

To that end the Declarants have or will cause to be incorporated under North Carolina law, pursuant to the Articles of Incorporation attached hereto as Attachment 1, VINEYARD POINT YACHT AND TENNIS CLUB, 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 Attachment 2.

NOW, THEREFORE, Declarants, by this Master Declaration, declare that all of the real property described in Exhibits "A", "B" and "C" and any additional property as may by subsequent amendment be added to and subject to this Master Declaration shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Master Declaration which shall run with said real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE ONE: DEFINITIONS

The following words when used in this Declaration or any Subsequent Amendment (unless the context shall prohibit) shall have the following meanings:

(1.1) "Additional Land" shall mean and refer to additional real property subject to Declarants' unilateral right of annexation as provided elsewhere in this Declaration, which property is more particularly described in Exhibit D attached hereto and incorporated throughout this Declaration by reference.

(1.2) "Apartment Building" shall mean an area of the Property which may be designated in a Subsequent Amendment and which is developed as a structure containing two (2) or more Residential Units under one roof, except when each such Residential Unit is situated upon its own individual Lot or is a condominium unit.

(1.3) "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, within or upon a Lot, the maintenance, repair or replacement of which is the responsibility of the Association.

(1.4) "Association" shall mean and refer to Vineyard Point Yacht and Tennis Club, Inc., a North Carolina non-profit corporation, its successors and assigns. The Board of Directors or Board shall be the elected body having its normal meaning under North Carolina non-profit corporation law.

(1.5) "Bylaws" shall refer to the Bylaws of Vineyard Point Yacht and Tennis Club, Inc. attached to this Declaration as Attachment 2 and incorporated herein by reference.

(1.6) "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. The Master Amenities Tract is Common Area.

(1.7) "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for General and Parcel purposes, including any reasonable reserve.

(1.8) "Community" means the real property and interest in the real property described in Exhibits A, B and C attached to and incorporated in this Declaration by reference, and

(a) such additions to Exhibits A, B and C as may be made by Declarants (or its mortgagee or transferee, as provided in the Declaration) by amendment or Supplementary Declaration of all or any portion of the real property described in Exhibit D, attached to this Declaration; and

(b) such additions to Exhibits A, B and C as may be made by the Association by amendment or Supplementary Declaration of other real property.

(1.9) "Declarants" means and refers to LNC and WP, or their successors, successors-in-title or assigns who take title to any portion of the property described on Exhibits A, B, C or D for the purpose of development and sale and are designated as the Declarants hereunder in a recorded instrument executed by the immediately preceding Declarant(s).

(1.10) "Eligible Mortgage Holder" means a holder, insurer or guarantor of a first mortgage on a unit who has requested notice of certain matters from the Association as provided in this Declaration and the Association's Bylaws.

(1.11) "Eligible Votes" means those votes available to be cast on the issue at hand. A vote which is for any reason suspended is not available to be cast.

(1.12) "Exclusive Common Area" means and refers to certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all, Parcels. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners of Units and only those Parcels which are benefited thereby as a Parcel Assessment, as defined herein. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of the Owners within a particular Parcel or Parcels and supported exclusively by Parcel Assessments. Initially, any Exclusive Common Areas shall be designated as such and the exclusive use thereof shall be assigned in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Parcel or Parcels and an Exclusive Common Area may be

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reassigned upon a vote of a majority of the total Association vote, including a majority of the votes within the Parcel(s) to which they are assigned.

(1.13) "General Assessment" means the assessment levied to fund expenses applicable to all Members of the Association.

(1.14) "General Common Area" means all real and personal property which the Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Owners.

(1.15) "Lot" means a portion of the Properties other than the Common Area intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the plats of survey filed with this Declaration or any amendments or supplements thereto. Where the context indicates or requires, the term "Lot" includes any structure on the Lot.

(1.16) "Majority" means those eligible votes, Owners, or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

(1.17) "Member" means a person or entity entitled to membership in the Association, as provided in this Declaration.

(1.18) "Mortgage" means any mortgage, deed of trust and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(1.19) "Mortgagee" means a beneficiary or holder of a deed of trust, as well as a mortgagee.

(1.20) "Mortgagor" means the grantor of a deed of trust, as well as a mortgagor.

(1.21) "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot of Residential Unit which is part of the Properties, including contract sellers, but excluding contract purchasers and any party holding the fee simple title merely as security for the performance of an obligation. For the purposes of this definition, the Owners of a Lot on which an Apartment Building is located shall be the record owner of the Apartment Building. Owner shall include the Declarants.

(1.22) "Parcel" means separately designated, developed residential areas comprised of various types of housing initially or by amendment made subject to this Declaration. For example, and by way of illustration and not limitation, a condominium development, a townhouse development, and an apartment development may all be designated as separate Parcels. If separate Parcel status is desired, the Declarants shall designate in a Subsequent Amendment adding property to the terms and conditions of this Declaration or other recorded

instrument that such Property shall constitute a separate Parcel or Parcels. In the absence of specific designation of separate Parcel status, all Property made subject to this Declaration shall be considered a part of the same Parcel. The Board may also grant Parcel status to any area if so requested in writing by Owners holding at least seventy-five (75%) percent of the total vote entitled to vote in such area.

(1.23) "Parcel Assessments" means assessments for common expenses provided for in this Declaration or in any Subsequent Amendment which shall be used for maintaining the Properties within a given Parcel and for promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners within a specific Parcel against which the specific Parcel Assessment is levied, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Parcel Assessments shall be levied equally against Owners of Residential Units/Lots in a Parcel for such purposes that are authorized by this Declaration or by the Board of Directors from time to time; provided, however, in the event of assessments for exterior maintenance of dwellings, insurance on dwellings, or replacement reserves which pertain to particular dwellings and pursuant to an amendment to this Declaration, such assessments (which are for the use and benefit of particular Lots/Units) shall be levied upon a pro rata basis among benefited Owners.

(1.24) "Parcel Association" shall mean any non-profit association established under any Subsequent Amendment or other declaration (including a condominium association) for Owners and occupants of Units within a Parcel for the purpose of maintaining the Properties within a given Parcel and for promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of Units within a Parcel.

(1.25) "Parcel Expenses" means and includes the actual and estimated expenses incurred by the Association for the benefit of Owners of Units within a particular Parcel, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.

(1.26) "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

(1.27) "Property" or "Properties" shall mean and refer to the real property described on pages one and two of this Declaration and such additional real property as may be added in accordance with Article 8.

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(1.28) "Residential Unit or Unit" means a structure situated upon a portion of the Properties intended for use and occupancy as a single household and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) condominium units, townhouse units, patio or zero lot line homes and apartment units as may be developed, used and defined as provided in this Declaration or in Subsequent Amendments covering all or part of the Properties; provided, however, the term includes all portions of the Lot on which any structure has been situated. For the purposes of this Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of Mecklenburg County or other local governmental entity.

(1.29) "Special Assessment" means the assessments levied in accordance with Article 10, Section 5 of this Declaration.

(1.30) "Subsequent Amendment" means an amendment to this Declaration which adds or substitutes additional property to that covered by this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that amendment to the provisions of this Declaration.

(1.31) "Voting Member" means the representative of each Parcel or Parcel Association who shall be responsible for casting the votes attributable to the Residential Units or Lots which he or she represents for election of Directors, amendment of this Declaration or the Bylaws, and other matters provided for in this Declaration or the Bylaws. The Voting Member from each Parcel Association, if any, shall be the senior elected officer (e.g. Parcel Association president) from that component; the alternate Voting Member shall be the next most senior officer.) Each Voting Member shall be entitled to cast all votes attributable to the Residential Units or Lots he or she represents.

ARTICLE TWO: PROPERTY RIGHTS

(2.1) Owner's Easements of Enjoyment. Every Owner shall have a non-exclusive right of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot and Residential Unit, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any facility now or hereafter situated or constructed upon the Common Area and impose reasonable limits on the number of guests who may use the facilities;

(b) The right of the Association to suspend any Owner's voting rights and the right to use any of the

facilities for any period during which any assessment of the Association against that Owner's Lot remains unpaid, and for any infraction by an Owner of the Association's rules and regulations for the duration of the infraction and for an additional period thereafter not to exceed thirty (30) days;

(c) The right of the Declarants, with regard to the Properties which may be owned for the purpose of development, to grant easements in and to the Common Area contained within the respective Properties to any public agency, authority, or utility for such purposes as benefits only the Properties or portions thereof and Owners or Lots contained therein;

(d) The right of the Association to borrow money for the purpose of improving the Common Area, or any portion thereof, for acquiring additional Common Area, or for constructing, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or any portion of the Common Area, provided two-thirds (2/3) of each Class of Members present at a meeting called for such purpose shall approve; provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, easements, and privileges reserved or established in this Declaration for the benefit of Declarants or any Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarants or any Owner encumbering any Lot or other property located within Vineyard Point Yacht and Tennis Club; and

(e) The right of the Association to dedicate or transfer all or any portion of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved (i) by at least two-thirds (2/3) of the votes which those Class A Members of the Association which are present are represented by proxy are entitled to cast at a meeting duly called for such purpose, and (ii) by the Class B Member of the Association, so long as such membership shall exist, provided that this paragraph shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage utilities and drainage facilities, upon, over, under and across the Common Area without the assent of the Members if such easements are requisite for the convenient use and enjoyment of the Properties.

(2.2) Right to Substitute New Master Amenities Tract.

Upon the opening of any Recreational Facility by Declarants for use by the Owners, Declarants shall convey the Master Amenities Tract to the Association. The Recreational Facilities and the Master Amenities Tract are collectively referred to herein as the "Recreational Area" and comprise a portion of the Common Area. Prior to such conveyance, Declarants may, by Subsequent Amendment, withdraw from the operation of this Declaration and the covenants, conditions, restrictions, easements, charges and liens set forth herein, that certain .880 acre tract of land described on attached Exhibit C as the Master Amenities Tract and substitute hereunder a new Master Amenities Tract from the property described on attached Exhibit D; provided, however, any property substituted in accordance with the paragraph shall not be less than .880 acre and shall be reasonably accessible to all Owners within the Community.

(2.3) Option Agreement Between Declarants.

