall be every Owner as defined in the Declaration and no other person or entity shall be entitled to membership.

(b) The voting rights of the Membership shall be appurtenant to the ownership of Lots (as defined in the Declaration). There shall be two classes of Lots with respect to voting rights:

(1) 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.

(2) Class B Lots. Class B Lots shall be Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. The Declarant shall be entitled to nine (9) votes for each Class B Lot owned by it.

(c) Upon the expiration of three (3) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier date.

(d) The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and by the Bylaws attached thereto. The term of the directors shall be as provided in the Bylaws.

(e) Membership of the Owners in the Association shall be appurtenant to and may not be separated from ownership of a Lot in the Development.

6. The address of the initial registered office of the Association is 2600 Charlotte Plaza, Charlotte, Mecklenburg County, North Carolina 28244, and the initial registered agent of the Association at such address is A. Grant Whitney, Jr.

7. The business and conduct of the Association shall be regulated by a Board of Directors who shall be elected in the manner and for the terms provided herein and in the Bylaws. The number of directors constituting the initial Board of Directors shall be three; and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Thomas A. McGuire, Jr.	1006 Hanover Drive Concord, North Carolina 28025
Sharon B. McGuire	1006 Hanover Drive Concord, North Carolina 28025
Thomas A. McGuire, Sr.	1424 Lakeshore Road, South Denver, North Carolina 28037

8. The incorporator of this Association is A. Grant Whitney, Jr., and his address is 2600 Charlotte Plaza, Charlotte, Mecklenburg County, North Carolina 28244.

IN TESTIMONY WHEREOF, the undersigned has set his hand and affixed his seal, this \_\_\_\_\_ day of \_\_\_\_\_, 1988.

\_\_\_\_\_  
A. Grant Whitney, Jr. (SEAL)

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

I, a Notary Public of the County and State aforesaid, certify that A. Grant Whitney, Jr., personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 1988.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

EXHIBIT "C"

TO  
DECLARATION  
FOR  
KING COVE

True Copy of Bylaws for  
King Cove Owners' Association, Inc.

\*\*\*\*\*

See Rider #1 Attached

RIDER #1 TO  
EXHIBIT "C" TO  
DECLARATION

BYLAWS  
OF  
KING COVE OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

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

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

ARTICLE II

DEFINITIONS

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

Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area labeled as "Common Area" on the Maps and privately maintained roads and cul-de-sacs as shown thereon, if any. The Common Area shall be for the use and benefit of the Owners of the Lots shown on Map Book F, Page 226, Lincoln County Public Registry and for the use and benefit of the Owners of Lots which may be created by Declarant out of the parcel of land adjacent thereto, which parcel is more particularly described in Exhibit "A" to the Declaration and to which reference is hereby made; however, no more than fifteen (15) lots shall be created out of said parcel. For the Owners of Lots shown on Map Book F, Page 226, Lincoln County Public Registry only, the Common Area shall also include the pier and boatslips to be constructed over the waters of Lake Norman subject to individual Lot Owners' exclusive rights to use specified boatslips. Declarant reserves the right to grant to one (1) Lot Owner created out of the parcel described in Exhibit "A" to the Declaration the exclusive right to use one (1) specified boatslip.

Section 3. "Declarant" shall mean and refer to TAM Development Corporation, and also shall mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by TAM Development Corporation, hereafter when such designee becomes vested with title to two or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to TAM Development Corporation, shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and unconveyed), but no longer.

C Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Lincoln County, North Carolina.

D Section 5. "Development" shall mean and refer to King Cove, a single-family residential development proposed to be developed on the Properties by the Declarant.

E Section 6. "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 or any street, road or cul-de-sac.

F Section 7. "Maps" shall mean and refer to the map recorded in Map Book F, Page 226, Lincoln County, North Carolina, Public Registry and any map of the Additional Property (if all or any part of said Additional Property are annexed pursuant to Article II of the Declaration) which may be recorded by Declarant in the Lincoln County, North Carolina, Public Registry hereafter.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 9. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 10. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the Declarant if it owns any Lot and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

G Section 12. "Properties" shall mean and refer to the "Initial Property" as described in Article II, Section 1, of the Declaration as well as any additional real estate which may hereafter be made subject to the Declaration and brought within the jurisdiction of the Association, as provided for in Article II, Section 2, of the Declaration.

### ARTICLE III

#### MEETING OF MEMBERS

H Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, P.M. 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. Place of Meetings. All meetings of the Members shall be held at such place, within Lincoln County, North Carolina, as shall be determined by the Board of Directors of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of the Members 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 10 days nor more than 50 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 5. 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. 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. The Declarant shall be entitled to nine (9) votes for each Class B Lot owned by it.

Section 6. Relinquishment of Control. Upon the expiration of three (3) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier date.

Section 7. 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 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, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 8. 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 9. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members 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 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, no notice shall be required and any business may be transacted at such meeting.

