BOOK PAGE
1242 0953

RECORDED AND VERIFIED
REBECCA P. TUCKER
REGISTER OF DEEDS
NEW HANOVER CO. NC

NORTH CAROLINA

NEW HANOVER COUNTY

DECLARATION CREATING UNIT OWNERSHIP OF PROPERTY

THIS DECLARATION, made this 5 day of January, 1984, by L & O INVESTMENTS, INC., a North Carolina Corporation, with its principal place of business located in Cumberland County, North Carolina, hereinafter referred to as Declarant.

W I T N E S S E T H:

WHEREAS, Declarant is the owner in fee simple of certain real property located in the County of New Hanover, North Carolina, and more particularly described as follows:

33 BEGINNING at an iron stake in the Western margin of U.S. Highway 421, said iron stake being North 24 degrees 40 minutes West 125.00 feet from the intersection of the Western margin of U.S. Highway 421 with the Northern margin of Magnolia Drive, and runs thence South 65 degrees 20 minutes West 200.0 feet to an iron stake in the Eastern margin of Jackson Street; thence with the Eastern margin of Jackson Street North 24 degrees 40 minutes West 102.44 feet to a point; thence North 65 degrees 20 minutes East 200.00 feet to a point in the Western margin of U.S. Highway 421; thence with the Western margin of U.S. Highway 421 South 24 degrees 40 minutes East 102.44 feet to the point of beginning. Being a part of Lots 7 and 8 of Battleground Park as shown on Map Book 4, Page 52 of the New Hanover County Registry.

WHEREAS, Declarant is the owner of multi-unit buildings and all other improvements heretofore constructed or hereinafter constructed upon the above described property and intends by the filing of this DECLARATION to submit said property, buildings and improvements, whether heretofore or hereafter constructed, together with all appurtenances thereto, to a plan of condominium unit ownership pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, and

WHEREAS, it is the desire and intention of Declarant in the recordation of this DECLARATION in the Office of the Register of Deeds of New Hanover County, North Carolina, to submit said condominium project to the provisions of Chapter 47A of the North Carolina General Statutes;

NOW, THEREFORE, Declarant does hereby declare that all of the real property described herein together with all improvements heretofore constructed or hereafter constructed thereon, is held

RETURNED TO DAVID KENNEDY 864-6888
PO BOX 650
FAYETTEVILLE, N.C.

and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth hereinafter, all of which are delcared and agreed to be in furtherance of a plant for the improvements of said property and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person or entity avquiring or woning any interest in the real property and improvements described herein, or any subdivision thereof, their grantees, successors, heirs, executors, administrators, devisees, and assigns.

ARTICLE I

SUBMISSION OF PROPERTY

1.0 Pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, Section 47A-2, Declarant does hereby submit all of the real property hereinbefore described, together with all improvements thereon and described herein to the provisions of the Unit Ownership Act as set out in Chapter 47A of the North Carolina General Statutes.

ARTICLE II

DESCRIPTION OF LAND AND PLAN OF DEVELOPMENT

2.0 The subject real property is the same as set out hereinabove.

2.1 Plan of Development. The name by which this condominium project shall henceforth be known is PLEASURE ISLAND PLAZA. The Declarant has caused to be constructed upon the real property described above the multi-unit building containing the five (5) condominium units, as well as the common areas and facilities of the building and the real property, all as defined and described herein and as shown upon the plans contained in Exhibits C and D, attached hereto and made a part hereof by reference. The units of the building, together with their privileges and appurtenances, shall be offered for sale to the public by the Declarant as condominium units pursuant to the provisions of Chapter 47A of the General Statutes of the State of North Carolina, subject to the covenants, conditions, restrictions, and obligations stated in the Articles of this Declaration, the Articles of Incorporation of the Association, its duly adopted By-Laws and its Rules and Regulations.

2.2 The Declarant, by this Declaration, submits only the real property described hereinabove together with the improvements thereon and hereafter this submission shall be referred to as PLEASURE ISLAND PLAZA, PHASE ONE. It is the plan of the Declarant, and the Declarant reserves the right at its option and without the further consent of the unit owners or the Owners Association (see Article XI herein), but without obligation, as hereinafter set forth, to construct additional condominium units in one or more additional phases on the real property described in Exhibit B attached hereto and incorporated herein by reference.

2.3 In the event the Declarant adds to the real property subject to this Declaration all or part of the real property described in Exhibit B, the Declarant covenants and agrees that no more than a total of nine (9) units will be added to the five (5) units in PLEASURE ISLAND PLAZA, PHASE ONE.

2.4 The Declarant covenants and agrees that all buildings containing units built upon the real property which may be subjected to this Declaration under this Article shall be constructed of such materials and in such manner and design as to compliment the appearance of the entire condominium development.

ARTICLE III

DESCRIPTION OF BUILDINGS

3.0 The five unit building constituting PLEASURE ISLAND PLAZA, PHASE ONE, is, or is to be a one-story structure, with no basement.

3.1 The principal materials to be used in construction of the condominium units are set out in detail in Exhibit D attached hereto and incorporated herein by reference.

ARTICLE IV

UNIT DESIGNATION

4.0 The unit designation of each unit, and its location are as shown on the maps or plats of the condominium development attached hereto as Exhibit A and incorporated herein by reference. The approximate areain each unit is as shown on Exhibit C, attached hereto and incorporated herein by reference.

4.1 In general, reference should be made to Exhibit C for a more complete and accurate description of each unit and any conflict between said Exhibit C and the generalized description hereinafter shall be resolved by reference to said Exhibit, which shall control each of the 5 units in Phase One unit designations which are Units A-1 through A-5. These units and their designations are shown upon the plans of the building attached hereto as Exhibit A. If and when this Declaration is amended to add additional phases, additional surveys and description of improvements will be filed as part of said amendment.

4.2 Each unit is bounded both as to horizontal and vertical boundaries by the interior unfinished surfaces of the unit's perimeter walls, ceilings, and floors, and of the additional areas conveyed as part of each unit as defined hereinbelow, subject to easements reserved herein for such encroachments as are contained in the building, whether the same exist or may be caused or created by existing construction, settlement or movement of the building, or by permissible repairs, construction or alteration.

4.3 Each unit shall be constructed in substantial conformity to the design as shown on Exhibits A and C. Each unit shall be wholly contained within one level; there being 5 units in Phase One. See Exhibits A and C for a more exact description of each unit.

4.4 Units A-1, A-2 and A-3 shall each have approximately 960 gross square feet; Unit A-4 shall have approximately 1103 gross square feet and Unit A-5 shall have approximately 1343 gross square feet.

Each unit is hereby defined to include:

(a) All non-load bearing partitioned walls located entirely within the unit.

(b) All materials, including, but not limited to, carpet, paint, and vinyl attached to, or on, the interior finished surfaces of said walls, floors, ceilings of the unit; and all windows, windowpanes, frames, exterior doors.

(c) All air handling and condensing units, ducts, and components, in all water, telephone, television, cable television, electricity, water and sewage lines located within the unit; provided, however, that the portion of said lines located within a common compartment for, or installation of, such lines shall be common areas and facilities as described herein.

4.5 Each unit is hereby defined to exclude all pipes, ducts, wires, conduits and other facilities for the furnishing of utility services and other services up to and including the point of entry of such pipes, ducts, wires, conduits and other facilities through the interior finished surface material for walls, floors and ceilings of the units. All such pipes, ducts, wires, conduits and other such facilities are defined as part of the unit at and from the point of entry into the unit.

4.6 The definition stated hereinabove for unit is complete and all other aspects of the condominium not hereinabove defined as a part of the unit is defined hereby as a part of the common area and facilities of the condominium.

ARTICLE V

DESCRIPTION OF GENERAL COMMON AREAS

5.0 The general common areas of PLEASURE ISLAND PLAZA condominium units shall be as follows:

(a) All land as more particularly described hereinabove, including the land on which the units are located, subject to Declarant's right and option to construct up to nine (9) additional units on property described in Exhibit B.

(b) All parts of the multi-unit building situated on the land described hereinabove, other than the individual dwelling units described in Article IV above, including, without limitation, all foundations, columns, girders, beams, supports, load-bearing walls, including all exterior walls and all interior walls (except non-load-bearing partition walls wholly within a unit), roofs, ventilation fans and vents, of the building.

(c) All components which give access to the units and all halls or passageways, and their entrances (except areas designated as limited common areas).

(d) All yard, parking and drive areas, described herein.

(e) All central or appurtenant installations for services such as, without limitation, power, light, telephone, gas, hot and cold water, heating, air conditioning, incinerating and all other mechanical equipment spaces (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits and compressors in connection therewith), to include all installations and facilities, apparatus, conduits, and equipment for the provision of any of the herein named utility services supplied for the common use and convenience of the unit owners and which are not defined as part of the units hereinabove.

(f) All other portions of the real property and the improvements thereon which are not specifically part of the units themselves, as hereinabove defined, or owned by unit owners as personal property, or designated as limited common areas, shall be common areas and facilities intended for the common and necessary or convenient use and enjoyment, existence, maintenance or safety of the condominium units.

ARTICLE VI

LIMITED COMMON AREAS

Limited Common Areas and facilities shall mean and include those common areas and facilities reserved for use by a certain unit or units to the exclusion of other Units. Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy such Limited Common Areas and facilities as are associated with such Unit Owner's unit. The cleanliness, orderliness, maintenance, repair and replacement of the Limited Common Areas and facilities shall be the responsibility of the individual Unit Owner, but the responsibility for painting together with control over the exterior decoration, shall remain with the Association.