LNC and WP have entered into an agreement entitled "Option to Purchase Real Estate" (the "Option") dated June 3, 1988 whereby LNC has certain options to purchase in individual tracts the land owned by WP described in Exhibit B attached hereto, which options must be exercised by LNC on or before expiration of specified six-month periods as set forth in the Option. A Memorandum of Option Agreement is recorded in Book 5781 at Page 338 in the Mecklenburg County Public Registry. In the event the Option is terminated by WP for failure of LNC to timely exercise its options within the time periods set forth in the Option, WP shall record an instrument in the Mecklenburg County Public Registry giving notice of the termination of the Option, and upon such recordation, LNC shall cease to be a Declarant under this Declaration and WP shall thereafter be the sole Declarant hereunder with all rights and obligations provided herein.

ARTICLE THREE: ARCHITECTURAL, MAINTENANCE AND USE RESTRICTIONS

(3.1) Architectural Control Committee.

Before all Class B Lots shall cease to exist and be converted to Class A Lots pursuant to Article 4, Declarants shall appoint an Architectural Control Committee consisting of not less than three (3) Members to serve as representatives of the Association's Board of Directors and enforce the restrictions hereafter set forth.

Prior to the formation of said Committee, Declarants shall have the responsibility of enforcing the restrictions set forth in this Article. Upon the later of the following two dates, the Architectural Control Committee shall be appointed by the Board of Directors:

- (1) Upon the termination of the Class B Membership;

or

(2) Five (5) years following the date of this Declaration.

Reference herein to the Committee shall mean the Declarants until such Committee is appointed.

The following architectural, maintenance and use restrictions shall apply to each and every Lot or Unit now or hereafter subject to this Declaration.

(3.2) Approval of Plans and Architectural Committee.

After the initial construction of a Unit has been completed by Declarants, no construction, reconstruction, remodeling, alteration, roofing or addition to any structure, building, fence, wall, drive or walkway, or exterior color change, shall be commenced or maintained upon any Lot nor shall any exterior addition to or change or alteration therein be made after completion of construction of said Unit, unless and until the plans and specifications showing the nature, kind, shape, height, color, material and location of the same shall have been submitted to and approved in writing as to harmony of the external design and location in relation to surrounding structures and topography by the Committee. If the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications shall have been submitted to it, further approval will not be required and this Article will be deemed to have been fully complied with. Upon giving approval to such plans and specifications, construction shall be started and prosecuted to completion promptly and in strict conformity with such plans as have been previously approved by the Committee. The Committee or the Board of Directors of the Association shall be entitled to stop any construction in violation of these restrictions.

(3.3) Use. The Property shall be used only for residential, recreational, and related purposes as may more particularly be set forth in this Declaration, amendments thereto or subsequently recorded declarations creating Associations subject to this Declaration. The Association, acting through the Board of Directors, shall have standing power to enforce use restrictions contained in any such declaration as if such provisions were a regulation of the Association.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of Units and Common Area, including common property of any Parcel or Association, in addition to those contained herein, and to impose reasonable user fees for facilities, including, but not limited to, vehicle storage areas, pathway systems, swimming pools, tennis courts, community centers and parking facilities if any. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, cancelled, or modified in a regular or special meeting of the Association by Voting Members representing a Majority of the total Class A

votes in the Association and by the vote of a Class B Member, so long as such membership shall exist. The Declaration or other creating document for any Residential Association may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

(3.4) Aerials and Antennas. No exterior television or radio or other aerial, antenna, dish, tower or other transmitting or receiving structure or support thereof, shall be placed, allowed or maintained upon any portion of the Community, including any Unit, without the prior written consent of the Board or its designee. The Association may erect an aerial for a master antenna system, should any such master system or systems be utilized by the Association and require any such exterior antenna.

(3.5) Owners' Right to Ingress, Egress and Support. Each Owner shall have the right to ingress and egress over, upon and across the Common Area necessary for access to his or her Lot and shall have the right to lateral support for his or her Lot, and such right shall be appurtenant to and pass with the title to each Lot.

(3.6) Use of Lots. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for residential purposes only; no trade or business of any kind may be conducted. Lease or rental of a Lot or any building thereon for residential purposes shall not be considered to be a violation of this covenant, so long as the lease is in compliance with reasonable rules and regulations as the Board of Directors may promulgate. Any lessee or tenant shall in all respects be subject to the terms and conditions of this Declaration, the Bylaws and the rules and regulations adopted hereunder.

Without the prior written consent of the Association's Board of Directors, nothing shall be done or kept on any Lot or on the Common Area or any part thereof to increase the rate of insurance on the Properties or any part thereof over what the Association, but for such activity, would pay. Noxious, destructive, or offensive activity or any activity constituting an unreasonable source of annoyance, shall not be conducted on any Lot or on the Common Area or any part thereof and the Association shall have standing to initiate legal proceedings to abate such activity. Each Owner shall refrain from any act or use of his or her Lot which could reasonably cause embarrassment, discomfort, or annoyance to other Owners and the Board of Directors shall have the power to make and to enforce reasonable rules and regulations in furtherance of this provision.

(3.7) Use of Common Area. No planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Common Area or upon any Lot, except in

accordance with the initial construction of the improvements located thereon or as approved by the Association's Board of Directors or their designated representatives. Except for the right of ingress and egress, the Owners of Lots may use the property outside their respective Lots only in accordance with reasonable regulations as may be adopted by the Association's Board of Directors or as is expressly provided herein. It is expressly acknowledged and agreed by all parties concerned that this Section is for the mutual benefit of all Owners and is necessary for the protection of all Owners.

(3.8) Signs. No advertising signs of any type or kind shall be erected, placed or permitted to remain upon any Lot or Common Area with the exception of a single sign "For Rent" or "For Sale," which sign shall not exceed 2' x 3' in dimension and shall refer only to the premises on which displayed, there being only one permitted sign to a Lot.

(3.9) Rules and Regulations. The Board of Directors may establish reasonable rules and regulations concerning the use of the Common Area, facilities located thereon, and individual Lots. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners prior to the rule's effective date. Such regulations shall be binding upon the Owners, their families, tenants, guests, invitees, and agents until and unless such regulation, rule or requirement shall be specifically overruled, cancelled or modified by the Board or the Association in a regular or special meeting by the vote of Class A Members holding a Majority of the total votes in the Association and by the vote of the Class B Member, so long as such membership shall exist. The Board shall have the authority to impose reasonable monetary fines and other sanctions and monetary fines may be collected by lien and foreclosure, as provided in Article 10.

(3.10) Use of Outbuildings and Similar Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, shed, tent, garage, carport or any other structure of a similar nature shall be used as a residence either temporarily or permanently; provided however, this paragraph shall not be construed to prevent the Declarants from using sheds or other temporary structures during construction for such purposes as Declarants deem necessary or later approved by the Association. No television satellite dishes shall be erected on any Lot.

(3.11) Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Properties, except that dogs, cats or other normal household pets may be kept in residences subject to rules and regulations adopted by the Association through its Board of Directors, provided that such pets are not kept, bred or maintained for any commercial purpose.

(3.12) Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Unit.

(3.13) Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on his or her Unit. No Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Unit that will admit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any property adjacent to the Unit. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Properties.

(3.14) Unsightly or Unkempt Conditions. No trash, rubbish, stored materials, wrecked, unlicensed or inoperable vehicles, boats and/or trailers, recreational vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, however, the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish or other such debris for pickup by governmental or other similar garbage and trash removal service units. In the event any Owner fails or refuses to keep his Lot free from unsightly objects, weeds or underbrush in a manner satisfactory to a Majority of the Board of Directors of the Association, the Association may, through its agent or representative, five (5) days after posting a notice on such Lot or mailing a notice to the Owner thereof at his property requesting the Owner to comply with the requirements of this paragraph, enter and remove all such unsightly objects, debris or other vegetation at the Owner's expense and the Owner, by acquiring any Lot subject to this Declaration, agrees to pay such costs incurred by the Association in the enforcement of this paragraph promptly upon demand. No such entry as provided herein shall be deemed a trespass.

(3.15) Clothes Lines, Garbage Cans, Etc. All clothes lines, garbage cans, above-ground tanks, woodpiles and other similar items shall be located or screened so as to be concealed from view of neighboring Units, streets and property located adjacent to the Unit. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon.

(3.16) Play Facilities. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage or injury occurring thereon or related to use thereof.

(3.17) Maintenance.

(a) Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Area of Common Responsibility.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair, and replacement of General Common Areas shall be a Common Expense to be allocated among all Units as part of the General Assessment. All costs associated with maintenance, repair, and replacement of Exclusive Common Areas shall be a Parcel Expense assessed as a Parcel Assessment solely against the Units within the Parcel(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association may, in the discretion of its Board, assume the maintenance responsibilities of a Parcel set out in this Declaration or in any Subsequent Amendment or declaration subsequently recorded which creates any Parcel Association upon all or any portion of the Properties. In such event, all costs of such maintenance shall be assessed only against Units within the Parcel to which the services are provided. This assumption of responsibility may take place either by contract or agreement or service then being provided is not consistent with the community-wide standards of the Properties. The provision of services in accordance with this Section shall not constitute discrimination within a class.

(b) Owner's Responsibility. In accordance with any additional Declaration and Subsequent Amendments to this Declaration which may be filed on portions of the Properties and in accordance with this Declaration, all maintenance of the Residential Units and all structures, parking areas, and other improvements within or upon the Residential Unit shall be the sole responsibility of the Owner thereof who shall perform such maintenance in a manner consistent with the community-wide standards of Thornhill and the applicable covenants. If the Board of Directors determines that (i) any Owner has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair, or replacement of items of which he or she is responsible hereunder, or (ii) that the need

for maintenance, repair, or replacement which is in the Area of Common Responsibility is caused through the willful or negligent act of any Owner, his or her family, guests, lessees, or invitees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense. Such costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Unit, as provided in Article 10. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board of Directors. In the case of (i) above where the Owner has not discharged his or her responsibility, unless the Board of Directors determines that an emergency exists, the Owner shall have ten (10) days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within the (10) days. If the Board determines that an emergency exists, that an Owner has not complied with the demand given by the Association as herein provided, or that the need for maintenance or repair is in the Area of Common Responsibility as in (ii) above, then the Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above. The Association or its agents or employees shall have a right of entry upon or into the Unit as necessary to perform such work and shall not be liable for trespass for such entry or work.