Section 10. Informal Action by Members. Any action which may be taken at a meeting of the Members 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. Term of Office. Each director shall serve for a term of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 3. Nomination. 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. Nominations at the first meeting will be from the floor. 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 5 of this Article, 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. 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 6. 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

### MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, 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 Area and facilities, 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 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 and hearing, for a period not to exceed 60 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 the 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 to prescribe their duties.

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

(g) Grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties; and

(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.

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, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year;

(2) Send written notice of each assessment to every Owner subject thereto at least fifteen (15) days 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. (A 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;

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

(g) Cause the Common Area to be maintained.

## 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 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 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 of this Article.

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; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; 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; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; 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 an Architectural Control Committee, as provided in the Declaration, and 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 and special assessments which are secured by a

continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, plus such late charge as may be established by the Board of Directors, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

## ARTICLE XI

### CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words KING COVE OWNERS' ASSOCIATION, NORTH CAROLINA, 1988.

## ARTICLE XII

### AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

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 day of January and end on the 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, OFFICERS AND OTHERS

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 negligence or misconduct in the performance of 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, 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 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, 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.

#### ARTICLE XV

#### ARBITRATION

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgment upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him or them. If the Director(s) or the Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he were an arbitrator appointed by both parties for that purpose, and his award in writing signed by him shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings hereunder shall be conducted in Charlotte, North Carolina.

CONSENT OF MEMBERS  
OF  
KING COVE OWNERS' ASSOCIATION, INC.  
TO  
ACTION IN LIEU OF MEETING

The undersigned, being all of the members of King Cove Owners' Association, Inc. (the "Association"), pursuant to Section 55A-33.1 of the North Carolina General Statutes, do hereby adopt the following resolution by signing their written consent thereto:

RESOLVED, that Paragraph (c) of Article Five (5) of the Association's charter is hereby stricken in its entirety.

RESOLVED, that the following language be substituted in lieu of the stricken language in Paragraph (c) of Article Five (5):

(A) "(c) Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier date."

FURTHER RESOLVED, that the appropriate officers of the Association be, and they hereby are, authorized, empowered and directed to execute and process Articles of Amendment to the Association's charter, a copy of which is attached hereto as Exhibit B and incorporated herein by reference, with the Secretary of State of North Carolina.

FURTHER RESOLVED, that the Bylaws of the Association be, and they hereby are, amended in accordance with that certain Amendment to Bylaws of King Cove Owners' Association, Inc., which is attached hereto as Exhibit C and incorporated herein by reference.

The undersigned, in adopting the foregoing resolutions by signing written consent thereto, do confirm, ratify and approve the acts stated in said resolutions and direct that this written consent be filed with the minutes and proceedings of the Association. Without otherwise limiting the generality of the foregoing, the resolutions hereinabove set forth shall be as effective as if adopted by unanimous vote of the undersigned at a meeting called pursuant to notice, all as required by the statutes of North Carolina governing same, and as required by the Bylaws of the Association, at which meeting each of the undersigned was present in person.

Effective this the \_\_\_\_\_ day of \_\_\_\_\_, 1991.

TAM DEVELOPMENT CORPORATION

By: \_\_\_\_\_ (SEAL)

CRESCENT RESOURCES, INC.

By: \_\_\_\_\_ (SEAL)

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AGW:4607

**EXHIBIT B**

**ARTICLES OF AMENDMENT TO CHARTER OF  
KING COVE OWNERS' ASSOCIATION, INC.**

The undersigned corporation hereby executes these Articles of Amendment for the purpose of amending its Charter:

1. The name of the corporation is King Cove Owners' Association, Inc.

2. The following amendments to the Charter of the corporation were adopted by unanimous vote of the corporation's members by consent to action in lieu of meeting, effective the \_\_\_\_ day of \_\_\_\_\_, 1991:

(a) Paragraph (c) of Article 5 of the Charter is hereby stricken in its entirety and the following language is to be substituted in lieu of the stricken language in Paragraph (c), Article 5:

"(c) Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion elects to convert the Class B Lots to Class A Lots at an earlier date."

IN WITNESS WHEREOF, these Articles of Amendment are signed by the \_\_\_\_ President and attested by the \_\_\_\_ Secretary of the corporation, this \_\_\_\_ day of \_\_\_\_\_, 1991.

KING COVE OWNERS' ASSOCIATION, INC.

Attest:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

STATE OF NORTH CAROLINA  
COUNTY OF CABARRUS

I, \_\_\_\_\_, a Notary Public in and for said County and State, do hereby certify that on this \_\_\_\_ day of \_\_\_\_\_, 1991, personally appeared before me \_\_\_\_\_ and \_\_\_\_\_, each of whom, being by me first duly sworn, declared that he signed the foregoing document in the capacity indicated, that he was authorized so to sign and that the statements therein contained are true.