ARTICLE VII

EXPANSION, PARTITION AND/OR COMBINATION OF UNITS

7.0 No unit may be divided or subdivided into a smaller unit or units, nor shall any unit or portion thereof be added to or incorporated into any other unit; provided, however that upon the express written consent of the Board of Directors, two or more units may be combined. In the event of such combination, each unit shall retain its individual legal character and its appurtenant undivided interest in the Common Areas and facilities. Such combination shall be accomplished by the opening of a doorway or other passageway between the units so combined and insofar as such doorway or passageway affect the Common Areas and facilities, such doorway or passageway shall be considered a Limited Common Area pursuant to Article VI hereinabove. The cost of maintaining, repairing, and replacing such doorway or passageway shall be the sole responsibility of the Unit Owner of the affected units. The location and construction of such doorway and passageway shall require the written consent of the Board of Directors and shall be in compliance with all governmental laws, codes, ordinances and regulations and shall be subject to such conditions as the Board of Directors may require. The costs of any such combination shall be the responsibility of the Unit Owner whose units are being combined. The prohibition against subdivision of a unit set forth in this Article shall not prevent a subsequent physical division of any suite into its component units. Any such division shall be at the sole cost and expense of the Unit Owner making such division.

7.1 Any instrument conveying, devising, encumbering or otherwise dealing with any unit (whether part of an office suite or otherwise) which describes said Unit by the numerical designation assigned thereto on the plans without limitation or exception shall be deemed and construed to affect the entire unit and its appurtenant undivided interest in the Common Areas and facilities. Except as specifically provided in this Declaration with respect to the addition or inclusion of future phases, the Common Areas and facilities shall not in any manner be divided nor shall any right to partition any part thereof exist. The Common Areas and facilities and each unit's undivided interest therein shall not be conveyed, devised, encumbered or otherwise dealt with separately from the unit to which the interest is appurtenant. Nothing herein contained shall be deemed to prevent ownership of a unit by the entireties, jointly, or in common or in any other form by law permitted, not to prevent termination of the Condominium in accordance with the Unit Ownership Act.

ARTICLE VIII

NATURE AND INCIDENTS OF UNIT OWNERSHIP

8.0 Each unit shall be conveyed and treated as a separate individual unit of real property capable of independent use and fee simple ownership, and the owner of each unit shall also own, as an appurtenance to the ownership of each said unit, an undivided interest in the common areas and facilities of PLEASURE ISLAND PLAZA and future phases, if any. The undivided interest in the common areas and facilities of PLEASURE ISLAND PLAZA appurtenant to each of the 5 units of Phase One of PLEASURE ISLAND PLAZA is as set out in Exhibit E attached hereto and made a part hereof. The proportional interest in the common area and facilities of PLEASURE ISLAND PLAZA that is appurtenant to each unit has been determined by a ratio formulated upon the approximate relation that the fair market value of each unit at the date of the Declaration bears to the aggregate fair market value of all the units having an interest in the common areas and facilities. The fair market value of each unit and the aggregate fair market value of all units have been determined by Declarant in a manner consistent with North Carolina General Statute 47A, Unit Ownership Act and are binding upon all unit owners, subject to amendments as provided herein regarding development of future phases.

8.1 Declarant reserves the irrevocable right, power and authority for a period of five (5) years from the recording of this DECLARATION to amend this DECLARATION to reflect the addition of any future phases of construction and the changes necessitated thereby to include changes in the ownership interest, expense responsibilities of each unit owner in and for said common elements and facilities and voting rights in the Association of each unit owner. Upon the filing of the Amendment to Declaration to bring future phases under this Declaration, the appurtenant undivided interest of each unit owner in the common areas and facilities of PLEASURE ISLAND PLAZA, all phases, shall necessarily decrease from the percentage set out in Exhibit E. The Declarant covenants and agrees to establish such appurtenant undivided interests for all units at such times as may be necessary pursuant to this Article in the proportions that the then fair market value of each unit, new and existing, as shall be determined solely by the Declarant, bears to the then aggregate fair market value of all units on the date of the supplemental declaration, or declarations. In determining such fair market value for any additional unit added to or made subject to this Declaration, Declarant may use the offering or purchase price of such unit or the fair market value as established by any independent appraiser. In determining the fair market value of units previously subjected to the Declaration, the Declarant may use the value as then established for tax purposes by the appropriate authorities or the value established by any independent appraiser.

8.2 Nothing herein shall be deemed to limit or alter the Declarant's right, hereby reserved, to vary the internal layout, size, configurations of any units hereafter constructed as long as the Declarant substantially conforms with the provisions of this Article.

8.3 Each unit owner in PLEASURE ISLAND PLAZA, any phase, by the acceptance of the deed for his unit shall be deemed to have specifically agreed for himself, his heirs, devisees, successors and/or assigns that the Declarant shall have the exclusive right and power, as attorney-in-fact for every unit owner, to effect such amendment without his further consent, and also thereby agrees to execute any such writing as may be required by Declarant to effectuate this purpose.

8.4 Common areas and facilities shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the owners of units in PLEASURE ISLAND PLAZA, for their use and the use of their employees, tenants, licensees, invitees and guests, for all proper and normal purposes, and the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of units. Notwithstanding anything above provided in this Article, the Association, as is more particularly described in Article XI hereinbelow, shall have the exclusive right to establish the rules and regulations pursuant to which the owner of any unit, his guests and invitees, may be entitled to use the common areas and facilities, including the right to establish regulations concerning their use. Each Unit Owner shall be responsible for the enforcement of such rules and regulations as the same may apply to his employess, invitees, licensees, tenants and guests.

8.5 Recognizing that the proper use of a unit by an owner or owners is dependent upon the use and enjoyment of the common areas and facilities in common with the owners of all other units, and that it is in the interest of all owners that the ownership of the common areas and facilities be retained in common by the owners, it is hereby declared that the proportional undivided interest in the common areas and facilities appurtenant to each unit shall remain undivided and no unit owner shall bring or have any right to bring any action for partition or division.

ARTICLE IX

USE AND RESTRICTIONS ON USE

9.0 The Units and Common areas and facilities, shall be occupied and used as follows:

(a) The Property shall be used for commercial purposes and such other purposes as are incidential to such commercial uses and for no other purposes. No unit is intended or designed for occupancy for residential purposes. Notwithstanding the foregoing provisions and without limitation, a Unit may be used for legal, medical and dental offices and for retail and service facilities such as, but not limited to the conduct of mortgage banking, brokerage, travel agency, restaurant, newsstand, barbershop, beauty salon or similar businesses provided that the activities therein are in full and complete compliance with all applicable governmental ordinances, restrictive covenants and do not interfere with the quiet enjoyment or comfort of any other Unit Owner or occupant. Provided, however, all permitted uses, including without limitation, office uses, shall be limited to such as in the opinion of the Board of Directors are not inconsistent with the maintenance of the general character of the Property as office and retail condominiums of the first class in the quality of its maintenance, use and occupancy. Private entertainment shall not be prohibited.

(b) There shall be no obstruction of the Common areas and facilities. Nothing may be stored in the Common areas and facilities without the prior written consent of the Board of Directors.

(c) Nothing shall be done or kept in any Unit or in the Common areas and facilites which will increase the rate of insurance on the Common areas and facilities or any other Unit without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit or in the common areas and facilities which would result in the cancellation of insurance on any Unit or any part of the Common areas and facilities, or which would be in violation of any law. No waste of the Common areas and facilities will be committed.

(d) No sign or window treatment of any kind shall be displayed to the public view from any Unit or, from the Common areas and facilities without the prior written consent of the Board of Directors; provided, however, that the Board of Directors shall be empowered to adopt uniform rules for signs and window treatment and to adopt a standard format for all signs and window treatment to be displayed by Unit Owners.

(e) No unlawful use shall be made of the property or any part thereof, and all valid laws, order, rules and regulations of all governmental agencies having jurisdiction thereof shall be strictly complied with.

(f) No noxious or offensive activity shall be carried on in any Unit, or in the Common areas and facilities, nor shall anything be done therein which will be an annoyance or nuisance to other Owners.

(g) Nothing shall be altered or constructed in or removed from the Common areas and facilities except with the written consent of the Board of Directors.

(h) The Board of Directors is authorized to adopt rules for the use of the Common areas and facilities, said rules to be furnished in writing to the Owners.

(i) Notwithstanding anything to the contrary, Declarant, and such persons as it may select, shall have the right of ingress and egress over, upon and across the Common and Limited common areas and facilities, the right to utilize one or more Units as a model and/or sale office, the right to erect signs upon the Property for the purpose of advertising availability of Units and similar uses, and the right to store materials on the Common areas and facilities and make such other use thereof as may be reasonably necessary incident to construction, development and sale of the Units and the operation of the Units and Common areas and facilities.

9.1 All restrictions and affirmative obligations set forth in this DECLARATION shall run with the land and shall be binding on all parties and persons claiming under them for a period of twenty (20) years from the date of recordation of this DECLARATION, after which time said restrictions and obligations will be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then owners of condominium units entitled to vote at least ninety (90%) percent of the votes of the Association affected by such restrictions and obligations has been recorded agreeing to change such restrictions and obligations in whole or in part.

9.2 In the event of a violation or breach of any of these restrictions, or of any other covenants of this DECLARATION, by any property owner, or agent thereof, the owners of other units or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel the compliance of the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Board of Directors of PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC. shall have the right whenever there shall have been any violation of these restrictions to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected or removed by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or conditions contained in this DECLARATION, however long continued, shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The remedies set out herein for such violation or breach are cumulative with any other legal or equitable rights available to any entity or person. The invalidation by any court of any restrictions or obligations in this DECLARATION shall in no way affect any of the other restrictions, which shall remain in full force and effect.