(c) Parcel's Responsibility. Upon resolution of the Board of Directors, each Parcel shall be responsible for paying, through Parcel Assessments, costs of maintenance of certain portions of the Area of Common Responsibility within or adjacent to such Parcel, which may include, without limitation, buildings and amenities within the Parcel, the costs of maintenance of any right-of-way and greenspace between the Parcel, and adjacent public roads and private streets within the Parcel, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

Any Parcel Association having responsibility for maintenance of all or a portion of the property within a particular Parcel pursuant to a declaration of covenants affecting the Parcel shall perform such maintenance responsibility in a manner consistent with the community-wide standards. If any such Parcel Association fails to perform its maintenance responsibility as required herein and in any additional declaration, the Association may perform it and assess the costs against all Units within such Parcel as provided in Article 10, Section 4 of this Declaration.

ARTICLE FOUR: MEMBERSHIP AND VOTING RIGHTS

(4.1) Membership. Every person or entity who is the record owner of a fee or undivided fee interest in any Residential Unit or Lot that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one (1) membership per Residential Unit or Lot owned. In the event the Owner of a Residential Unit or Lot is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote for each class of membership applicable to a particular Residential Unit or Lot be cast for each Residential Unit or Lot.

(4.2) Voting. The Association shall have two (2) classes of membership, Class A and Class B, as follows:

(a) Class A. Class A Members shall be all Owners with the exception of the Class B Members, if any.

Class A Members shall be entitled on all issues to one (1) vote for each Residential Unit or Lot in which they hold the interest required for membership by Section 4.1 of this Article. There shall be only one (1) vote per Residential Unit or Lot; provided, however, no vote shall be cast or counted for any Residential Unit or Lot not subject to assessment. Unless otherwise specified in this Declaration or the Bylaws, the vote of each Residential Unit or Lot shall be exercised by the Voting Member representing such Member's Unit or Lot as defined in Article 1.

(b) Class B. Class B Members shall be the Declarants and any successor of Declarants who takes title for the purpose of development and sale and who is designated as such in an recorded instrument executed by Declarants. The Class B Members shall be entitled to three (3) votes for each Residential Unit or Lot in which they hold the interest required for membership by Section 4.1 of this Article; this number shall be decreased by one (1) vote for each Class A Member existing at any one time. The Class B membership shall terminate and become converted to Class A membership upon the happening of the earlier of the following:

(i) When the total outstanding Class A votes equal or exceed the total outstanding Class B votes;

(ii) January 1, 1999; or

(iii) When, in its discretion, the Declarants so determine. From and after the happening of these events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Residential Unit or Lot in which it holds the interest required for membership under Section 4.1 hereof. At such time, the Declarants shall call a meeting, as provided in the Bylaws of the Association for special meetings to advise the membership of the termination of Class B status.

(4.3) Parcel Voting. Every Unit shall be located within a Parcel as defined in Article 1. The Units within a particular Parcel may be subject to additional covenants and/or the Unit Owners may all be members of another owners association (Parcel Association) in addition to the Association, but no such Parcel Association shall be required except in the case of a condominium. Any Parcel which does not have a Parcel Association shall elect a Parcel Committee, as described in Article V, Section 2, of the Bylaws, to represent the interests of Owners of Units in such Parcel.

Each Parcel Association or Committee, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Parcel may request that the Association provide a higher level of service or special services for the benefit of Units in such Parcel, the cost of which shall be assessed against the benefitted Units as a Parcel Assessment pursuant to Article 10.

The senior elected officer of each Parcel Association or Parcel Committee shall serve as the Voting Member for such Parcel and shall cast all votes attributable to Units in the parcel on all Association matters requiring membership vote, unless otherwise specified in this Declaration or the Bylaws. The Voting Member may cast all such votes as he/she, in his/her discretion, deems appropriate. Notwithstanding the above, each Voting Member shall cast only one (1) equal vote for election of directors.

The developer of any such Parcel may apply to the Board of Directors to divide the parcel constituting the Parcel into more than one (1) Parcel or to combine two (2) Parcels into one (1) Parcel at any time. Upon a petition signed by a majority of the Unit Owners in the parcel, any Parcel Association or Parcel Committee may apply to the Board of Directors to divide the property comprising the Parcel into two (2) or more Parcels or to combine two (2) Parcels into one (1) Parcel. Any such application shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed parcels. A Parcel division requested by the Parcel or by the developer of the Parcel shall automatically be deemed granted unless the board of Directors denies such

application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Parcels. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

ARTICLE FIVE: INSURANCE

(5.1) Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area and may, but shall not be obligated to, by written agreement with any Parcel Committee (as defined in the Bylaws of the Association) or Parcel Association in the Properties subject to this Declaration, assume the responsibility for providing the same insurance coverage on the Properties contained within the Parcel. If blanket all-risk insurance is not reasonably available, then at a minimum, an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all structures on the Residential Units in a Parcel or Parcels. In the event such insurance is obtained by the Association, the costs thereof shall be charged to the Owners of Units within the benefitted Parcel(s) as a Parcel Assessment, as defined in Article 1 hereof, and the provisions of this Article shall apply to policy provisions, loss adjustment, and all other subjects to which this Article applies to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance for each Member to be furnished to the Association or Parcel, as applicable.

The Board shall also obtain a public liability policy covering the Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million (\$1,000,000) Dollar single-person limit as respects bodily injury and property damage; a Three Million (\$3,000,000) Dollar limit per occurrence, if reasonably available; and a Five Hundred Thousand (\$500,000) Dollar minimum property damage limit. Premiums for all insurance on the Common Area shall be Common Expenses of the Association; premiums for insurance provided to other

associations or Parcels shall be charged to those associations or Parcels. The policy may contain a reasonable deductible, and the amount of the deductible shall be added to the face amount of the policy in determining whether the insurance equals at least one hundred percent (100%) of the replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance or, in the event of multiple parties, shall be allocated in relation to the amount each party's loss bears to the total.

Insurance obtained on the properties within any Parcel, whether obtained by such Parcel or the Association, shall at a minimum comply with the applicable provisions of this Article including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Parcel Association, if any.

Cost of insurance coverage obtained by the Association for the Common Area or for structures on Residential Units shall be included in the General Assessment, as defined in Article 1. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the respective benefitted parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in North Carolina and holding a rating of XI or better in the financial category as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of the Residential Unit Owners and their mortgagees as their interests may appear; all policies secured at the request of a Parcel Association or Parcel Committee shall be for the benefit of the Owners and their Mortgagees of Residential Units within the Parcel.

(c) Exclusive authority to adjust losses under policies in force on the Properties obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with

insurance purchased by individual Owners, occupants, or their mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Mecklenburg County, North Carolina area.

(f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair, and reconstruct, instead of paying cash;

(iii) that no policy may be cancelled, invalidated, or suspended on account of any one or more individual Owners;

(iv) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

(5.2) Individual Insurance. By virtue of taking title to a Residential Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that in the event that neither the Association or the Parcel Association (or Committee) of the Parcel in which the Residential Unit is located carries blanket all-risk casualty insurance on the Residential Unit Lots and structures constructed thereon as provided for in Section 5.1 of this Article 5, (as they are not obligated to do) each individual Owner shall carry such insurance. Each individual Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the individual Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction, In the event that the structure is totally destroyed and the individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Residential Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. A Parcel Association or Parcel Committee may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Residential Unit and the standard for returning the Residential Unit to its natural state in the event the Owner decides not to rebuild or reconstruct.

(5.3) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Residential Unit and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 5.3(a) of this Article 5.

(5.4) Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area or to the common property of any Parcel shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75%) percent of the total vote of the Association, if Common Area, or damage to its common property, if not Common Area, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Properties shall be restored to their natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

(5.5) Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost of repair or reconstruction, the Board of Directors shall, without the necessity of a vote of the Voting Members, levy a special assessment against all Owners as permitted in Article 10, Section 5. If the damage or destruction involves the common property of a Parcel, only the Owners of Residential Unit Lots in the affected Parcel shall be subject to such assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE SIX: NO PARTITION

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any such judicial partition until the happening of the conditions set forth in Section 5.3 of Article 5 in the case of damage or destruction, or unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE SEVEN: CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarants, so long as the Declarants owns any property originally submitted to the Declaration or any Additional Land, and Voting Members representing at least seventy-five percent (75%) of the Class A Members of the Association shall otherwise agree, the Association shall restore or replace the improvements so taken on the remaining land included in the Common Area to the extent funds are available for the restoration or replacement of improvements, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article 5 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

ARTICLE EIGHT: ANNEXATION

(8.1) Annexation without Approval of Class A Membership. As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarants shall have the unilateral right, privilege, and option, from time to time at any time until

January 1, 1999, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the improved and unimproved real property described in Exhibit D attached hereto and by reference made a part hereof by filing in the Mecklenburg County Public Registry an amendment annexing such property. Such amendment to this Declaration shall not require the vote of Class A members. Any such annexation shall be effective upon the filing for record of such amendment unless otherwise provided therein.

Declarants shall have the unilateral right to transfer to any other person the right, privilege and option to annex additional property which is herein reserved to Declarants, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibit D, attached hereto, which, at the time of such transfer and assignment (or contemporaneously therewith), is subjected to the provisions of this Declaration.

(8.2) Annexation with Approval of Class A Membership.
Subject to the consent of the owner of the property to be annexed, upon the written consent or affirmative vote of a majority of the Class A Members of the Association other than Declarants present or represented by proxy at a meeting duly called for such purpose, and of the Declarants, so long as Declarants own property subject to this Declaration or which may become subject in accordance with Section 8.1 of this Article, the Association may annex real property other than that described in Exhibit D, and following the expiration of Declarants' right in Section 8.1, the real property described in Exhibit D, to the provisions of this Declaration and the jurisdiction of the Association by filing a Subsequent Amendment with respect to the property being annexed in the Mecklenburg County Public Registry. Such annexation shall require the affirmative vote of Voting Members representing a majority of the Class A votes of the Association, other than Declarants, present at a meeting duly called for such purpose, and of the Declarants so long as Declarants own property subject to this Declaration or which may become subject in accordance with Section 8.1 of this Article.