\_\_\_\_\_  
Notary Public

[NOTARY SEAL]

My Commission expires: \_\_\_\_\_



**EXHIBIT C**

**AMENDMENT TO BYLAWS  
OF  
KING COVE OWNERS' ASSOCIATION, INC.**

The Bylaws of King Cove Owners' Association, Inc. ("Bylaws") which are attached to and made a part of that certain Declaration of Covenants, Conditions and Restrictions for King Cove recorded in Book 699, Page 819, Lincoln County Public Registry are hereby amended as follows:

(1) ARTICLE II, Section 2 of the Bylaws is amended to read:

(B) "Section 2. "Common Area" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area(s) labeled as "Common Area" or "Commons Area" on the Maps and privately maintained roads and cul-de-sacs as shown thereon, if any, and that certain Easement which was conveyed to TAM Development Corporation by that certain Easement Agreement recorded in Book 729, Page 432, Lincoln County Public Registry. The Common Area shall be for the use and benefit of all of the Owners of the Lots and for the use and benefit of the Owners of Lots which may be created by Declarant out of the Additional Property defined in Section 2 of Article II of the Declaration (as amended by the Amendment to which this Exhibit C is attached); however, no more than sixteen (16) lots shall be created out of the Additional Property. For the Owners of Lots in the Phase I Properties (as defined in the Amendment to which this Exhibit C is attached) only, the Common Area shall also include the pier and boatslips constructed or to be constructed over the waters of Lake Norman adjoining the "Commons Area" shown on Map Book F, Page 226, Lincoln County Public Registry (the "Phase 1 Pier and Boatslips") subject to individual Lot Owner's exclusive rights to use specified boatslips. For the Owners of Lots in the Phase 2 Properties (as defined in the Amendment to which this Exhibit C is attached) only, the Common Area shall include the two (2) piers and the boatslips constructed or to be constructed over the waters of Lake Norman adjoining the common boundary between Lot 29 as shown on map recorded in Map Book F, Page 412, Lincoln County Public Registry and Lot 28 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry and the common boundary between Lot 23 and Lot 24 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Phase 2 Piers and Boatslips"), subject to the individual Lot Owners' exclusive rights to

use specified boatslips. The Owners of Lots in the Phase 1 Properties ("Phase 1 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 1 Owners shall have no right to use the Phase 2 Piers and Boatslips. The Owners of Lots in the Phase 2 Properties ("Phase 2 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 2 Owners shall have no right to use the Phase 1 Pier and Boatslips. Notwithstanding anything contained herein, the Owners of Lots 25, 26, 27 and 28 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Private Pier Owners") shall have no right to use either the Phase 1 Pier and Boatslips or the Phases 2 Pier and Boatslips."

(2) ARTICLE II, Section 4 of the Bylaws is amended to read:

(C) "Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Lincoln County, North Carolina, as amended and supplemented."

(3) ARTICLE II, Section 5 of the Bylaws is amended to read:

(D) "Section 5. "Development" shall mean and refer collectively to the Properties described in Paragraph (1) of the Amendment to which this Exhibit C is attached, all of which Properties shall constitute King Cove, a single-family residential development being developed on the Properties."

(4) ARTICLE II, Section 6 of the Bylaws is amended to read:

(E) "Section 6. "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."

(5) ARTICLE II, Section 7 of the Bylaws is amended to read:

(F) "Section 7. "Maps" shall mean and refer to the maps referred to in Paragraph (1) of the Amendment to which this Exhibit C is attached and any map of the Properties constituting Additional Properties (if they are brought within the scheme of the King Cove Covenants pursuant to Section 2 in Article II of the Declaration, as amended by the Amendment to which this Exhibit C is attached) which have been or may be recorded by Declarant in the Lincoln County, North Carolina Public Registry hereafter."

(G) (6) ARTICLE II, Section 12 of the Bylaws is amended to read:

(G) "Section 12. "Properties" shall have the meaning ascribed to that term in Paragraph (1) of the Amendment to which this Exhibit C is attached."

(7) ARTICLE III, Section 1 of the Bylaws is amended to read as follows:

(H) "Section 1. Annual Meetings. The first annual meeting of the Members shall be held on or before January 31, 1992, and each subsequent regular annual meeting of the Members shall be held during January of each year thereafter, at a time set by the Board of Directors as to which each Owner shall be notified in writing in accordance with these Bylaws or at such other time as may be set by the Board of Directors provided that an annual meeting shall be held each calendar year.

(8) ARTICLE III, Section 6 of the Bylaws is amended to read as follows:

(I) "Section 6. Relinquishment of Control. Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier date."

(9) ARTICLE XI of the Bylaws is amended to read as follows:

"ARTICLE XI

CORPORATE SEAL

(J) The Association shall have a seal in circular form having within its circumference the words KING COVE OWNERS' ASSOCIATION, INC., NORTH CAROLINA."