9.3 All present and future owners, tenants or licensees of units now in existence or to be constructed shall be subject to, and shall comply with the provisions of this DECLARATION, the By-Laws and any Rules and Regulations as may be adopted in accordance with the By-Laws; said DECLARATION, By-Laws, Rules and Regulations may be amended from time to time. The acceptance of a deed of conveyance, or the entering into of a lease, or the entering into occupancy of any unit shall constitute an agreement that the provisions of this DECLARATION, By-Laws, and any Rules and Regulations which may be adopted are accepted and ratified by such owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE X

EASEMENTS

10.0 In addition to easements and rights established and/or reserved elsewhere in this DECLARATION, the following easements and rights are hereby established as covenants and burdens running with the real property and the improvements thereon:

(a) In case of any emergency originating in or threatening any unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and such right shall be immediate.

(b) Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors of the Association or their designee shall have the right of access to each unit to inspect the same to remove violations therefrom and to maintain, repair, or replace the common facilities contained therein or elsewhere in the building.

(c) The initial and subsequent Boards of Directors for the Association may grant or assume easements, leases, or licenses for utility purposes for the benefit of the condominium, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits and wires over, under, along and on any portion of the units and/or common areas and facilities and limited common areas and facilities; and, each unit owner hereby grants to the Board of Directors for the Association, or its designee, the irrevocable power of attorney to execute, acknowledge, and record for or in the name of the Association or each unit owner such instruments as may be necessary to effectuate the foregoing.

(d) Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks, and lanes as the same from time to time may exist upon the common areas and facilities; and for vehicular traffic over, through and across such portions of the common areas and facilities as from time to time may be paved and intended for such purposes, for all unit owners of units in all phases of construction or future construction of PLEASURE ISLAND PLAZA, their guests, employees, tenants, the Association, the Declarant, its successors and assigns.

(e) The Declarant hereby reserves unto itself the right to grant easement over any of the common areas and limited common areas and facilities of PLEASURE ISLAND PLAZA to be used for, by, or in connection with any other future construction of or at PLEASURE ISLAND PLAZA, which may hereafter be erected on the property described in Exhibit B pursuant to this DECLARATION, or as may become necessary for the purpose of the Declarant, its grantee, lessee, successor or assigns, servicing such future construction with utility services, drainage, and easements for ingress and egress and regress.

(f) In the event that any unit shall encroach upon any of the common areas and facilities, or any other unit or units, for any reason not caused by the purposeful or negligent act of the unit owner, or agents or such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment so long as it naturally exist; and, in the event that any portion of the common areas and facilities shall encroach upon any unit, then an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any unit for so long as such encroachment shall naturally exist. If any unit or common areas and facilities shall be partially or totally destroyed as a result of fire and/or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such use and/or common areas and facilities in accordance with this DECLARATION, there exist encroachments of portions of the common areas and facilities upon any unit, or of any unit upon any other unit or upon any portion of the common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

ARTICLE XI

THE ASSOCIATION

11.0 To provide for the administration and maintenance of PLEASURE ISLAND PLAZA, and future construction, if any, by the unit owners a nonprofit North Carolina Corporation known and designated as PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC. (hereinafter the "Association"), has been organized, a true copy of its Articles of Incorporation having been recorded in Book 1242, at Page 0947, in the Office of the Register of Deeds of New Hanover County, North Carolina, and the provisions thereof are incorporated herein by reference. The Association shall administer the operation and management of PLEASURE ISLAND PLAZA Condominiums, as well as any units which are constructed in the future, if any, and shall undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and its duly adopted By-Laws. A true copy of the original By-Laws are attached hereto as Exhibit F and incorporated herein by reference.

11.1 Management of Association.

(a) Declarant shall be soley responsible and have all rights and control of the management of the Association, as herein described, for a period of time not to exceed one hundred twenty (120) days after seventy-five (75%) percent of the unit estates in the condominium project, including those in Phase One and all future phases, if any, which have been conveyed to the unit estate purchasers. Within one hundred twenty (120) days after conveyance of seventy-five (75%) percent of the unit estates of the condominium project, including those in Phase I and all future phases, if any, to the unit estate purchasers, or by the 5th day of December, 1989, whichever first occurs, Declarant shall transfer the right and responsibility for management of the association to the unit owners to be exercised through the Association. Such transfer of the rights and responsibility for management of the Association will not preclude or prevent Declarant from exercising continued influence in the management of the Association through such votes as are allocated to Declarant through the ownership of unit estates.

(b) Until transfer of the rights and responsibility for management of the Association occurs, as set forth in the above paragraph, the Board of Directors of the Association shall consist of those three individuals as are appointed by the Declarant to the initial Board of Directors of the Association as stated in the Articles of Incorporation for the Association or the successors or replacements for such Directors as named by Declarant. The Board of Directors as described herein shall have the exclusive control and responsibility for the operation and management of the Association exercising all powers, duties and obligations, free from interference or control of the purchasers of the unit estates.

11.2 Membership and Voting Rights. Membership and voting rights in the Association shall be as provided in Article VI of the Articles of Incorporation referred to and incorporated herein as stated hereinabove subject to the Declarant's rights of management control of the Association as set out above. Membership shall be mandantory for all unit owners of all units at PLEASURE ISLAND PLAZA, including units constructed at a future date.

11.3 Powers. The Association shall have all powers granted to it as stated in the Articles of Incorporation and proposed By-Laws as may be adopted and amended from time to time.

11.4 Common Expenses. The common expenses of the Association shall be shared by the unit owners in amounts determined by applying each unit owner's proportionate share of ownership in the common areas and facilities to the total common expenses of the Association, and as assessed against the unit owners, and their units as provided for hereinafter.

11.5 Management and Maintenance

(a) The Association, as a common expense, shall be responsible for the maintenance, repair, and replacement of all of the common areas and facilities, including those portions thereof which contribute to the support of the building or buildings, and all conduits, ducts, plumbing, wiring, and other facilities located in the common areas and facilities for the furnishing of utility and other services to the units and said common areas and facilities, and should any incidental damage be caused to any unit by virture of any work which may be done or caused to be done by the Association in the maintenance, repair, or replacement of any common areas and facilities, the Association shall, at its expense, repair such incidental damage. Whenever the Association incurs expenses in the maintenance, replacement or repair of common areas or facilities and such expense is occasioned by any act of a unit owner, his employees, invitees, tenants, or guests, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the unit owner who is responsible for the act causing the damage (whether done by himself or by his employees, invitees, tenants or guests) shall be required to pay such portion of the cost of such maintenance, repair, and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the available insurance proceeds.

(b) The Association shall have the right to make or cause to be made such alterations or improvements to the common areas and facilities which do not prejudice the rights of the owner of any unit in the use and enjoyment of his unit, provided the making of such alterations or improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be common expenses to be assessed and collected from all of the owners of units. However, where any alterations and improvements are exclusively or substantially for the benefit of the owner or owners of a certain unit and certain unit or units requested the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the owner or owners of the unit or units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

(c) The Declarant may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Except, however, any such contract shall contain a provision allowing the Association to terminate such contract, without justification or penalty after transfer of management by Declarant to the Association.

11.6 Unit Owners Maintenance:

(a) Every owner shall perform promptly all maintenance and repair work within his unit, which, if omitted, would affect the condominium, either in its entirety or in a part belonging to other owners; every owner being expressly responsible for the damages and liability which his failure to do so may engender. The owner of each unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, fans, and other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his unit. Such owner shall further be responsible and liable for the maintenance, repair and replacement of the surfaces of any and all walls, ceilings, and floors which are a part of his unit, including painting, decorating, and furnishings, and all other accessories which such owner may desire to place or maintain in his unit. Whenever the maintenance, repair and replacement of any item for which the owner of a unit is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair, or replacement except that the owner of such unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

(b) All parts of a unit shall be kept in good condition and repair by and at the expense of the owner. The unit shall be maintained by the owner in a clean and safe condition, free of nuisance. Each unit owner will promptly comply with any requirements of the insurance underwriters of the insurance for the common areas and facilities when so requested in writing by the Board or its designated agent. Any failure of an owner to repair, maintain, or replace as may be required pursuant this Declaration, or a determination by the Board or its designated agent that such failure will endanger or impair the value of the common areas and facilities of any unit may be, upon written notice to the owner of the nature of the required repair, maintenance or replacement, repaired or replaced by the Association at the expense of the unit owner, to be collected by special assessment as provided herein and in the By-Laws. Such assessment may include the cost to the Association incurred in the abatement of any nuisance by the unit owner therein.

11.7 Limitation of Liability: Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to unit owners, their licensees, invitees, tenants or guests for injury or damage caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

11.8 Insurance.

(a) Acquisition: Insurance policies upon the condominium (other than title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustee for the unit owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the units or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its right of subrogation as to any claims against the unit owners, the Association and their respective servants, agents and guests. Each unit owner may obtain insurance, at his own expense, affording coverage upon his unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

(b) Coverage: All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Such coverage shall afford protection against (a) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and (b) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the real property, including but not limited to, vandalism and malicious mischief.

(c) Public Liability Insurance: Public liability insurance shall be secured by the Association in such amount and with such coverage as shall be deemed necessary by the Board of Directors, but in no event in an amount less than One Million Dollars, including, but not limited to, an endorsement to cover liability of the unit owners as a group or to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors or manager shall determine from time to time be desirable or necessary.