(8.3) Acquisition of Additional Common Area.
Declarants may convey to the Association additional real estate, improved or unimproved, located within the properties described in Exhibits A, B, C and D which upon conveyance or dedication shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

(8.4) Amendment. This Article shall not be amended without the written consent of Declarants, so long as the Declarants own any property described in Exhibits A, B, C and D.

ARTICLE NINE: RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

(9.1) Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto, if any), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions of this Declaration and the Bylaws.

(9.2) Services. The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Properties, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Properties or the enforcement of this Declaration. The Association may, but shall not be required to, arrange as an Association expense with third parties to furnish water, trash collection, sewer service, and other common services to each Lot or Parcel.

(9.3) Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests located within the properties described in Exhibits A, B, C and D conveyed to it by the Declarants.

(9.4) Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

(9.5) Powers of the Association with Respect to Parcels. The Association shall have the absolute power to veto any action taken or contemplated to be taken by any Parcel Association or Committee, and the Association shall have the absolute power to require specific action to be taken by any Parcel Association in connection with the Parcel's obligations and responsibilities hereunder or under any other covenants affecting the Properties. Without limiting the generality of the foregoing, the Association may veto any decision of any Parcel Association or Committee (or architectural control board or other committee thereof), and the Association may require specific maintenance or repairs or aesthetic changes to be effectuated, require that a proposed budget include certain

items and that expenditures be made therefor, veto or cancel any contract providing for maintenance, repair or replacement of the property governed by such Parcel Association or Committee and otherwise require or veto any other action as the Association deems appropriate from time to time.

Any action required by the Association in a written notice to be taken by a Parcel Association or Committee shall be taken within the time frame set by the Association in such written notice. If the Parcel Association or Committee fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Parcel Association or Committee and shall assess the Units governed by such Association or in such Parcel for their pro rata share of any expenses incurred by the Association under the circumstances (to cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association) in the manner provided for the levying of special assessments in Article 10, Section 10.5. Such assessments may be collected as a Special Assessment hereunder and shall be subject to all lien rights provided for herein.

(9.6) Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the Common Area to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.

ARTICLE TEN: ASSESSMENTS

(10.1) Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of Units or Lots, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

(10.2) Creation of Assessments. Each Owner of any Residential Unit or Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c)

specific assessments against any particular Unit or Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Unit against which assessment is made.

Each assessment, together with interest, costs, and reasonable attorney's fees, shall be the personal obligation of the person who was the Owner of such Residential Unit or Lot at the time of the assessment, and his or her grantee shall be jointly and severally liable for the portion of the assessment due and payable at the time of conveyance to the extent expressly assumed; provided, however, no first mortgagee who obtains title to a Residential Unit or Lot pursuant to the remedies provided in the mortgage shall be liable for unpaid assessments which accrued prior to the acquisition of title. Assessments shall be paid in the manner and on dates fixed by the Board of Directors, and may include, without limitation, acceleration of the annual assessment for delinquents; unless the Board otherwise provided, the assessments shall be paid in monthly installments.

The Association shall upon demand at any time furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit or Lot. Such certificate shall be conclusive evidence of payment of such assessment to the Association therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed Twenty-five Dollars (\$25.00) for the issuance of such certificate.

(10.3) Computation of Assessment. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each Unit for the following year to be delivered to the Voting Members at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a vote of Voting Members or their alternates representing at least a Majority of the Owners. Notwithstanding the foregoing, however, in the event the budget is disapproved or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided in this Section, the budget in effect for the then current year shall continue for the succeeding year.

(10.4) Computation of Parcel Assessments. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare a separate budget covering the estimated Parcel Expenses to be incurred by the Association for each Parcel on whose behalf Parcel Expenses are expected to be incurred during the coming year. The Board shall be entitled to set such budget only to the extent that this Declaration or the Bylaws specifically authorizes the Board to assess certain costs as a Parcel Assessment. The Parcel Association or Committee for each Parcel may request that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such budget. Such budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Parcel, as appropriate. Parcel Expenses shall be allocated equally among all Units or Lots within the Parcel benefitted thereby and levied as a Parcel Assessment. The Board shall cause a copy of such budget and notice of the amount of the Parcel Assessment to be levied on each Unit or Lot in the Parcel for the coming year to be delivered to each Owner of a Unit or Lot in the Parcel at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved by a majority of the Owners of Units or Lots in the Parcel which the Parcel Assessment applies; provided, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least ten percent (10%) of the Units or Lots in such Parcel. Meetings of Parcel Committees, if called, shall be conducted in accordance with Article V, Section 2 of the Bylaws.

In the event the proposed budget for any Parcel is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

(10.5) Special Assessments. In addition to the other assessments authorized in this Article, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Unit or Lot does not exceed Five Hundred (\$500) Dollars in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Unit or Lot to exceed this limitation shall be effective only if approved by a vote of Voting Members or their alternates representing a Majority of the Class A members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

(10.6) Lien for Assessments. All sums assessed against any Unit or Lot pursuant to this Declaration, together with late charges, interest, costs and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Unit or Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit or Lot, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarants duly recorded in the Mecklenburg County Public Registry, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Unit or Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

(10.7) Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due are delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount the Board may from time to time determine. The Association shall give a notice of delinquency to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days of the due date, a lien, as provided in this Article, shall attach and shall include the late charge, interest on the principal amount due (not to exceed the maximum legal rate), and all late charges from the date first due, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. If the assessment remains unpaid after sixty (60) days from the due date, the Association may, as determined by the Board, institute suit to collect the amounts due and to foreclose the lien. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him or her personally for the collection of the charges as a debt or to foreclose the lien in the same manner as other liens for the improvement of real property may be foreclosed. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners.

No Owner may waive or otherwise exempt himself or herself from liability for the assessments provided for herein, including, by way of illustrations, but not limitation, by non-use of Common Areas, or abandonment of the Unit or Lot. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the the Association or Board to take some action or perform some function required

to be taken or performed by the Association or Board under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest, then to delinquent assessments, then to any unpaid installments of the annual assessment or special assessments which are not the subject matter of suit, in the order of their coming due, and then to any unpaid installments of the annual assessment or special assessments which are the subject matter of suit, in the order of their coming due.

(10.8) Capital Budget and Contributions. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect to both amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 10.3 of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

(10.9) Subordination of the Lien to First Mortgages. The lien of the assessments, including interest, late charges, costs (including attorneys fees) provided for herein, shall be subordinate to the lien of any First Mortgage upon any Lot or Unit. The sale or transfer of any Lot or Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Lot or Unit obtains title, his or her successors and assigns shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot or Unit which became due prior to the acquisition of title to such Lot or Unit by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all the Lots or Units, including such acquirer, his or her successors and assigns.

(10.10) Capitalization of Association. Upon acquisition of record title to a Lot or Unit from Declarants, each Owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6th) of the amount of the general assessment for that Lot or Unit as determined by the Board.

(10.11) Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Units or Lots then existing and subject to assessment under this Declaration on the first day of the month following the conveyance of the first Unit or Lot by the Declarants to a Class A member and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The date any Unit or Lot becomes subject to assessment hereunder shall be the date on which the later of the following occurs:

(a) the Unit or Lot becomes subject to this Declaration; or

(b) the appropriate official of Mecklenburg County, North Carolina or other appropriate governing municipality issues a certificate of occupancy or its equivalent stating that the Unit is substantially complete and available for occupancy.

(10.12) Assessments by Declarants.

(a) After the commencement of assessment payments as to any Unit or Lot, Declarants, if any, covenants and agrees to pay the full amount of the annual assessment for each occupied Unit or Lot it owns; notwithstanding anything contained herein to the contrary, the Declarants shall be required to pay only fifty (50%) percent of the annual assessment for unoccupied Units or Lots that it owns.

(b) Notwithstanding anything to the contrary herein, the Declarants may contribute assessments due from them in services or materials or a combination of services and materials, rather than in money (herein collectively called in-kind contribution). The amount by which monetary assessments shall be decreased as a result of any in-kind contribution shall be the fair market value of the contribution. If the Declarants and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarants cannot agree as to the value of any contribution, the Declarants shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarants who are in the business of providing such services and materials. If the

Association and the Declarants are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

(10.13) Specific Assessments. The Board shall have the power specifically to assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. The Board may specifically assess Residential Units or Lots for the following expenses, except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association as provided herein:

(a) Expenses of the Association which benefit less than all of the Residential Units or Lots may be specifically assessed equitably among all of the Residential Units or Lots which are benefitted according to the benefit received.

(b) Expenses of the Association which benefit all Residential Units or Lots, but which do not provide an equal benefit to all, may be specifically assessed equitably among all Residential Units or Lots according to the benefit received.

(10.14) Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of General Assessments, Parcel Assessments, and Special Assessments:

(a) all Common Area;

(b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets and public parks.

(10.15) Failure to Assess. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay annual assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE ELEVEN: MORTGAGEE RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of first mortgages on Residential Units and Lots in Vineyard Point Yacht and Tennis Club. The provisions of this Article apply to both this Declaration and to the Bylaws of Vineyard Point Yacht and Tennis Club, Inc., notwithstanding any other provisions contained in this Declaration or the Bylaws; provided, however, voting percentages set forth in this Article are subject to and are controlled by higher percentage requirements, if any, set forth in this Declaration or the Bylaws for specific actions. Where indicated, these provisions apply only to Eligible Mortgage Holders, as defined in this Article.

(11.1) Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (the request to state the name and address of the holder, insurer, or guarantor and the Unit or Lot address), (the holder, insurer, or guarantor then becoming an Eligible Mortgage Holder), will be entitled to timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit or Lot on which there is a first mortgage held, insured, or guaranteed by the Eligible Mortgage Holder;
- (c) any delinquency in the payment of assessments or charges owned by an Owner of a Unit or Lot subject to the mortgage of the Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (6) days or any default in the performance by the Owner of any obligation under the Declaration or Bylaws which is not cured within sixty (6) days;
- (d) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (e) any proposed action which would require the consent of Eligible Mortgage Holders, as required in Sections 11.2 and 11.3 of this Article.

(11.2) Other Provisions for First Lien Holders. To the extent possible under North Carolina law:

- (a) Any restoration or repair of the Properties after partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications, unless Eligible Mortgage Holders of first mortgages on Units or Lots to which are

allocated at least fifty-one (51%) percent of the votes of Units or Lots subject to mortgages held by such Eligible Mortgage Holders approve of other plans for the repair and restoration of the Properties.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation must be approved by the Eligible Mortgage Holders of first mortgages on Units or Lots to which are allocated at least fifty-one percent (51%) of the votes of Units or Lots subject to mortgages held by such Eligible Mortgage Holders.