AGW:4607.4

STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

**AMENDMENT TO  
DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS**

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Amendment") is made this \_\_\_\_ day of \_\_\_\_\_, 1991 by TAM DEVELOPMENT CORPORATION, a North Carolina corporation ("Declarant"), KING COVE OWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation (the "Association"), CRESCENT RESOURCES, INC. (formerly CRESCENT LAND & TIMBER CORP.), a South Carolina corporation ("Crescent") and the other undersigned parties, who are owners of land or trustees under or owners and holders of deeds of trust affecting the land which is the subject of this Amendment. The parties set forth in this paragraph are all of the Owners of Lots in and trustees under and owners and holders of deeds of trust on the Properties as hereinafter defined.

**STATEMENT OF PURPOSES**

(A) Declarant executed that certain Declaration of Covenants, Conditions and Restrictions dated October 21, 1988 and recorded in Book 699, Page 819, Lincoln County Public Registry (the "Declaration") covering a single family residential community known as King Cove ("King Cove"). Mady Construction Company, Inc. (as the Owner of Lot 2 of King Cove), et al, executed that certain Declaration, Consent and Subordination dated October 21, 1988 and recorded in Book 699, Page 863, Lincoln County Public Registry (the "Consent").

(B) Declarant executed that certain First Supplementary Declaration of Covenants, Conditions and Restrictions dated March 2, 1989 and recorded in Book 709, Page 390, Lincoln County Public Registry (the "First Supplementary Declaration") to bring that certain First Additional Property defined and described in the First Supplementary Declaration within the scheme and coverage of the Declaration. The Declaration, together with the Consent, the First Supplementary Declaration and any other existing and recorded supplements, amendments, modifications or consents thereto are collectively referred to herein as the "Existing Covenants." The Existing Covenants, as amended by this Amendment are collectively referred to as the "King Cove Covenants."

**DRAWN BY AND MAIL TO:**  
A. Grant Whitney, Jr.  
2600 Charlotte Plaza  
Charlotte, NC 28244

(C) The purpose of this Amendment is to bring new and additional land within the scheme of the King Cove Covenants and to enlarge the King Cove subdivision (and, in so doing, expand the definition, extent and coverage of the "Development" and the "Properties" as those terms are defined in the Declaration) and to otherwise amend the terms and provisions of the Existing Covenants, all as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and One Dollar (\$1.00) in hand paid by Declarant to each of the other parties to this Amendment, the parties hereto agree as follows:

(1) Properties. The properties which are the subject of the King Cove Covenants are collectively referred to as the "Properties" and are more particularly described as follows:

- (a) All of the land shown on map recorded in Map Book F, Page 226, Lincoln County Public Registry and Lot 4 (Revised) shown on map recorded in Map Book F, Page 412,, Lincoln County Public Registry.
- (b) All of the First Additional Property described in the First Supplementary Declaration consisting of Lot 10 ("Lot 10") and that certain "50' Road R/W" (right of way) shown on map recorded in Map Book F, Page 267, Lincoln County Public Registry. The lands described in this subparagraph (b) and subparagraph (a) immediately above are collectively referred to herein as the "Phase 1 Properties".
- (c) All of Lots 12, 13, 14, 15, 16, 29, 30, 31, 32 and 33 of King Cove, as shown on map recorded in Map Book F, Page 412, Lincoln County Public Registry.
- (d) All of Lots 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28 of King Cove, as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry. The lands described in this subparagraph (d) and subparagraph (c) immediately above are collectively referred to herein as the "Phase 2 Properties."
- (e) The Additional Property described and defined in the Declaration ("Additional Property") to the extent that it has been or may be brought within the scheme of the King Cove Covenants pursuant to Section 2 in Article II of the Declaration (as amended hereby) and such other property as may hereafter be made subject to the King Cove Covenants and brought within the jurisdiction of the Association. The description and definition of the Additional Property is hereby amended to add to the Additional Property that certain tract or parcel of land fronting on S.R. # 1395 and more particularly described on Exhibit A, attached

hereto and incorporated by reference herein (the "Road Frontage Parcel"). To the extent the Additional Property is brought within the scheme of the King Cove Covenants, such Additional Property shall be deemed to be a part of the Phase 1 Properties unless otherwise designated by Declarant to be deemed to be a part of the Phase 2 Properties or other future phase within the Development, if any, and except that the Road Frontage Parcel shall be deemed to be a part of the Phase 2 Properties.