(d) Fidelity Coverage. The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The fidelity insurance policy shall also provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premiums) without at least thirty (30) days' prior written notice to the insurance and all the Mortgagees. Provided, however, if professional management is obtained by Association and it has this type of coverage and it handles the Association's funds, then this requirement shall be deemed satisfied.

(e) Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association and chargeable to the Association as a common expense.

(f) Proceeds: All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The Board of Directors of the Association is hereby irrevocably appointed agent for each unit owner and his mortgagee as their interest may appear for the purpose of compromising and settling claims arising under insurance policies purchased by the Board of Directors for the benefit of the Association and the unit owners; said Board of

Directors or its designee is hereby further empowered to execute and deliver releases to the insurance carrier upon the payment of claims. The Board of Directors' duty or its designee's duty upon receipt of such proceeds shall be to hold the same in trust for the purposes elsewhere stated herein or in the By-Laws for the benefit of the Association and the unit owners and their mortgagees, as their interest may appear.

(g) Distribution of Insurance Proceeds: Proceeds of insurance policies shall be payable to the Board of Directors of HILLENDALE OWNERS ASSOCIATION, INC. as insurance trustee and shall be distributed to or for the benefit of the beneficial owners in the following manner:

(i) Expense of the Trust: All expenses of the insurance trustee shall be first paid or provision made therefor, if any;

(ii) Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as determined in Paragraph 11.9 hereof. Any proceeds remaining after defraying such cost shall be distributed as surpluses to the beneficial owners of the damaged units pursuant to Paragraph 11.11 hereof;

(iii) Failure to Reconstruct or Repair: If it is determined, as provided in Paragraph 11.9 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed as surpluses to the beneficial owners of the damaged units thereof pursuant to Paragraph 11.11 hereof;

(iv) Mortgagees: In the event a mortgagee endorsement has been issued to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired.

11.9 Damage and Destruction:

(a) Determination to Reconstruct or Repair: If any part of the condominium property shall be damaged by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

(i) Common Areas and Facilities: If the damaged improvement is a common area or facility, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated;

(ii) Units:

(1) Partial Destruction: If the damaged improvement is a unit, and if termination as provided in subparagraph (2) below

does not take place, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated;

(2) Total Destruction: If more than two-thirds (2/3) of the units are destroyed and owners of three-fourths (3/4) of the units in the entire condominium should determine not to proceed with the repair or restoration, then the procedure set forth in Section 47A-25 of the North Carolina Statutes, and any amendments thereto, shall take place.

(b) Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as exhibits; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if damaged property is a unit, by the owners of all damaged units therein which approvals shall not be unreasonably withheld.

(c) Responsibility: If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, his licensee, invitees, tenant or guest, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

(d) Estimate of Costs: Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the costs to rebuild or repair.

(e) Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if any any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged units and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in a proportion to the cost of reconstruction and repair of their respective units. Such assessments on account of damage to common areas and facilities shall be in proportion to the unit owner's share in the common areas and facilities.

11.10 Association to Maintain Register of Owners and Mortgagees: The Association shall at all times maintain a Register setting forth the names of the owners of all of the units. In the event of the sale or transfer of any unit to a third party, the purchaser or transferee shall notify the

Association in writing of his interest in such unit together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any unit. Further, the owner of each unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

11.11 Assessments.

(a) Each owner of any unit and the Declarant as owner of any unsold units or units purchased by Declarant, by acceptance of the deed thereto, whether or not it shall be so expressed in such deed, is deemed to, and does thereby, covenant and agree to pay assessments for the common expenses of the upkeep, maintenance and improvement of the common areas and for expressly designated services provided to all unit owners in the condominium project.

(b) All assessments levied against the unit owners and their units shall be uniform and, unless specifically otherwise provided for in this Declaration, all assessments made by the Association shall be in such an amount that any assessment levied against each unit owner and each unit shall bear the same ration to the total assessment made against all unit owners and their units as the undivided interest in common areas and facilities appurtenant to all units.

(c) Assessments provided for herein shall be payable in monthly installments, such assessments shall commence for each unit on the first day of the first month following the recordation of the deed for such unit in the Cumberland County, North Carolina Registry, from the Declarant to the first unit owner.

(d) The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the Owners of PLEASURE ISLAND PLAZA and, in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and relating to the exterior maintenance of the buildings and units, excluding glass surfaces, all for the use and enjoyment of the common areas and facilities, including, but not limited to, the costs of water and sewer services; garbage collection; electricity for the common areas; repairs, replacements and additions to the common areas and facilities; the costs of labor, equipment and materials expended on the common areas and facilities; management and supervision; the payment of taxes assessed against the common areas and facilities; the procurement and maintenance of liability and hazard insurance coverage on the common areas; the employment of attorneys, accountants, and professional management personnel when deemed necessary or advisable by the Association; and such other needs as may arise.

(e) The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the condominium, the fiscal year shall commence with the closing of the sale of the first condominium unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be delivered to each owner of a unit and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

(f) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the condominium, or to the proper undertaking of all acts or duties imposed upon it by virtue of this Declaration, The Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid into the Association by any owner of a unit, the same may be comingled with monies paid to the Association by the other owners of units. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of the common areas and facilities, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his unit. When the owner of a unit shall cease to be a member of the Association by reason of his divestment of ownership of such unit, by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such owner, as all monies which any owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the condominium.

(g) The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty

(30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate allowed by law until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to Association shall be due and payable at the main office of the Association in the State of North Carolina.

(h) The owner or owners of each unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such unit while such party or parties are owner or owners of a unit. In the event that any unit owner or owners are in default in payment of any assessment or installment thereof owed to the Association, such unit owner or owners shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

(i) No owner of a unit may exempt himself from liability for any assessment levied against him or his unit by waiver of the use of enjoyment of any of the common areas and facilities, or by abandonment of the unit or in any other way.

(j) The Association is hereby granted a lien upon each unit and its appurtenant undivided interest in common areas and facilities which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each such unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said unit, and its appurtenant undivided interest in common areas and facilities. The lien granted to the Association may be foreclosed in the manner provided by North Carolina General Statute 47A-22 and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the owner of any unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any unit expressly subject to such lien rights.

(k) The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of Cumberland County, North Carolina, which claim shall state the description of the unit encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or deed of trust and/or any person, firm or corporation acquiring title to any unit and its appurtenant undivided interest in common areas and facilities subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all units as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

(l) Whenever any unit may be leased, sold, or mortgaged by the unit owner thereof, the Association, upon written request of the unit owner, shall furnish to the proposed lessee, purchaser, or mortgagee, a statement verifying the status of payment or of any assessment which shall be due and payable to the Association by such unit. Such statement shall be prepared by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase, or mortgage transaction, and the Association shall be bound by such statement.

(m) In the event that a unit is to be leased, sold or mortgaged at a time when payment of any assessment against the owner of said unit is due or is in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase, or mortgage proceeds, shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the owner of any unit who is responsible for payment of such delinquent assessment.

(n) In any voluntary coveyance of a unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

(o) Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

(p) Common Surplus: Common Surplus, meaning all funds and other assets of the Association (including excess of receipts of the Association from, without limitation, assessments, rents, profits, and revenues from whatever source over amount of the common expense), shall be owned by the owners of all units in the same proportion that the undivided interest in common areas and facilities appurtenant to each owner's unit bears to the total of all undivided interest in common areas and facilities appurtenant to all units; provided, however, that said common surplus shall be held by the Association in the manner, and subject to the terms, provisions, and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance indemnity herein provided, or upon termination of the condominium, any attribution or distribution of commom surplus which may be made from time to time shall be made to the then owners of units in accordance with their percentage interest in common surplus as declared herein.

11.12 Exterior Maintenance:

(a) In addition to maintenance upon the common areas and facilities, the Association shall provide exterior maintenance upon each unit which is subject to assessment hereunder, as follows:

> Paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

(b) In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association, as well as the Declarant until such time as the Association takes over such duties and responsibilities, the right to unobstructed access over and upon each unit at all reasonable times to perform maintenance and repair as provided herein.

(c) In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the owner or owners of a unit or units, or the family, guests or invitees thereof, or results from causes excluded from coverage in North Carolina Standard

Fire and Extended Coverage Insurance policies, the costs of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which the unit or units of such owner or owners is subject.

11.13 Future Construction by Declarant: Future construction of additional condominiums on the real property described in Exhibit B shall not require the consent of the Association or the individual unit owners. All such future construction shall be free from the interference, direction, management or control of any sort of the Association and/or the individual unit owners.

ARTICLE XII

MORTGAGE OF UNITS

12.0 Any unit owner may give a deed of trust or mortgage on his unit without prior notice to or authorization by the Declarant or the Board of Directors of the Association; provided, however, that should foreclosure proceeding be instituted under the terms of same mortgage or deed of trust, the unit owner shall notify the Declarant and the Board of Directors of the Association simultaneously by registered mail, return receipt requested, of the pending foreclosure sale, said notice to be given not less than fifteen (15) days prior to the date of such foreclosure sale. Said notice shall contain the date, time and place of such sale and shall specify the amount of the outstanding indebtedness remaining on the unit.

ARTICLE XIII

AMENDMENT OF DECLARATION

13.0 This Declaration may be amended by the vote of at least 90% in common interest of all unit owners, cast in person or by proxy, at a meeting duly held in accordance with the provisions of the By-Laws; provided, however, that the Declarant shall have the right to amend this Declaration in accordance with the provisions set forth herein pertaining to future construction of the condominium project. No such amendment shall be effective until duly and properly recorded in the Office of the Register of Deeds wherein this initial Declaration is recorded.