(11.3) Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Subsection 11.2(a) and 11.2(b) in this Article, or the addition of land in accordance with Article 8.

(a) The consent of at least sixty-seven percent (67%) of the Class A votes and of the Declarants, so long as Declarants owns any land subject to this Declaration, and the approval of the Eligible Mortgage Holders of first mortgages on Units and Lots to which at least sixty-seven percent (67%) of the votes of Units and Lots subject to a mortgage appertain, shall be required to terminate the Association.

(b) The consent of at least sixty-seven percent (67%) of the Class A votes and of the Declarants, so long as Declarants owns any land subject to this Declaration, and the approval of Eligible Mortgage Holders of first mortgages on Units and Lots to which at least fifty-one percent (51%) of the votes of Units and Lots subject to a mortgage appertain, shall be required materially to amend any provision of the Declaration, Bylaws, or Articles of Incorporation of the Association, or to add any material provision to the above documents, which establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) assessments, assessment liens, or subordination of liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use of the Common Area;
- (vi) responsibility for maintenance and repair of the Properties;

(vii) expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Association;

(viii) boundaries of any Unit or Lot;

(ix) leasing of Units or Lots;

(x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit or Lot;

(xi) establishment of self-management by the Association when professional management has been required by an Eligible Mortgage Holder; or

(xii) any provision in the Declaration, Bylaws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first mortgages on Units or Lots.

(11.4) Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing three Sections of this Article. Unless two-thirds (2/3) of the first mortgagees or Owners give their consent the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Properties shall not be deemed a transfer);

(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 scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units or Lots and of the Common Area;

(d) fail to maintain fire and extended coverage insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such Properties.

The provisions of this Section 11.4 shall not be construed to reduce the percentage vote that must be obtained form

mortgagees or Owners where a larger percentage votes is otherwise required for any of the actions contained in this Section.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for the Common Area, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

(11.5) Notice to Association. Upon request, each Unit or Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit or Lot.

(11.6) Amendments by Board. Should the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such change.

(11.7) Veterans Administration Approval. As long as the Declarants has an option unilaterally to subject property to this Declaration as provided in Article 8, the following actions shall require the prior approval of the Veterans Administration so long as the Veterans Administration is guaranteeing any Mortgage in the Community; annexation of additional property to the Community, except for annexation by Declarants pursuant to a plan of annexation previously approved by the Veterans Administration; dedication of Common Property to any public entity; and material amendment of the Declaration, Bylaws, or Articles of Incorporation.

(11.8) Applicability of Article 11. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or North Carolina law for any of the acts set out in this Article.

(11.9) Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

ARTICLE TWELVE: EASEMENTS

(12.1) Easements for Utilities. There is hereby reserved to the Declarants, for so long as Declarants own any of the

real property described on Exhibits A, B, C, and D, and the Association blanket easements upon, across, above, and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone, and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Association might decide to have installed to serve the Community. It shall be expressly permissible for the Declarants and the Association or their designees, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables, and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Declarants and the Board shall have the right to grant such easement.

(12.2) Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Residential Unit and such portion or portions of the Common Area adjacent thereto or as between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than one (1) foot, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Area or as between said adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, tenant, or the Association.

(12.3) Reservation for Expansion. Declarants hereby reserve to themselves and for Owners in all future phases, a perpetual easement and right-of-way for access over, upon, and across the Properties for construction, utilities, drainage, ingress and egress, and for use of the Common Area.

(12.4) Easements for Access to Recreational Area. Declarants hereby reserve for themselves, their employees and agents such easements over the Common Areas and the Master Amenities Tract (including, without limitation, any privately maintained road within the Community) as may be necessary to provide ingress and egress to and from the Recreational Area for both construction and maintenance purposes, together with easements over the Common Areas and the Master Amenities Tract for purposes of temporarily storing construction materials or parking vehicles and equipment used in connection with the construction of improvements for the Recreational Area.

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Declarants hereby reserve for the benefit of all Owners easements over the Properties and within each Parcel as may be reasonably necessary to provide vehicular and pedestrian ingress and egress to and from the Recreational Area, including, without limitation, the right to use any privately maintained road within the Community by all Owners whether or not such Owner lives in the Community.

(12.5) Declarants' Easement. Declarants hereby reserve such easements over the Properties as may be reasonably necessary for the construction and maintenance of the Recreational Area and any other recreational facilities and amenities including, but not limited to, boat slip facilities, community piers, walkways and gazebos, to be located within the Properties to serve any Parcel or Parcels within the Community.

(12.6) Easement Along Lake Norman. An easement is also reserved by Declarants, their successors and assigns, and residents of Vineyard Point Yacht and Tennis Club, their guests or invitees, for pedestrian ingress, egress and regress over and upon a fifteen (15) foot strip of land within the Property adjacent to and along the 760 foot mean sea level contour line of Lake Norman. There is also reserved to Declarants, their successors and assigns, a twenty-five (25) foot construction easement within the Properties adjacent to and along the 760 foot mean sea level contour line of Lake Norman for the purpose of constructing proposed improvements within the aforesaid pedestrian easement. An easement is also reserved to Declarants, their successors and assigns, and the residents of Vineyard Point Yacht and Tennis Club, their guests and invitees, for pedestrian and vehicular ingress, egress and regress in and upon all streets and parking lots within the Properties for access to the aforesaid fifteen (15) foot pedestrian easement and twenty-five (25) foot construction easement.

(12.7) Right of Entry. The Association shall have the right, but not the obligation, to enter into any Unit for emergencies, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

(12.8) Easement for Access Over Private Streets. There is hereby reserved to the general public an easement for ingress, egress and regress over all private streets within the

Properties, subject to such rules and regulations as may be promulgated by the Board of Directors.

ARTICLE THIRTEEN: GENERAL PROVISIONS

(13.1) Duration. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

(13.2) Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarants (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Unit unless any such Unit Owner shall consent thereto in writing. Further, so long as the Class B membership exists, Declarants may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the Class A members and the consent of the Declarants, so long as Declarants have an unexpired option to subject property to this Declaration. Amendments to this Declaration shall become effective upon recordation in the Mecklenburg County Public Registry unless a later effective date is specified therein.

(13.3) Indemnification. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

(13.4) Construction and Sale. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Residential Units shall continue, it shall be expressly permissible for Declarants to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarants, may be reasonably required, convenient, or incidental to the construction or sale of such residences, including, but not limited to, business offices, signs, model units, and sales offices, and the Declarants shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use residences owned by the Declarants and the clubhouse complex, if any, which may be owned by the Association, as models and sales offices. This Section may not be amended without the express written consent of the Declarants; provided, however, the rights contained in this Section 13.4 shall terminate upon the earlier of (a) twenty-five (25) years from the date this Declaration is recorded or (b) upon the Declarants' recording a written statement that all sales activity has ceased.

(13.5) Severability. Invalidity of any one of the covenants or restrictions contained in this Declaration by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

(13.6) Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

(13.7) Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Parcel Association and the Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants, restrictions, and provisions or any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any other Parcel Association shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the lien for assessments created in favor the Association.

ARTICLE FOURTEEN: DECLARANTS' RIGHTS

Any or all of the special rights and obligations of the Declarants may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarants and duly recorded in the public records of Mecklenburg County, North Carolina. Nothing in this Declaration shall be construed to require Declarants or any successor to develop any of the property set forth in Exhibit D in any manner whatsoever.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Units shall continue, it shall be expressly permissible for Declarants and any builder approved by Declarants to maintain and to carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarants, may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, model units, and sales offices, and the Declarants and any builder approved by Declarants shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Residential Units owned by the Declarants and the community center, if any, which may be owned by the Association, as models and sales offices.

So long as Declarants continue to have rights under this paragraph, no person or entity shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarants' review and written consent thereto, and any attempted recordation without compliance

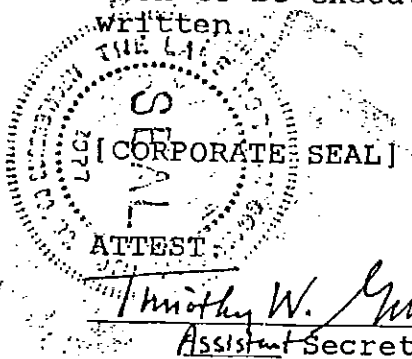
herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarants.

This Article may not be amended without the express written consent of the Declarants; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) thirty (30) years from the date this Declaration is recorded, or (b) upon recording by Declarants of a written statement that all sales activity has ceased.

So long as Declarants continue to have rights under this paragraph, all sales, promotional, and advertising materials, and all forms for deeds, contracts for sale, and other closing documents for the subdivision and sale of property in the Properties by any Parcel developer or builder shall be subject to the prior approval of Declarants, which approval shall not be unreasonably withheld. Declarants shall deliver notice to any Parcel developer or builder of Declarants' approval or disapproval of all such materials and documents within thirty (30) days of receipt of such materials and documents and, if disapproved, the specific changes requested. If Declarants fail to so notify any Parcel Developer within such thirty (30) day period, Declarants shall be deemed to have waived any objections to such materials and documents and to have approved the foregoing. Upon disapproval, the foregoing procedure shall be repeated until approval is obtained or deemed to be obtained.

This Article may not be amended without the express written consent of the Declarants; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) thirty (30) years from the date this Declaration is recorded, or (b) upon recording by Declarants of a written statement that all sales activity has ceased.

IN WITNESS WHEREOF, Declarants have caused this Declaration to be executed under seal on the day and year first above written.



THE LAKE NORMAN COMPANY, INC.