(2) Imposition of King Cove Covenants. Declarant and the other parties hereto, by this Amendment, hereby declare that all of the Phase 1 Properties and Phase 2 Properties, and such additions thereto as have been or may be hereafter made out of the Additional Property pursuant to Section 2 in Article II of the Declaration (as amended hereby) are and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in the King Cove Covenants which shall run with the land and be binding on all parties owning or having any right, title or interest in such land or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

(3) Definitions. Any capitalized term set forth in this Amendment shall have the same meaning ascribed to such term in the Declaration unless otherwise specified herein. The definitions of the following which appear in ARTICLE I of the Declaration are hereby specifically amended to have the following meanings in each of the King Cove Covenants:

(K) Section 2. "Common Area" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area(s) labeled as "Common Area" or "Commons Area" on the Maps and privately maintained roads and cul-de-sacs as shown thereon, if any, and that certain Easement which was conveyed to TAM Development Corporation by that certain Easement Agreement recorded in Book 729, Page 432, Lincoln County Public Registry. The Common Area shall be for the use and benefit of all of the Owners of the Lots and for the use and benefit of the Owners of Lots which may be created by Declarant out of the Additional Property defined in Section 2 of Article II of the Declaration (as amended by this Amendment); however, no more than sixteen (16) lots shall be created out of the Additional Property. For the Owners of Lots in the Phase I Properties only, the Common Area shall also include the pier and boatslips constructed or to be constructed over the waters of Lake Norman adjoining the "Commons Area" shown on Map Book F, Page 226, Lincoln County Public

Registry (the "Phase 1 Pier and Boatslips") subject to individual Lot Owner's exclusive rights to use specified boatslips as set forth in the King Cove Covenants. For the Owners of Lots in the Phase 2 Properties only, the Common Area shall include the two (2) piers and the boatslips constructed or to be constructed over the waters of Lake Norman adjoining the common boundary between Lot 29 ("Lot 29") as shown on map recorded in Map Book F, Page 412, Lincoln County Public Registry and Lot 28 ("Lot 28") as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry and the common boundary between Lot 23 ("Lot 23") and Lot 24 ("Lot 24") as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Phase 2 Piers and Boatslips"), subject to the individual Lot Owners' exclusive rights to use specified boatslips as set forth in the King Cove Covenants. The Owners of Lots in the Phase 1 Properties ("Phase 1 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 1 Owners shall have no right to use the Phase 2 Piers and Boatslips. The Owners of Lots in the Phase 2 Properties ("Phase 2 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 2 Owners shall have no right to use the Phase 1 Pier and Boatslips. Notwithstanding anything contained herein, the Owners of Lots 25, 26, 27 and 28 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Private Pier Owners") shall have no right to use either the Phase 1 Pier and Boatslips or the Phase 2 Piers and Boatslips.

(L) Section 4. "Development" shall mean and refer collectively to the Properties described in Paragraph (1) of this Amendment, all of which Properties shall constitute King Cove, a single-family residential development being developed on the Properties. The definition of "Development" and the name "KING COVE" in the first (1st) paragraph of the Statement of Purpose in the Declaration in Book 699 at Page 820, Lincoln County Public Registry are hereby amended accordingly to include all of the Properties described in Paragraph (1) of this Amendment.

(M) Section 6. "Maps" shall mean and refer to the maps referred to in Paragraph (1) of this Amendment and any map of the Properties constituting Additional Properties (if they are brought within the scheme of the King Cove Covenants pursuant to Section 2 in Article II of the Declaration, as amended) which have been or may be recorded by Declarant in the Lincoln County, North Carolina Public Registry hereafter.

(N) Section 11. "Properties" shall have the meaning ascribed to that term in Paragraph (1) of this Amendment.

(4) ARTICLE II, Section 1 of the Declaration is amended to read as follows:

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"Section 1. Initial Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to the King Cove Covenants, and within the jurisdiction of the Association are the Properties (including any of the Additional Property which has previously been brought within the scheme of the King Cove Covenants in accordance with Section 2 of this Article II of the Declaration by the filing of a Supplementary Declaration of Covenants, Conditions and Restrictions)."

(5) ARTICLE II, Section 2, subsection (a) of the Declaration is amended to read as follows:

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"(a) The real property described on Exhibit "A" attached to the Declaration and the Road Frontage Parcel (collectively, the "Additional Property") or any part thereof, may be brought within the scheme of this Declaration (as amended) 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 prior to July 1, 2009 and (ii) no more than sixteen (16) additional Lots are added by such annexations."

(6) ARTICLE IV, Section 3 of the Declaration is amended to read:

Q  
"Section 3. Relinquishment of Control. Upon the expiration of five (5) full years after the registration of this Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier time."

(7) ARTICLE IV, Section 6 of the Declaration is amended to read:

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"Section 6. Maintenance. Certain features that are deemed common amenities, being of benefit to all Lots, shall be maintained exclusively by the Association. Said common amenities include, without limitation, the Common Area(s) as shown on the Maps, private roads, streets and landscaping of Common Areas and maintenance of signage, planter(s) and landscaping at the entrance to the Development. 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."



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

The Association shall maintain the Phase 1 Pier and Boatslips and the Phase 2 Piers and Boatslips in accordance with Section 9 of this Article IV."