ARTICLE XIV

TERMINATION

14.0 The condominium shall be terminated, if at all, in the following manner:

(a) By the unanimous agreement of all unit owners of all units of all phases of PLEASURE ISLAND PLAZA expressed in an instrument to that effect duly recorded, and provided, that the holders of all liens affecting any of the units, consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property as provided herein. The termination shall become effective when such agreement has been recorded in the public records of New Hanover County, North Carolina.

(b) If it is determined in the manner elsewhere provided that the condominium shall not be reconstructed after causalty, the condominium plan of ownership shall be terminated and this Declaration revoked. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in the public records of New Hanover County, North Carolina.

(c) After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgage and liens against the unit or units formerly owned by such unit owners shall have mortgages and liens upon the respective undivided shares of the unit owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the common areas and facilities previously owned by each unit owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the unit owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a common expense.

(d) Following termination, the property may be partitioned and sold upon the application of any unit owner. Following a termination, if the Board of Directors determines by not less than a three-fourths (3/4) vote to accept an offer for the sale of the property, each unit owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such forms as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

(e) The members of the Board of Directors acting collectively as agent for all unit owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

14.1 Except as provided for herein, no alteration in the percentage of ownership in common areas and facilities appurtenant to each unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of common surplus, shall be made without the prior written consent of all of the owners of all units and all of the institutional lenders holding first mortgages or first deeds of trust on the units.

14.2 No alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of an institutional lender or institutional lenders shall be made without prior written consent of all institutional lenders holding mortgages on units in the condominium being first had and obtained.

14.3 No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of said party being first had and obtained.

ARTICLE XV

REMEDIES IN EVENT OF DEFAULT

15.0 The owner or owners of each unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended or supplemented from time to time. A default by the owner of any unit shall entitle the Declarant, the Association, or the owner of other units to such relief as is available at law or equity, including:

(a) Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved unit owner.

(b) Each unit owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of his guests, employees, licensees, invitees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

(c) In any proceedings arising because of alleged default by a unit owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be determined by the Court, but in no event shall any unit owner be entitled to such attorney's fees.

(d) The failure of the Association or any unit owner to enforce any right, provision, covenant, or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the unit owner to enforce such right, provision, covenant, or condition in the future.

(e) All rights, remedies and privileges granted to the Association or the owner or owners of a unit pursuant to any terms, provisions, covenants, or conditions of this Declaration or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

(f) The failure of the Declarant to enforce any right, privilege, covenant, or condition which may be granted to it by this Declaration or other above-mentioned documents, shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

(g) The failure of an institutional lender or institutional lenders to enforce any right, provision, privilege, covenant, or condition which may be granted to it or them by the Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XVI

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

16.0 "Institutional Lender" or "Institutional Lenders" as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other mortgage lenders. So long as any institutional lender or institutional lenders shall hold any mortgage upon any unit or units, or shall be the owner of any unit or units, such institutional lender or institutional lenders shall have the following rights in addition to any rights set out elsewhere in this Declaration:

(a) To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished, upon request, at least one copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Association, such financial statement and report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment, other than as provided for herein to provide for future phases of construction by Declarant, to this Declaration, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

(c) To be given notice of default by any owner owning a unit encumbered by a mortgage held by the institutional lender or institutional lenders such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders, or to the place which it or they may designate in writing. Whenever any institutional lender or institutional lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, identifying the unit or units upon which any such institutional lender or instutitional lenders hold any mortgage or mortgages, or identifying any units owned by them or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such institutional lender or institutional lenders.

ARTICLE XVII

SEVERABILITY

17.0 In the event that any of the terms, provisions, or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants hereof or the remaining portions of any terms, provisions, or covenants held to be partially invalid or unenforceable.

ARTICLE XVIII

LIBERAL CONSTRUCTION

18.0 The provisions of this Declaration shall be liberally construed to effecuate its purpose of creating a uniform plan of condominium ownership. The Article hearings are for convenience of reference only and shall not be considered terms of this Declaration.

ARTICLE XIX

DECLARATION OF CONDOMINIUM BINDING
ON ASSIGNS AND SUBSEQUENT OWNERS

19.0 The restrictions and burdens imposed by the Articles of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each unit and its appurtenant undivided interest in common areas and facilities; this Declaration shall be binding upon the Declarant, its successors and assigns, and upon all parties who may subsequently become owners of units in the condominium, and their respective heirs, devisees, legal representatives, successors and assigns. This Declaration and the exhibits attached hereto and amendments hereof shall be construed and controlled by and under the laws of the State of North Carolina.

ARTICLE XX

EMINENT DOMAIN

20.0 In the event of a taking by eminent domain (or condemnation or a conveyance in lieu of condemnation) of part or all of the common areas and facilities, the award of such talking shall be payable to the Association, which shall represent the owners named in the proceedings. Said award shall be utilized to the extent possible for the repair, restoration, replacement or improvement of the remaining common areas and facilities, if only part are taken. If all or more than two-thirds (2/3) of all of the general common areas and facilities are taken, it shall be deemed a destruction of more than two-thirds (2/3) of all of the general common areas and facilities and the condominium shall be terminated as hereinbefore provided. Any funds not utilized (in the case of a partial taking) shall be applied in payment of common expenses otherwise assessable. In the event of a taking of all or part of a unit, the award shall be made payable to the owner of such unit and his mortgagee, if any, as their interests may appear.

ARTICLE XXI

21.0 The following named individual is designated as the person to receive service of process for the Association:

Murray O. Duggins
731 North Lake Park Boulevard
Carolina Beach, North Carolina 28428

ARTICLE XXII

WARRANTIES AND REPRESENTATIONS

22.0 The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the condominium, except as specifically set forth herein, and no person shall reply upon any warranty or representation not so specifically made therein. Any estimates of common expenses, taxes, or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

IN WITNESS WHEREOF, the Declarant, L & O INVESMENTS, INC. a North Carolina Corporation, has caused this Declaration of Condominium to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

L & O INVESTMENTS, INC.

(CORPORATE SEAL)

ATTEST:

BY O. L. Norris
O. L. Norris, President

Alice Cain
Alice Cain, Assistant Secretary

NORTH CAROLINA

CUMBERLAND COUNTY

I, Virginia B. Kiker, a Notary Public of Cumberland County, North Carolina certify that Alice Cain personally came before me this day and acknowledged that she is Assistant Secretary of L & O INVESTMENTS, INC., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by herself as its Assistant Secretary.

WITNESS my hand and notarial seal, this 5th day of January, 1984.

Virginia B. Kiker
Notary Public

VIRGINIA B. KIKER NOTARY PUBLIC My Commission Expires 5/30/84 CUMBERLAND CO.

My Commission Expires: 5/30/84

BOOK PAGE
1242 0981

JOINDER AND CONSENT OF TRUSTEE AND BENEFICIARY/MORTGAGEE

NORTH CAROLINA NATIONAL BANK and JOSEPH F. TEMPLE, as Trustee, join in the execution of this "DECLARATION CREATING UNIT OWNERSHIP OF PROPERTY " for the sole purpose of subjecting, submitting and subordinating any and all right, title and interest in the property described in said DECLARATION attached hereto, that they have, or either of them has, or may have, by virtue of that Deed of Trust recorded in Book 1234, at Page 0653, New Hanover County Registry, said DECLARATION and every provision hereof, and to the jurisdiction of PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC., as the same may be amended or supplemented from time to time.

IN WITNESS WHEREOF, NORTH CAROLINA NATIONAL BANK has caused this JOINDER AND CONSENT to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this 5th day of January, 1984; and JOSEPH F. TEMPLE, as Trustee, has hereunto set his hand and seal, this the 5th day of January, 1984.

Joseph F. Temple (SEAL)
JOSEPH F. TEMPLE, Trustee

NORTH CAROLINA NATIONAL BANK

ATTEST:

Mary D. Gentry
Asst. Secretary

BY James D Hall
Vice-President

NORTH CAROLINA
COUNTY OF CUMBERLAND

I, Martha D. Peters, a Notary Public of Cumberland County, North Carolina, do hereby certify that Joseph F. Temple, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 5th day of January, 1984.

Martha D. Peters
Notary Public

MARTHA D. PETERS NOTARY PUBLIC

My Commission Expires: July 29, 1984

NORTH CAROLINA
COUNTY OF CUMBERLAND

I, Martha D. Peters, a Notary Public of Cumberland County, North Carolina certify that Mary D. Gentry personally came before me this day and acknowledged that she is Assistant Secretary of NORTH CAROLINA NATIONAL BANK, a North Carolina Banking Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice-President, sealed with its corporate seal, and attested by her self as its Assistant Secretary.

WITNESS my hand and notarial seal, this 5th day of January, 1984.

Martha D. Peters
Notary Public

MARTHA D. PETERS NOTARY PUBLIC COUNTY

My Commission Expires: July 29, 1984

STATE OF NORTH CAROLINA, New Hanover County
The Foregoing Certificate (s) of Virginia B. Kiker and Martha D. Peters, Notaries Public

(is)(are) certified to be correct.

This 5th day of January, A.D., 19 84.