By: Ronald D. Kennedy
Exec. Vice President

WATERSIDE INVESTORS MANAGEMENT
PARTNERSHIP

By: Lewis H. Parham, Jr. (SEAL)
Lewis H. Parham, Jr.,
General Partner

STATE OF NORTH CAROLINA

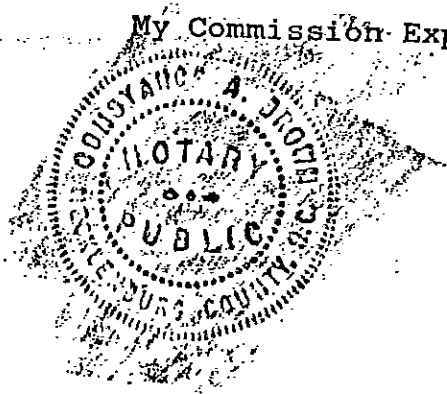
COUNTY OF MECKLENBURG

This 3rd day of May, 1989, before me, the undersigned Notary Public in and for the County and State aforesaid, personally came RONALD D. KENNEDY, who, being duly sworn, says that he is Ex. Vice - President of THE LAKE NORMAN COMPANY, INC, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that he signed and sealed said instrument on behalf of said corporation by its authority duly given. And the said Ex. Vice - President acknowledged said instrument to be the act and deed of said corporation.

WITNESS my hand and seal this 5th day of May, 1989.

Constantine A. Brown
Notary Public

My Commission Expires: 4-17-91



STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Gene Wolley, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 3rd day of May, 1989, Lewis H. Parham Jr. personally appeared before me and, being by me duly sworn, said that he is a General Partner in WATERSIDE INVESTORS MANAGEMENT PARTNERSHIP, a North Carolina general partnership, that the statements contained in the foregoing instrument are true, and he acknowledged said instrument to be the duly authorized act and deed of said partnership.

WITNESS my hand and notarial seal.

Gene Wolley
Notary Public

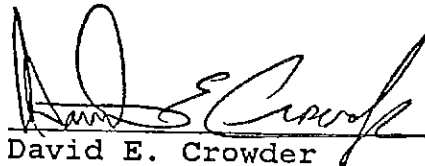
My Commission Expires: 10-8-89

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VINEYARD POINT YACHT AND TENNIS CLUB
CONSENT OF MORTGAGEE

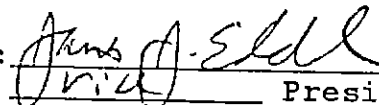
Branch Banking and Trust Company, being the Beneficiary under that certain Deed of Trust from Waterside Investors Management Partnership to David E. Crowder, Substitute Trustee, conveying part of the property described in Exhibits A, B and C attached hereto and made a part hereof, and recorded in Book 5781 at Page 321 in the Mecklenburg County Public Registry, does hereby consent to the recordation of this Master Declaration and the imposing of the provisions hereof to said real property described in Exhibits A, B and C and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Master Declaration, including all exhibits, attachments and amendments hereto, shall be superior to the lien of said Deed of Trust on part of the property described in Exhibits A, B and C. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarants, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarants under the foregoing Master Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Substitute Trustee also joins in and executes this Consent as Substitute Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 5th day of May, 1989.

 (SEAL)
David E. Crowder

SUBSTITUTE TRUSTEE


BRANCH BANKING AND TRUST COMPANY

By:  President

BENEFICIARY

(CORPORATE SEAL)

ATTEST:

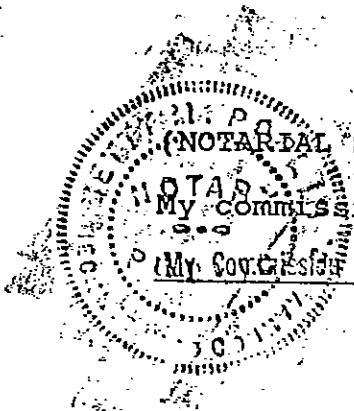

Asst. Secretary

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 5th day of May, 1989, personally came before me DAVID E. CROWDER, Substitute Trustee, who, being by me duly sworn, acknowledged the due execution of the foregoing instrument.

Betty M. Pegler
Notary Public



STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 5th day of May, 1989, personally came before me James J. Edahl, who being by me duly sworn, says that he is a Vice President of BRANCH BANKING AND TRUST COMPANY, that the seal affixed to the foregoing instrument in writing is the corporate 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 Vice President acknowledged the said writing to be the act and deed of said Corporation.

Betty M. Pegler
Notary Public

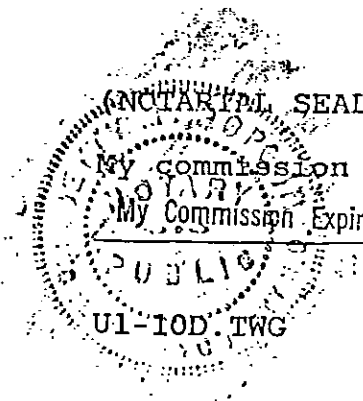


EXHIBIT A

Lying and being in Lemley Township, Mecklenburg County, North Carolina, and being more particularly described as follows:

BEGINNING at a point in the northerly right-of-way margin of Vineyard Point Lane (private street) located the following ten (10) courses and distances from a concrete monument marking the intersection of the westerly margin of the sixty (60) foot right-of-way of North Carolina Highway 73 and the southerly margin of the sixty (60) foot right-of-way of Bluff Point Road: (1) North 84-15-32 West 379.97 feet to a point; (2) with the arc of a circular curve to the right having a radius of 105.00 feet, an arc distance of 53.49 feet to a point; (3) South 09-58-23 West 35.23 feet to an old iron; (4) South 68-34 East 101.60 feet to a point; (5) South 20-09-57 West 37.19 feet to a point; (6) North 68-01 West 95.00 feet to an old iron; (7) South 09-45-43 West 92.26 feet to an old iron; (8) South 25-59-04 West 32.89 feet to an old iron; (9) South 26-14-35 West 49.77 feet to a point; and (10) South 05-42-24 West 281.26 feet to the Beginning Point; running thence from said Beginning Point along said right-of-way margin of Vineyard Point Lane the following three (3) courses and distances: (1) North 81-39-22 West 24.41 feet to a point; (2) South 67-30-00 West 197.43 feet to a point; and (3) South 80-00-21 West 35.68 feet to a point; thence North 49-29-49 West 230.71 feet to a point; thence North 11-45-46 East 158.65 feet to a point; thence North 23-34-37 East 41.41 feet to a point; thence North 87-49-42 East 396.47 feet to a point; thence South 05-42-24 West 281.33 feet to the point and place of Beginning, and containing 2.808 acres as shown on survey entitled "Recorded plat of DOCKSIDE CONDOMINIUM" dated April 24, 1989, by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

U2-4B.TWG

EXHIBIT B

Lying and being in Lemley Township, Mecklenburg County, North Carolina, and being more particularly described as follows:

BEGINNING at a point in the northerly right-of-way margin of Vineyard Point Lane (private street), said point being located the following thirteen (13) courses and distances from a concrete monument marking the intersection of the westerly margin of the sixty (60) foot right-of-way of North Carolina Highway 73 and the southerly margin of the sixty (60) foot right-of-way of Bluff Point Road: (1) North 84-15-32 West 379.97 feet to a point; (2) with the arc of a circular curve to the right having a radius of 105.00 feet, an arc distance of 53.49 feet to a point; (3) South 09-58-23 West 35.23 feet to an old iron; (4) South 68-34 East 101.60 feet to a point; (5) South 20-09-57 West 37.19 feet to a point; (6) North 68-01 West 95.00 feet to an old iron; (7) South 09-45-43 West 92.26 feet to an old iron; (8) South 25-59-04 West 32.89 feet to an old iron; (9) South 26-14-35 West 49.77 feet to an old iron; (10) South 05-42-24 West 341.32 feet to a point in the southerly margin of the sixty (60) foot right-of-way of Vineyard Point Lane (private street); (11) with said southerly margin North 81-39-22 West 7.86 feet to a point; (12) South 67-30 West 183.45 feet to a stone located in the northeastern corner of the property of John F. Fielder (now or formerly) as described by deed recorded in Deed Book 2664 at Page 559 in the Mecklenburg County Public Registry; and (13) North 49-29-49 West 77.76 feet to a point in the northerly margin of said Vineyard Point Lane, the point or place of Beginning, and running thence along said margin of Vineyard Point Lane South 80-00-28 West 1064.54 feet to a point in the easterly property line of Vineyard Point Condominium, Phase I; thence North 00-44-55 West 185 feet to an iron pin; thence North 49-47-58 West 43.41 feet to a point; thence North 84-35-48 West 10 feet to a point; thence North 10-58-17 East 129.04 feet to a point; thence with the arc of a circular curve to the right with a radius of 69 feet, an arc distance of 193.91 feet to a point; thence South 75-37-50 East 371.25 feet to a point; thence North 77-42-02 East 148.13 feet to a point; thence South 79-39-08 East 162.38 feet to a point; thence North 87-46-07 East 55.53 feet to a point; thence with the arc of a circular curve to the right having a radius of 77 feet, an arc distance of 103.79 feet to a point; thence South 11-45-46 West 57.83 feet to a point; thence South 49-29-49 East 230.71 feet to the Point or Place of Beginning, all as shown on survey entitled "VINEYARD POINT" dated February 23, 1989 and last revised April 28, 1989 by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

TOGETHER WITH an easement and right-of-way for ingress, egress and regress to and from the above-described property and N.C. Highway 73 more particularly described as follows:

BEGINNING at an iron pin in the line of that property conveyed to Jean F. Melchor by deed recorded in Book 2664 at Page 555 in the Mecklenburg County Public Registry, said iron pin also marking the southeasterly corner of Vineyard Point Condominium, Phase I, and running thence from said beginning point with the easterly line of Vineyard Point Condominium, Phase I, North 00-44-55 West 60.79 feet to a point; thence North 80-00-28 East 1,100.22 feet to a point; thence North 67-30 East 197.43 feet to a point; thence South 81-39-22 East 545.34 feet to a point in the westerly margin of the 60-foot right-of-way of N. C. Highway 73; thence running with the aforesaid westerly margin the following two courses and distances: (1) South 00-26-25 West 12.37 feet to a point and (2) with the arc of a circular curve to the right having a radius of 917.62 feet an arc distance of 48.05 feet to a point; thence North 81-39-22 West 532.98 feet to a point; thence South 67-30 West 183.45 feet to a stone marking the northeasterly corner of that property conveyed to John F. Fielder in deed recorded in Book 2664 at Page 559 in the Mecklenburg County Public Registry; and running thence with the northerly lines of the John F. Fielder property (now or formerly) and the aforementioned Jean F. Melchor property (now or formerly) South 80-00-28 West 1,123.78 feet to the point or place of beginning and containing 2.543 acres, all as shown on survey dated August 21, 1987, and last revised June 30, 1988, by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