(8) ARTICLE IV, Section 9 of the Declaration is amended to read as follows:

(S) "Section 9. Piers and Boatslips. The Association shall own, insure, maintain, repair and, if destroyed, replace the pier and ten (10) boatslips comprising the Phase 1 Pier and Boatslips and the two piers and twenty (20) boatslips comprising the Phase 2 Piers and Boatslips constructed or to be constructed over Lake Norman; however, the maintenance, repair and insurance (including liability insurance and hazard insurance) costs of such piers and boatslips shall be assessed in accordance with ARTICLE V hereof against only the Lot Owners having the exclusive rights to use the boatslips (the "Boatslip Assessment"). The Boatslip Assessment shall be in addition to and separate from the Annual Assessments and Special Assessments set forth in ARTICLE V of this Declaration. Until December 31, 1992, the maximum annual Boatslip Assessment shall be One Hundred Dollars (\$100.00).

In the initial deeds of the nine (9) Lots shown on map recorded in Map Book F, Page 226, Lincoln County Public Registry and the initial deed to Lot 10, Declarant shall designate one boatslip of the Phase 1 Pier and Boatslips to apply to each of such ten (10) Lots conveyed. In the initial deeds of Lots 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 29, 30, 31, 32 and 33 as shown on map recorded in Map Book F, Pages 412 and 413, Lincoln County Public Registry, Declarant shall designate one boatslip of the Phase 2 Piers and Boatslips to apply to each of such seventeen (17) Lots conveyed. The ten (10) boatslips contained in the Phase 1 Pier and Boatslips are and shall be designated boatslips A through J inclusively. The twenty (20) boatslips contained in the Phase 2 Piers and Boatslips are and shall be designated boatslips 2A through 2J, inclusively for the pier and boatslips adjoining the common boundary between Lot 29 and Lot 28 and 3A through 3J, inclusively for the pier and boatslips adjoining the common boundary between Lot 23 and Lot 24 inclusively. Declarant, at its option, may also designate up to the three (3) remaining (undesignated) boatslips in the Phase 2 Piers and Boatslips to apply to up to three (3) Lots within the Additional Property (including the Road Frontage Parcel) in the deed(s) to such Lot(s), if such Additional

Property is brought within the scheme of this Declaration (as amended). Such deed(s) shall provide that the grantee is granted the exclusive right to use the boatslip. Once designated in such initial deed(s), the exclusive right to use a particular boatslip shall not be separated from ownership, but rather shall run with the title to the Lot to which the boatslip is designated. Any deed, deed of trust, mortgage, transfer or other conveyance (excluding easements) of such Lot shall also transfer or convey the right to use the boatslip, even if not expressly included therein.

The construction and use of the piers and the boatslips is and shall be subject to each of the following:

- (a) Rules and regulations for use promulgated by the Association;
- (b) All laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon; and
- (c) Rules and regulations for use by Duke Power Company, its successors and assigns.

The Boatslip Assessments shall be liens and charges against both the Lot to which the boatslip is designated and the right to use the boatslip itself. In the event that an Owner defaults under either the Annual Assessments or the Special Assessments or the Boatslip Assessment, or any or all of them, then the Association shall have all remedies available to it under the King Cove Covenants and their exhibits against both the Lot and the boatslip together.

The boatslips may only be used by the Owner(s) of the Lot(s) to which such boatslip(s) are designated, or their guests or invitees. Each pier may only be used by the foregoing parties who are entitled to use the boatslips attached to that particular pier. The Private Pier Owners shall have no right to use either the Phase 1 Pier and Boatslips or the Phase 2 Piers and Boatslips, but shall have the right to erect one (1) (only) private pier/dock ("Private Pier") each over Lake Norman attached to and adjoining their respective Lot(s), subject to: (i) compliance with subsections (a), (b) and (c) immediately above and (ii) receipt of prior written approval of the plans for the Private Pier in accordance with Article VI of the Declaration."

(9) The first (1st) sentence of ARTICLE V, Section 3 is amended to read as follows:

(T)

(T)

"Section 3. Maximum Annual Assessment. Until December 31, 1992, the maximum annual assessment shall be Two Hundred Dollars (\$200.00), provided there shall be no annual assessments until required by the Board."

(10) ARTICLE VI, Section 3, subsection (i) is amended to read as follows:

(K)

"(i) No piers, floating docks or boatslips shall be constructed upon or attached to any Lot either permanently or temporarily, except for the Private Piers which may be constructed by the Private Pier Owners only, except for the Phase 1 Pier and Boatslips and the Phase 2 Piers and Boatslips and subject to the provisions of Article IV, Section 9."

(11) The first (1st) sentence of ARTICLE VII, Section 1 is amended to read as follows:

(V)

"Section 1. Use. All Lots, boatslips and piers, including the Phase 1 Pier and Boatslips and the Phase 2 Piers and Boatslips shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose."