Rebecca P. Tucker, Register of Deeds
By Lorraine N. Stallings
Deputy

EXHIBIT A BOOK 1242 PAGE 0982

CERTIFICATE OF OWNERSHIP AND DEDICATION

I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND I ACCEPT THIS PLAN OF SUBDIVISION WITH MY FREE CONSENT, ESTABLISH MINIMUM BUILDING SET BACKS AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS, AND OTHER SITES AND EASEMENTS TO PRIVATE USE. FURTHERMORE, I DEDICATE ALL PUBLIC SEWER LINES AND ALL [illegible] WATER LINES TO THE TOWN OF CAROLINA BEACH, IF APPLICABLE

11-19-83 — DATE

Ana J. Nim — OWNER

CERTIFICATE OF APPROVAL OF THE DESIGN AND INSTALLATION OF STREETS, UTILITIES AND OTHER REQUIRED IMPROVEMENTS

I HEREBY CERTIFY THAT ALL STREET, UTILITIES AND OTHER REQUIRED IMPROVEMENTS HAVE BEEN INSTALLED IN ACCEPTABLE MANNER AND ACCORDING TO TOWN SPECIFICATIONS AND STANDARDS IN THE PHASE I OF THE PLEASURE ISLAND PLAZA OR THAT A GUARANTEE OF THE INSTALLATION OF THE REQUIRED IMPROVEMENTS IN AN AMOUNT AND MANNER SATISFACTORY TO THE TOWN OF CAROLINA BEACH HAS BEEN RECEIVED

01/04/84 — DATE

Richard A. McLean — CITY MANAGER

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR CAROLINA BEACH, NORTH CAROLINA AND HAS BEEN APPROVED BY THE TOWN COUNCIL FOR RECORDING IN THE OFFICE OF THE REGISTER OF DEEDS OF NEW HANOVER COUNTY. THE TOWN ACCEPTS THE DEDICATION OF STREETS, EASEMENTS AND PUBLIC PARKS, BUT ASSUMES NO RESPONSIBILITY [illegible] OR MAINTAIN ANY STREETS, EASEMENTS, RIGHT OF WAYS OR OTHER LANDS SHOWN THEREON AND ACCEPTED HEREBY FOR PUBLIC PURPOSES UNTIL THE [illegible] OF THE CAROLINA BEACH TOWN COUNCIL, IT IS IN THE PUBLIC INTEREST TO DO SO.

01/04/84 — DATE

Lona B. Thompson — CLERK, TOWN OF CAROLINA BEACH

SEAL — TOWN OF CAROLINA BEACH, NORTH CAROLINA

CERTIFICATE OF APPROVAL BY THE PLANNING AND ZONING COMMISSION

THE CAROLINA BEACH PLANNING AND ZONING COMMISSION HEREBY APPROVES THE FINAL PLAT FOR PHASE I PLEASURE ISLAND PLAZA

1/4/84 — DATE

H. Ray Burkett — CHAIRMAN

CERTIFICATION BY PROF. ENGR.

THE UNDERSIGNED, AN P.E. DULY REGISTERED TO PRACTICE UNDER THE LAWS OF THE STATE OF N.C. HEREBY CERTIFIES THAT THE PLANS ENTITLED "PHASE I PLEASURE ISLAND PLAZA PREPARED ON 1 SHEETS, SURVEY MAP AND SITE PLAN AND 1 SHEETS OF FLOOR PLANS, ARE AN ACCURATE COPY OF PORTIONS OF THE PLANS OF THE BUILDING AS FILED WITH AND APPROVED BY THE TOWN OF CAROLINA BEACH, THE PLANS FULLY AND ACCURATELY DEPICT THE LAYOUT, LOCATION, CEILING AND FLOOR ELEVATIONS, UNIT NUMBERS AND DIMENSIONS OF THE UNITS AS BUILT

C. L. Matthews, P.E. 8491

CERTIFICATE OF REGISTRATION BY REGISTER OF DEEDS

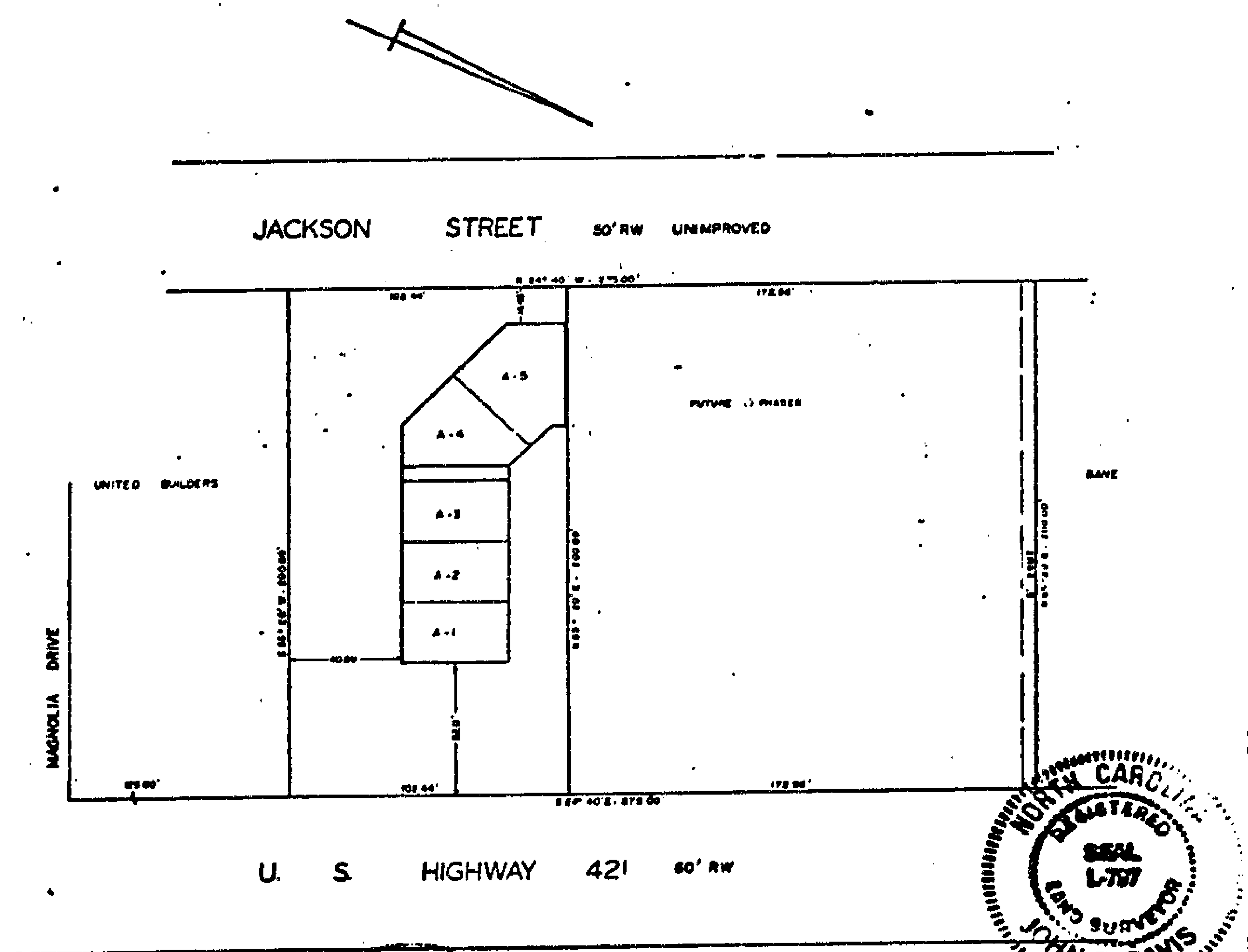
NORTH CAROLINA NEW HANOVER COUNTY

FILED FOR REGISTRATION ON THE ______ DAY ______ AT ______ M

AND DULY RECORDED IN THE CONDOMINIUM PLAT BOOK ______ AT PAGE ______

REBECCA P. TUCKER REGISTER OF DEEDS

BY ______________



ALICE CAIN NOTARY PUBLIC Cumberland

SEAL L-797 NORTH CAROLINA REGISTERED LAND SURVEYOR JOHN F. DAVIS

PHASE ONE

PLEASURE ISLAND PLAZA

CAROLINA BEACH N. C.