SPU2-3A.LMW

EXHIBIT C

Lying and being in Lemley Township, Mecklenburg County, North Carolina, and being more particularly described as follows:

BEGINNING at an old iron marking the northwesterly corner of the property conveyed to Robert D. Potter by deed recorded in Book 1550 at Page 3 in the Mecklenburg County Public Registry, said iron being located the following eleven (11) courses and distances from a concrete monument marking the intersection of the westerly margin of the existing sixty (60) foot right-of-way of N.C. Highway #73 and the southerly margin of the 60 foot right-of-way of Bluff Point Road: (1) North 84-15-32 West 379.97 feet to a point, (2) with the arc of a circular curve to the right having a radius of 105 feet, an arc distance of 53.49 feet to a point, (3) South 09-58-23 West 35.23 feet to an old iron, (4) South 68-34-00 East 101.60 feet to a point, (5) South 20-09-57 West 37.19 feet to a point, (6) North 68-01-00 West 95 feet to an old iron, (7) South 09-45-43 West 92.26 feet to an old iron, (8) South 25-59-04 West 32.89 feet to an old iron, (9) South 26-14-35 West 49.77 feet to an old iron, (10) South 05-42-24 West 607.28 feet to a point in the northerly line of the aforesaid Robert D. Potter property (now or formerly) and (11) along said line of the Robert D. Potter property (now or formerly) North 18-38-00 West 180 feet to the point or place of Beginning, and running thence from said Beginning Point North 09-08-37 East 171.57 feet to a stone in the southerly margin of Vineyard Point Lane (private street); thence along said southerly margin of Vineyard Point Lane the following two (2) courses and distances: (1) North 67-30-00 East 183.45 feet to a point and (2) South 81-39-22 East 7.86 feet to a point; thence leaving said margin of Vineyard Point Lane South 05-42-24 West 266.96 feet to a point in the aforesaid northerly line of the Robert D. Potter property (now or formerly); thence along said line of the Robert D. Potter property (now or formerly) North 81-38-00 West 180 feet to the point or place of Beginning, and containing .880 acre as shown on survey entitled "Vineyard Point" dated August 21, 1987, and last revised June 30, 1988, by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

U2-82A.TWG

EXHIBIT DTRACT I:

Lying and being in Lemley Township, Mecklenburg County, North Carolina, and being more particularly described as follows:

BEGINNING at a point in the centerline of the sixty (60) foot right-of-way of North Carolina Highway 73, said point being located South 84-15-32 East 30.70 feet from a concrete monument marking the intersection of the southerly margin of the sixty (60) foot right-of-way of Bluff Point Road and the westerly margin of the sixty (60) foot right-of-way of N. C. Highway 73, and running thence from said Beginning Point with the aforesaid centerline of the right-of-way of North Carolina Highway 73 South 00-08-31 West 132.20 feet to a point, thence South 86-31-23 East 62.38 feet to a point; thence South 11-46-08 West 407.03 feet to a point within the right-of-way of North Carolina Highway 73; thence North 81-39-22 West 14.48 feet to a point in the westerly margin of the right-of-way of North Carolina Highway 73; thence in a southerly direction with the aforesaid westerly margin the following two (2) courses and distances: (1) with the arc of a circular curve to the right having a radius of 917.62 feet, an arc distance of 163.53 feet to a point; and (2) with the arc of a circular curve to the right having a radius of 847.00 feet, an arc distance of 151.99 feet to an old iron located in the northeastern corner of the property of Robert D. Potter (now or formerly) as described in deed recorded in Deed Book 1550 at Page 3 in the Mecklenburg County Public Registry; and thence with the northerly line of Robert D. Potter (now or formerly) North 81-38 West 495.81 feet to a point; thence North 05-42-24 East 607.28 feet to an old iron; thence South 87-49-42 West 389.94 feet to a point; thence North 16-16-55 East 31.90 feet to a point; thence North 13-25-28 East 52.94 feet to a point; thence North 26-53-24 East 110.76 feet to a point; thence North 23-03-42 West 32.45 feet to a point; thence North 48-27-25 East 36.94 feet to a point; thence North 75-39-16 East 60.75 feet to a point; thence South 88-02-41 East 62.44 feet to a point; thence South 64-09-53 East 35.52 feet to a point; thence South 75-22-17 East 208.99 feet to an old iron; thence South 68-01 East 95 feet to a point; thence North 20-09-57 East 37.19 feet to a point; thence North 68-34 West 101.60 feet to an old iron; thence North 09-58-23 East 82.13 feet to a point; thence South 84-15-32 East 452.54 feet to a point in the centerline of the sixty (60) foot right-of-way of North Carolina Highway 73; thence South 00-08-31 West 60.32 feet to the Point or Place of Beginning, all as shown on survey entitled "VINEYARD POINT" dated August 21, 1987 and last revised June 30, 1988 by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

TRACT II:

BEGINNING at a point located the following three (3) courses and distances from a concrete monument marking the intersection of the southerly margin of the 60 foot right-of-way of Bluff Point Road and the westerly margin of the 60 foot right-of-way of N.C. Highway #73: (1) North 84-15-32 West 379.97 feet; (2) with the arc of a circular curve to the right having a radius of 105 feet and an arc distance of 53.49 feet and (3) South 09-58-23 West 35.23 feet to the Beginning Point, and running thence from said Beginning Point South 68-34-00 East 101.60 feet to a point; thence South 20-09-57 West 37.19 feet to a point; thence North 68-01 West 95.00 feet to a point; thence North 75-22-17 West 208.99 feet to a point; thence North 64-09-53 West 35.52 feet to a point; thence South 89-33-29 East 55.81 feet to a point; thence South 70-32-58 East 90.97 feet to a point; thence South 73-39-10 East 76.68 feet to a point; thence North 51-00-42 East 32.62 feet to the Point and Place of Beginning and containing 0.164 acre as shown on survey by Don Allen Surveyors, Inc. dated February 9, 1989 to which survey reference is hereby made for a more particular description of the property.

TRACT III:

BEGINNING at an iron pin in the line of that property conveyed to Jean F. Melchor by deed recorded in Book 2664 at Page 555 in the Mecklenburg County Public Registry, said iron pin also marking the southeasterly corner of Vineyard Point Condominium, Phase I, and running thence from said beginning point with the easterly line of Vineyard Point Condominium, Phase I, North 00-44-55 West 60.79 feet to a point; thence North 80-00-28 East 1,100.22 feet to a point; thence North 67-30 East 197.43 feet to a point; thence South 81-39-22 East 545.34 feet to a point in the westerly margin of the 60-foot right-of-way of N. C. Highway 73; thence running with the aforesaid westerly margin the following two courses and distances: (1) South 00-26-25 West 12.37 feet to a point and (2) with the arc of a circular curve to the right having a radius of 917.62 feet an arc distance of 48.05 feet to a point; thence North 81-39-22 West 532.98 feet to a point; thence South 67-30 West 183.45 feet to a stone marking the northeasterly corner of that property conveyed to John F. Fielder in deed recorded in Book 2664 at Page 559 in the Mecklenburg County Public Registry; and running thence with the northerly lines of the John F. Fielder property (now or formerly) and the aforementioned Jean F. Melchor property (now or formerly) South 80-00-28 West 1,123.78 feet to the point or place of beginning and containing 2.543 acres, all as shown on survey dated August 21, 1987, and last revised June 30, 1988, by Don Allen Surveyors, Inc., N.C.R.L.S., to which survey reference is hereby made for a more particular description of the property.

TRACT IV:

All such property conveyed to Robert D. Potter by deed recorded in Book 1550 at Page 3, and to The Lake Norman Company, Inc. by deeds recorded in Book 5950 at Page 584, and Book 5950 at Page 580, all recorded in the Mecklenburg County Public Registry.

TRACT V:

All such property adjacent to the property described in Exhibits A, B, C and D to this Declaration lying within the boundaries of Lake Norman and/or below the 760 foot mean sea level contour line of Lake Norman.

TRACT VI:

All such other property lying and being in the County of Mecklenburg, State of North Carolina.

U2-81A.TWG

ATTACHMENT 1

ARTICLES OF INCORPORATION
OF
VINEYARD POINT YACHT AND TENNIS CLUB, 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 Vineyard Point Yacht and Tennis Club, Inc. (hereinafter referred to as the "Master Association").

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

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

(a) To manage, maintain, operate, care for the recreational areas of and to administer Vineyard Point Yacht and Tennis Club (the "Community") as shall be described in a Master Declaration of Covenants, Conditions and Restrictions, by The Lake Norman Company, Inc., a North Carolina corporation, and by Waterside Investors Management Partnership, a North Carolina general partnership (the "Declarants"), which said Master Declaration shall be recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina (such Master 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 Community 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 are:

(a) Members of the Association shall be every Owner of a Residential Unit or Lot as defined in the Declaration and the Declarants so long as the Declarants own any Residential Unit or Lot 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 number of Units or Lots (as defined in the Master Declaration) owned by each Owner and by Declarants. There shall be two classes of Units with respect to voting rights:

(1) Class A. Class A Members shall be all Owners with the exception of the Class B Members, if any.

Class A Members shall be entitled on all issues to one (1) vote for each Residential Unit or Lot in which they hold the interest required for membership by Section 4.1 of this Article. There shall be only one (1) vote per Residential Unit or Lot; provided, however, no vote shall be cast or counted for any Residential Unit or Lot not subject to assessment. Unless otherwise specified in this Declaration or the Bylaws, the vote of each Residential Unit or Lot shall be exercised by the Voting Member representing such Member's Unit or Lot as defined in Article 1.

(2) Class B. Class B Members shall be the Declarants and any successor of Declarants who takes title for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarants. The Class B Members shall be entitled to three (3) votes for each Residential Unit or Lot in which they hold the interest required for membership by Section 4.1 of this Article; this number shall be decreased by one (1) vote for each Class A Member existing at any one time. The Class B membership shall terminate and become converted to Class A membership upon the happening of the earlier of the following:

(i) When the total outstanding Class A votes equal or exceed the total outstanding Class B votes;

(ii) January 1, 1999; or

(iii) When, in its discretion, the Declarants determine. From and after the happening of these events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Residential Unit or Lot in which it holds the interest required for membership under the Declaration. At such time, the Declarants shall call a meeting, as provided in the Bylaws of the Association for special meetings to advise the membership of the termination of Class B status.