(12) The Articles of Incorporation of the Association are amended in accordance with those certain Articles of Amendment to Charter of King Cove Owners' Association, Inc. attached hereto as Exhibit B, and incorporated herein by reference.

(13) The Bylaws of the Association are amended in accordance with those certain Amendments to Bylaws of King Cove Owners' Association, Inc. attached hereto as Exhibit C and incorporated herein by reference.

(14) The parties hereto grant to Mitchell Ray Hatley and wife, Jennifer Bane Hatley (collectively called "Hatley"), their heirs and assigns a perpetual, non-exclusive right-of-way and easement across Waterford Drive for ingress, egress, regress and access to and from the Hatley land described in Book 645, Page 305, Lincoln County Public Registry to and from S.R. 1395. The right-of-way and easement contained in this Paragraph 14 shall terminate upon the public dedication and acceptance of Waterford Drive. The parties hereto license Hatley (as a personal covenant only to automatically terminate on the earlier of: (a) the death of Hatley or (b) Hatley no longer owning fee simple title to the land described in deed recorded in Book 645, Page 305, Lincoln County Public Registry) with the right to use the boat ramp in the Common Area entitled "Commons Area" on map recorded in Map Book F, Page 226, Lincoln County Public Registry to launch and retrieve a boat owned by Hatley.

(15) Except as specifically amended by this Amendment, the Existing Covenants are and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

TAM DEVELOPMENT CORPORATION

[CORPORATE SEAL]

Attest:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

Trustee:

\_\_\_\_\_  
Trustee (SEAL)

Owner and Holder:

[CORPORATE SEAL]

Attest:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public, certify that \_\_\_\_\_ personally came before me this day and acknowledged that he/she is \_\_\_\_\_ Secretary of TAM DEVELOPMENT CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its \_\_\_\_\_ President, sealed with its corporate seal, and attested by himself/herself as its \_\_\_\_\_ Secretary.

Witness my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

[NOTARY SEAL]

AGW:4606.25

for  
REFERENCE  
ONLY

EXHIBIT C

AMENDMENT TO BYLAWS  
OF  
KING COVE OWNERS' ASSOCIATION, INC.

The Bylaws of King Cove Owners' Association, Inc. ("Bylaws") which are attached to and made a part of that certain Declaration of Covenants, Conditions and Restrictions for King Cove recorded in Book 699, Page 819, Lincoln County Public Registry are hereby amended as follows:

(1) ARTICLE II, Section 2 of the Bylaws is amended to read:

"Section 2. "Common Area" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area(s) labeled as "Common Area" or "Commons Area" on the Maps and privately maintained roads and cul-de-sacs as shown thereon, if any, and that certain Easement which was conveyed to TAM Development Corporation by that certain Easement Agreement recorded in Book 729, Page 432, Lincoln County Public Registry. The Common Area shall be for the use and benefit of all of the Owners of the Lots and for the use and benefit of the Owners of Lots which may be created by Declarant out of the Additional Property defined in Section 2 of Article II of the Declaration (as amended by the Amendment to which this Exhibit C is attached); however, no more than sixteen (16) lots shall be created out of the Additional Property. For the Owners of Lots in the Phase I Properties (as defined in the Amendment to which this Exhibit C is attached) only, the Common Area shall also include the pier and boatslips constructed or to be constructed over the waters of Lake Norman adjoining the "Commons Area" shown on Map Book F, Page 226, Lincoln County Public Registry (the "Phase 1 Pier and Boatslips") subject to individual Lot Owner's exclusive rights to use specified boatslips. For the Owners of Lots in the Phase 2 Properties (as defined in the Amendment to which this Exhibit C is attached) only, the Common Area shall include the two (2) piers and the boatslips constructed or to be constructed over the waters of Lake Norman adjoining the common boundary between Lot 29 as shown on map recorded in Map Book F, Page 412, Lincoln County Public Registry and Lot 28 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry and the common boundary between Lot 23 and Lot 24 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Phase 2 Piers and Boatslips"), subject to the individual Lot Owners' exclusive rights to use specified boatslips. The Owners of Lots in the Phase 1

Properties ("Phase 1 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 1 Owners shall have no right to use the Phase 2 Piers and Boatslips. The Owners of Lots in the Phase 2 Properties ("Phase 2 Owners") shall have the right to use all of the Common Areas within the Development except that the Phase 2 Owners shall have no right to use the Phase 1 Pier and Boatslips. Notwithstanding anything contained herein, the Owners of Lots 25, 26, 27 and 28 as shown on map recorded in Map Book F, Page 413, Lincoln County Public Registry (collectively, the "Private Pier Owners") shall have no right to use either the Phase 1 Pier and Boatslips or the Phases 2 Pier and Boatslips."

(2) ARTICLE II, Section 4 of the Bylaws is amended to read:

"Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Lincoln County, North Carolina, as amended and supplemented."