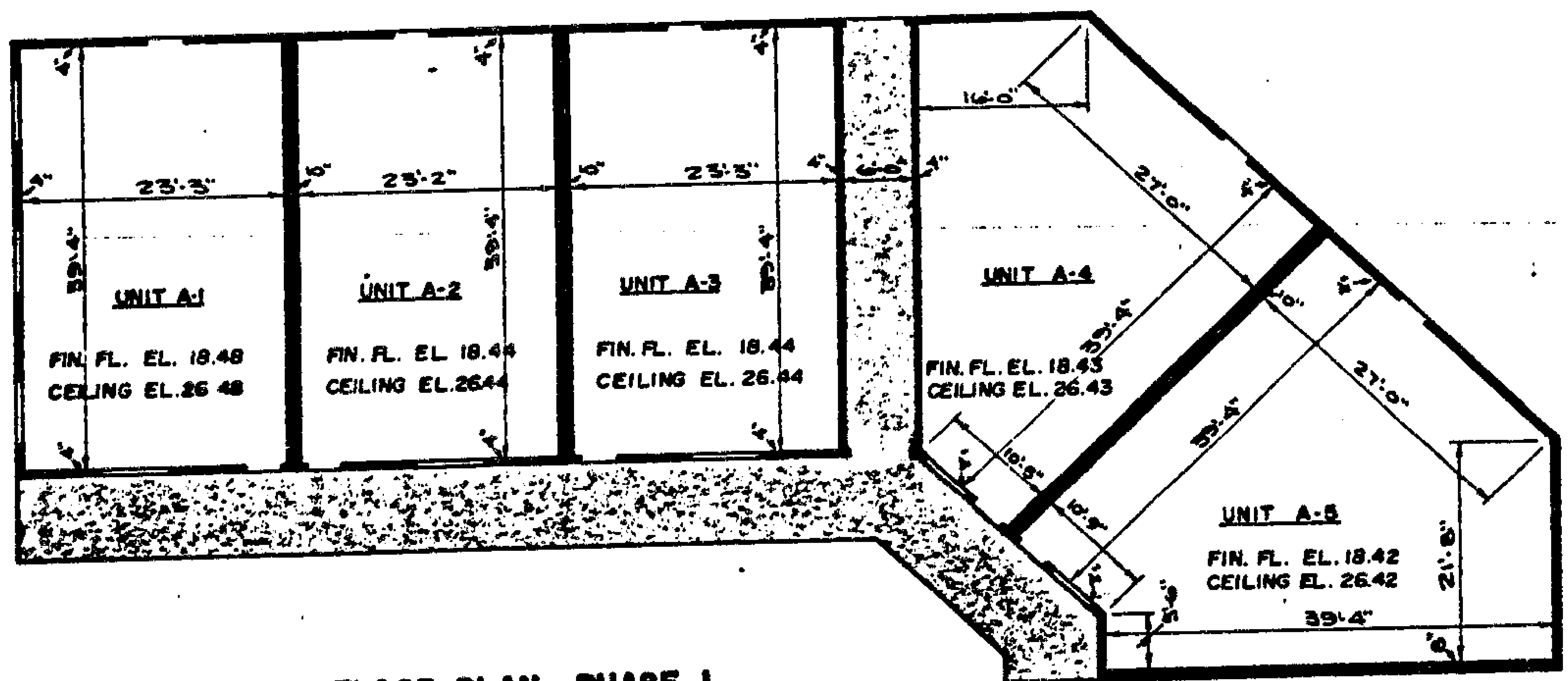
SCALE 1"=30' NOV 1983

JOHN F. DAVIS REG. SURVEYOR

EXHIBIT B

PLEASURE ISLAND PLAZA
FUTURE PHASES

BEGINNING at an iron stake in the Western margin of U.S. Highway 421, said iron stake being North 24 degrees 40 minutes West 227.44 feet from the intersection of the Western margin of U.S. Highway 421 with the Northern margin of Magnolia Drive, and runs thence South 65 degrees 20 minutes West 200.0 feet to an iron stake in the Eastern margin of Jackson Street; thence with the Eastern margin of Jackson Street North 24 degrees 40 minutes West 172.56 feet to a point; thence North 65 degrees 20 minutes East 200.00 feet to a point in the Western margin of U.S. Highway 421; thence with the Western margin of U.S. Highway 421 South 24 degrees 40 minutes East 172.56 feet to the point of beginning. Being a part of Lots 8 and 9 of Battleground Park as shown on Map Book 4, Page 52 of the New Hanover County Registry.



FLOOR PLAN - PHASE I

1" = 15'-0"