(c) 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 the Bylaws attached thereto.

6. The address of the initial registered office of the Master Association is 81 Harbor Drive, Davidson, North Carolina 28036 and the initial registered agent of the Association at such address is Ronald D. Kennerly.

7. The business and conduct of the Master Association shall be regulated by a Board of Directors who shall be elected in the manner and for the terms provided 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>
Ronald D. Kennerly	181 Harbor Drive Davidson, North Carolina 28036
Kenneth P. Forester, Jr.	181 Harbor Drive Davidson, North Carolina 28036
John Maxwell	181 Harbor Drive Davidson, North Carolina 28036

8. The incorporator of this Association is Timothy W. Gilbert and his address is 2600 One First Union Center, 301 South College Street, Charlotte, Mecklenburg County, North Carolina 28202.

IN TESTIMONY WHEREOF, the undersigned has set his hand and
affixed his seal, this _____ day of _____, 1989.

Timothy W. Gilbert (SEAL)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, _____, a Notary Public in and for said
County and State, do hereby certify that Timothy W. Gilbert
personally appeared before me this day and acknowledged the due
execution of the foregoing instrument.

WITNESS my hand and notarial seal, this _____ day of
_____, 1989.

Notary Public

My Commission Expires:

U2-80A.TWG

ATTACHMENT 2

BYLAWS OF
VINEYARD POINT YACHT AND TENNIS CLUB, INC.

ARTICLE I

Name, Membership, Applicability, and Definitions

Section 1. Name and Location. The name of the Association shall be Vineyard Point Yacht and Tennis Club, Inc., (hereinafter sometimes referred to as the "Association"). The principal office of the Association shall be located in Mecklenburg County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

Section 2. Membership. The Association shall have two (2) classes of membership, Class A and B, as more fully set forth in that Declaration of Covenants, Conditions, and Restrictions for Vineyard Point Yacht and Tennis Club (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the Declaration), the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in said Declaration, unless the context shall prohibit.

ARTICLE II

Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors either in Vineyard Point Yacht and Tennis Club or as convenient thereto as possible and practical.

Section 2. Annual Meetings. The first meeting of the members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association and not later than six (6) months after the closing of the sale of the first Residential Unit. The next annual meeting shall be set by the Board so as to occur no later than thirty (30) days before the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. The

annual meeting of the members shall be held at a date and time as set by the Board of Directors.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten (10%) per cent of the total votes of the Association.

Section 4. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States Mail addressed to the Voting Member at his or her address as it appears on the records of the Association, with postage thereon prepaid.

Section 5. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Voting Member or his or her alternate shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that Voting Members or their alternates representing at least twenty-five (25%) per cent of the total votes of the Association remain present, and provided further that any action taken shall be approved by at least a majority of the Voting Members required to constitute a quorum.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

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 before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Residential Unit or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 9. Majority of Owners. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) per cent of the total number.

Section 10. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of Voting Members representing one-tenth (1/10) of the Members shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 12. Action Without a Meeting. Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Voting Members.

ARTICLE III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Declarants' Control. The Directors shall be selected by the Declarants' acting in its sole discretion and shall serve at the pleasure of the Declarants so long as the Class B membership exists, as set forth in the Declaration, unless the Declarants shall earlier surrender this right to select Directors. The Directors selected by the Declarants need not be owners or residents in Vineyard Point Yacht and Tennis Club, Inc. After the period of Declarants appointment, all Directors must be members of the Association.

Section 3. Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than nine (9), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members. Each Parcel shall elect an equal number of Directors with each Parcel electing at least one (1) Director. Any additional directorships shall be filled by persons elected at-large by the Voting Members.

Section 4. Nomination of Directors. Except with respect to Directors selected by the Declarants, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association with at least one (1) from each Parcel. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days 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 such annual meeting. The Nominating Committee shall make as many nominations from each Parcel for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled by each Parcel plus any at-large directorships to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein, at the first annual meeting of the membership after the termination of the Class B membership and at each annual meeting of the membership thereafter, all Directors shall be elected. There shall be at least one (1) Director elected from and representing each of the Parcels. There shall, in addition, be directors elected at-large. Separate slates shall be proposed for candidates specifying those representing each Parcel and only those Voting Members in a Parcel shall vote on the representatives for that Parcel. A separate slate shall also be proposed specifying those candidates running for at-large directorships, and all Voting Members shall vote for the at-large directorships. Cumulative voting shall be permitted.

Section 6. Removal of Directors and Vacancies. Directors may be removed by a vote of a majority of the Voting Members present at a meeting called for that purpose for cause or for no cause. Any director whose removal is sought will be given notice prior to any meeting called for that purpose. A Director who was elected solely by the votes of Voting Members other than the Declarants may be removed from office prior to the expiration of his or her term by the votes of a majority of Voting Members other than the Declarants.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board. Each person so elected shall serve the unexpired portion of the vacated term.

Section 8. Voting Procedure for Directors. The Voting Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Votes shall be cast as provided in Section 5 above. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area and shall be communicated to

Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting. Notices shall be posted at a prominent place within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of a quorum of the Voting Members of the Association at a regular or special meeting of the Association.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 17. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 18. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors. An explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all the Board members have been obtained.

C. Powers and Duties.

Section 19. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members.

The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members.

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The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; (Unless otherwise determined by the Board of Directors, the annual assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.)

(c) providing for the operation, care, upkeep, and maintenance of all the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its members and not chargeable to Owners; and

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices.

(m) make available to any prospective purchaser of a Residential Unit or Lot, any Owner of a Residential Unit or Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Residential Unit or Lot current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Residential Unit or Lot, and all other books, records, and financial statements of the Association; and

(n) permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Project.

Section 20. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 19 of this Article. The Declarants, or an affiliate of the Declarants, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

Section 21. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accountings, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform with established American Institute of Certified Public Accountants (AICPA) guidelines and principles; (A segregation of accounting duties should be maintained, and disbursements by check shall require two (2) signatures. Cash disbursements shall be limited to amounts of Twenty-Five (\$25) Dollars and under.)

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(f) commencing at the end of the month in which the first Residential Unit is sold and closed, semi-annual financial reports shall be prepared for the Association containing:

(i) an Income Statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;

(ii) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding three (3) months on an accrual basis;

(iii) an Account Status Report reflecting the status of all accounts in an actual versus approved budget format with a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten (10%) per cent of a major budget

category (as distinct from a specific line item in an expanded chart of accounts);

(iv) a Balance Sheet of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Residential Unit in the project, and an Operating Statement for the period from the date of the first closing to the said accounting date, which shall be distributed within sixty (60) days after the accounting date;

(v) a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for said fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year; and

(vi) a Delinquency Report listing all owners who have been delinquent during the preceding six (6) month period in paying the monthly installments of assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent. A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month.

Section 22. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Area and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain Voting Member approval in the same manner provided in Article 10, Section 5, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) per cent of the budgeted gross expenses of the Association for that fiscal year.

Section 23. Rights of the Association. With respect to the Common Area or other Association responsibilities owned, and in accordance with the Articles of Incorporation and Bylaws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other home owners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Directors of the Association.

Section 24. Hearing Procedure. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. ~~The failure of the Board to~~ enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting, and Article 3, Section 9 of the Declaration relating to rules and regulations shall be complied with. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The decision of the Board of Directors after the hearing shall be final.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary contained in the Declaration or Bylaws, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but

not limited to, the towing of vehicles that are in violation of parking rules and regulations, as provided below) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Board of Directors may select such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the 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. Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE V

Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Parcel Committees. In addition to other committees, as provided in Section 1 of this Article V, there shall be a Parcel Committee for each Parcel contained in Vineyard Point Yacht and Tennis Club which does not have a Parcel Association. Each Parcel Committee shall consist of three (3) members; provided, however, by vote of at least fifty (50%) per cent of the residents of the Parcel this number may be increased to five (5). The Parcel Committees shall be appointed and elected in the manner provided for Directors in Article III, Sections 2 and 5. Any Director elected from a Parcel shall be an ex officio member of the Committee. It shall be the responsibility of the Parcel Committee to determine the nature and extent of services, if any, to be provided to the Parcel by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Parcel Committee may advise the Board on any other issue, but shall not have the authority to bind the Board of Directors.

In the conduct of its duties and responsibilities, each Parcel Committee shall comply with Article III, Sections 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of these Bylaws. Each Committee shall elect a chairman from among its members who shall preside at its meetings, shall be responsible for transmitting any and all communications to the Board of Directors and shall serve as the Voting Member representing such Parcel.

ARTICLE VI

Miscellaneous

Section 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members. The membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Member of the Association or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within Thornhill as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records by the Member desiring to make the inspection;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested by a Member.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other

communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) if to a Member or Voting Member at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Residential Unit of such Owner; or

(b) if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 6. Amendment. Prior to closing the sale of the first Residential Unit, Declarants may amend the Bylaws. After sale of the first Residential Unit, these Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Voting Members representing a majority of the total votes of the Association, which shall include a majority of the votes of Members other than the Declarants, or, where the two (2) class voting structure is still in effect, shall include a majority of each class of Members. So long as there is a Class B membership, any amendment to these Bylaws shall require the prior approval of the Veterans' Administration if the Veterans' Administration has guaranteed any loans on Residential Units in Vineyard Point Yacht and Tennis Club.

Section 7. Audit. An audit of the accounts of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's audit at the annual meeting, the Owners, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant. Upon written request of any institutional holder of a first mortgage, such holder shall be entitled to receive a copy of the annual audited financial statement within ninety (90) days after the end of each fiscal year.

* * * * *

We, the undersigned, being all the Directors of Vineyard Point Yacht and Tennis Club, Inc., do hereby certify:

That we are entitled to exercise all the voting power of said Corporation; and

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this _____ day of _____, 1989.

Director

Director

Director

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State of North Carolina, County of Mecklenburg

The foregoing certificate(s) of _____

Constance A. Brown, Sara
Woodley and Betty M. Poplin

a Notar(y) (ies) Public (is) (are) certified to be correct.

This 5th day of May 19 89.

Anne A. Powers, Register of Deeds

By: Shera W. Measmer Deputy