(3) ARTICLE II, Section 5 of the Bylaws is amended to read:

"Section 5. "Development" shall mean and refer collectively to the Properties described in Paragraph (1) of the Amendment to which this Exhibit C is attached, all of which Properties shall constitute King Cove, a single-family residential development being developed on the Properties."

(4) ARTICLE II, Section 6 of the Bylaws is amended to read:

"Section 6. "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."

(5) ARTICLE II, Section 7 of the Bylaws is amended to read:

Section 7. "Maps" shall mean and refer to the maps referred to in Paragraph (1) of the Amendment to which this Exhibit C is attached and any map of the Properties constituting Additional Properties (if they are brought within the scheme of the King Cove Covenants pursuant to Section 2 in Article II of the Declaration, as amended by the Amendment to which this Exhibit C is attached) which have been or may be recorded by Declarant in the Lincoln County, North Carolina Public Registry hereafter."

(6) ARTICLE II, Section 12 of the Bylaws is amended to read:

"Section 12. "Properties" shall have the meaning ascribed to that term in Paragraph (1) of the Amendment to which this Exhibit C is attached."

(7) ARTICLE III, Section 1 of the Bylaws is amended to read as follows:

"Section 1. Annual Meetings. The first annual meeting of the Members shall be held on or before January 31, 1992, and each subsequent regular annual meeting of the Members shall be held during January of each year thereafter, at a time set by the Board of Directors as to which each Owner shall be notified in writing in accordance with these Bylaws or at such other time as may be set by the Board of Directors provided that an annual meeting shall be held each calendar year."

(8) ARTICLE III, Section 6 of the Bylaws is amended to read as follows:

"Section 6. Relinquishment of Control. Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier date."

(9) ARTICLE XI of the Bylaws is amended to read as follows:

"ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words KING COVE OWNERS' ASSOCIATION, INC., NORTH CAROLINA."

AGW:4606.22

EXHIBIT A

DESCRIPTION OF "ROAD FRONTAGE PARCEL"

Lying and being in Lincoln County, North Carolina, and more particularly described as follows:

BEGINNING at a point in the northerly margin of the right-of-way of Waterford Drive at the southwest corner of Lot 10 of King Cove as shown on map thereof recorded in Map Book F, Page 267, Lincoln County Public Registry ("Lot 10"); and runs thence with the northerly margin of the right-of-way of Waterford Drive three (3) courses and distances as follows: (1) with the arc of a circular curve to the left having a radius of 335.00 feet, an arc distance of 80.78 feet to a point; (2) with the arc of a circular curve to the left having a radius of 335.00 feet, an arc distance of 6.81 feet to a point; and (3) with the arc of a circular curve to the right having a radius of 25.00 feet, an arc distance of 38.40 feet to a point in the easterly margin of the 60-foot right of way of S.R. 1395; thence with the easterly margin of the 60-foot right of way of S.R. 1395 two (2) courses and distances as follows: (1) N. 08-40-18 W. 121.82 feet to a point; and (2) N. 11-09-27 W. 63.44 feet to a point; thence S. 78-58-22 E. 179.82 feet to the northwest corner of Lot 10; and thence with the westerly boundary of Lot 10, S. 10-22-13 W. 177.57 feet to the BEGINNING.



for  
REFERENCE  
ONLY

EXHIBIT B

**ARTICLES OF AMENDMENT TO CHARTER OF  
KING COVE OWNERS' ASSOCIATION, INC.**

The undersigned corporation hereby executes these Articles of Amendment for the purpose of amending its Charter:

1. The name of the corporation is King Cove Owners' Association, Inc.

2. The following amendments to the Charter of the corporation were adopted by unanimous vote of the corporation's members by consent to action in lieu of meeting, effective the \_\_\_\_ day of \_\_\_\_\_, 1991:

(a) Paragraph (c) of Article 5 of the Charter is hereby stricken in its entirety and the following language is to be substituted in lieu of the stricken language in Paragraph (c), Article 5:

"(c) Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Lots shall automatically convert to Class A Lots, unless Declarant, in its sole discretion elects to convert the Class B Lots to Class A Lots at an earlier date."

IN WITNESS WHEREOF, these Articles of Amendment are signed by the \_\_\_\_ President and attested by the \_\_\_\_ Secretary of the corporation, this \_\_\_\_ day of \_\_\_\_\_, 1991.

KING COVE OWNERS' ASSOCIATION, INC.

Attest:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

STATE OF NORTH CAROLINA  
COUNTY OF CABARRUS

I, \_\_\_\_\_, a Notary Public in and  
for said County and State, do hereby certify that on this \_\_\_\_\_  
day of \_\_\_\_\_, 1991, personally appeared before me  
\_\_\_\_\_ and \_\_\_\_\_,  
each of whom, being by me first duly sworn, declared that he  
signed the foregoing document in the capacity indicated, that he  
was authorized so to sign and that the statements therein  
contained are true.

[NOTARY SEAL]

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_