CONDOMINIUM UNIT

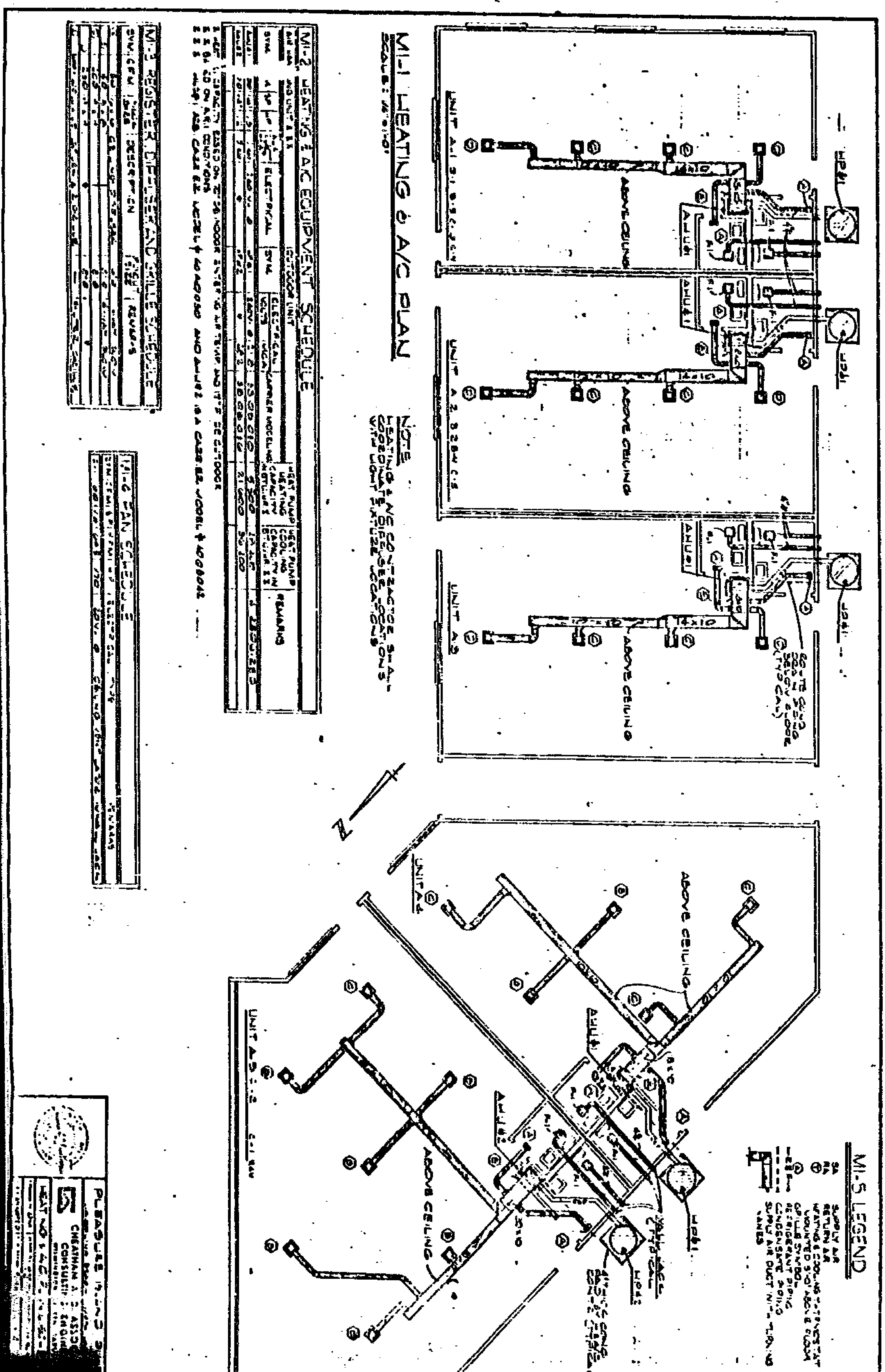
COMMON AREA

CONSULTING ENGINEER: C L Matthews, P.E. 75

DEVELOPED BY:
UNITED BUILDERS
FAYETTEVILLE, NORTH CAROLINA

EXHIBIT D

BOOK 1242 PAGE 0985



BOOK PAGE
1242 0986

EXHIBIT D

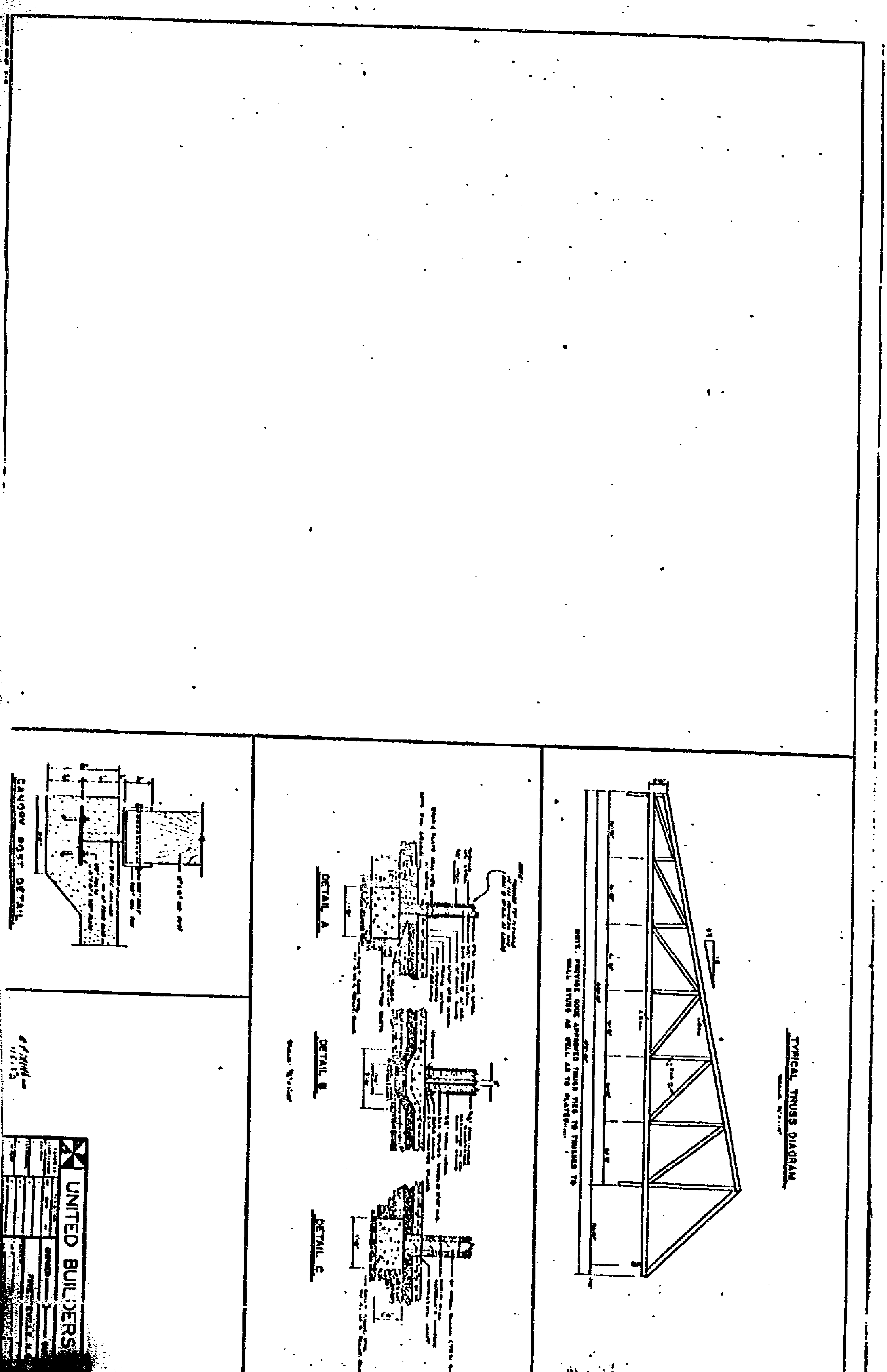
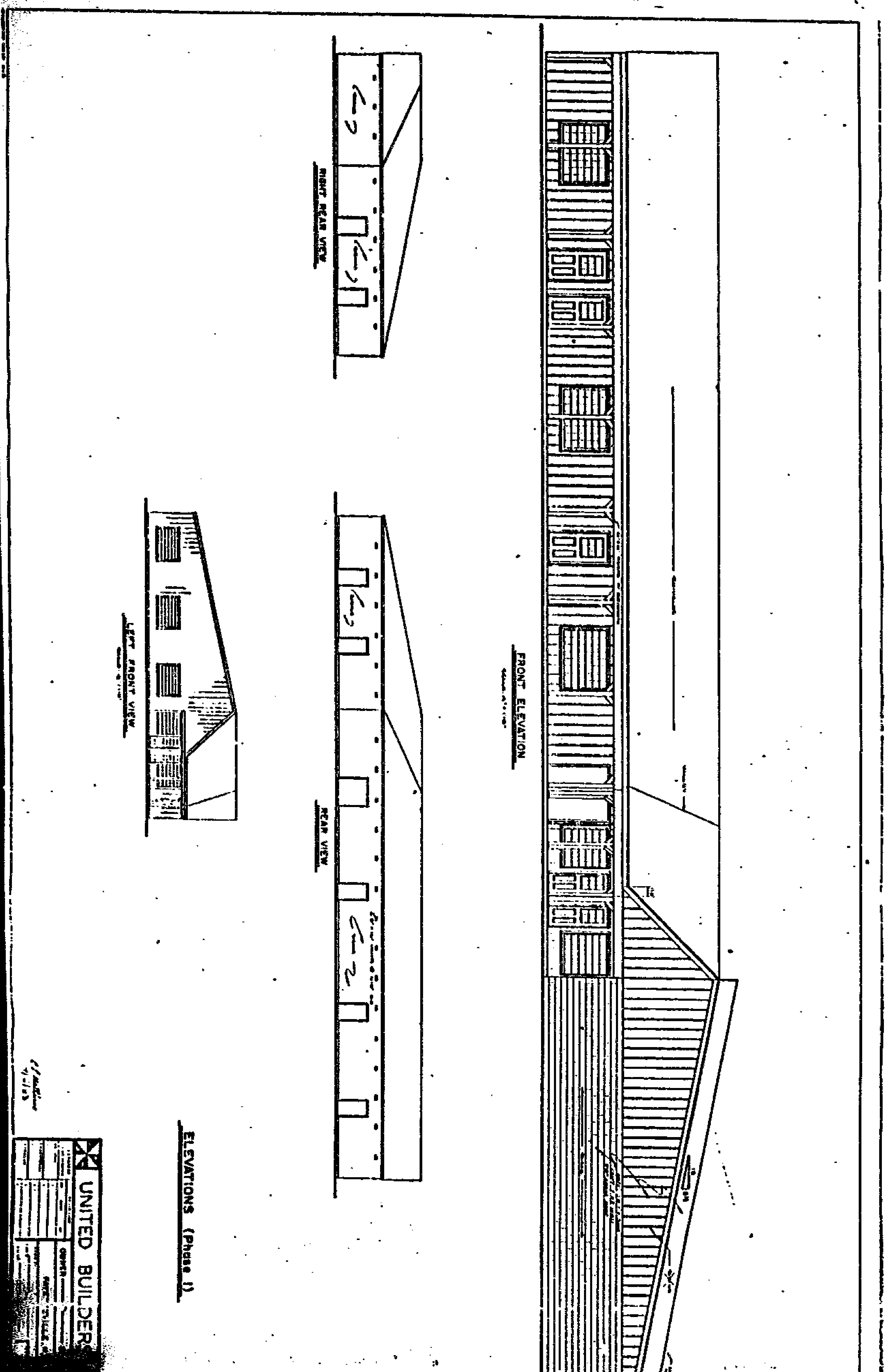


EXHIBIT D BOOK PAGE

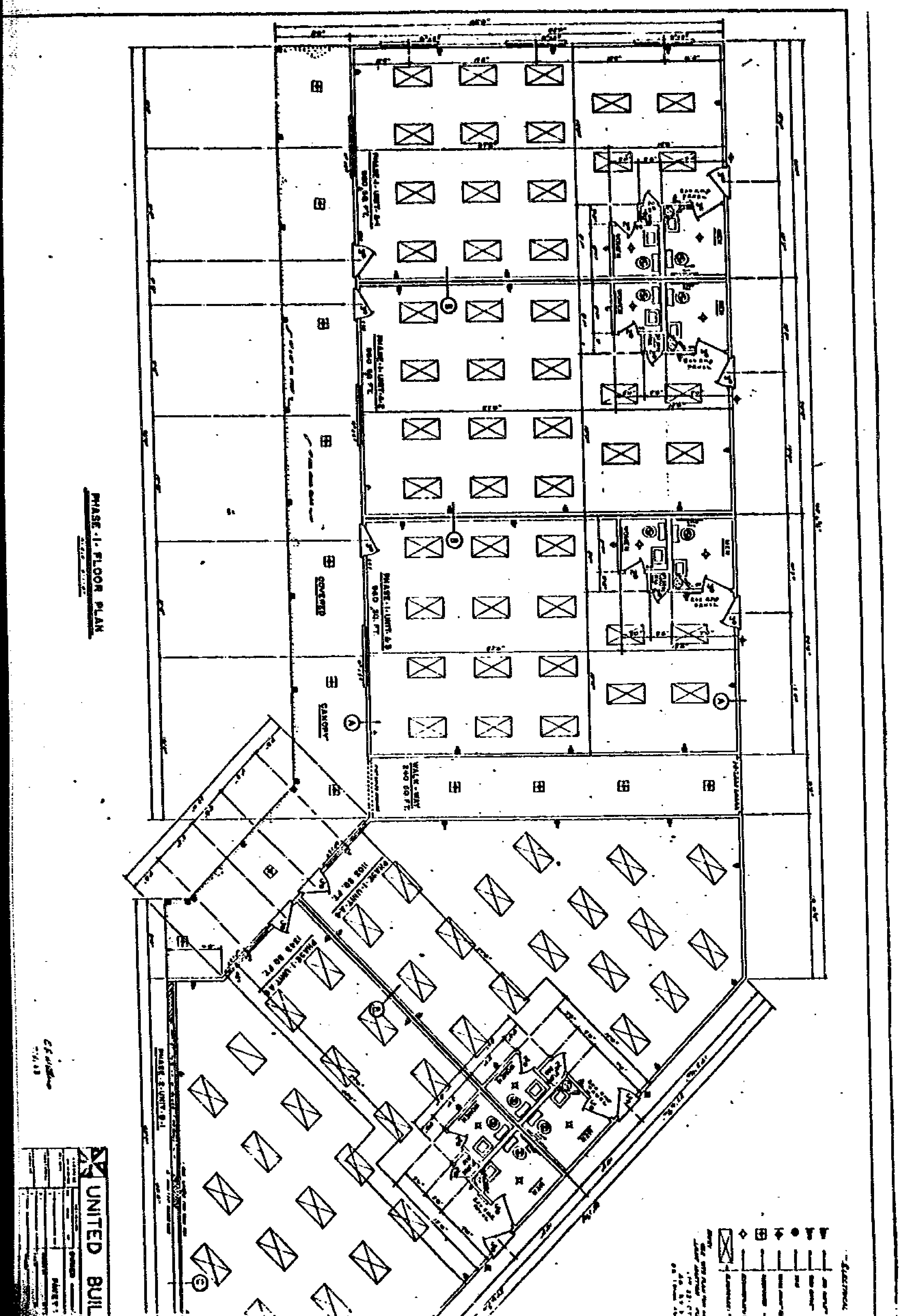
1242 0987



BOOK PAGE

1242 0988

EXHIBIT D



BOOK PAGE
1242 0989

EXHIBIT D

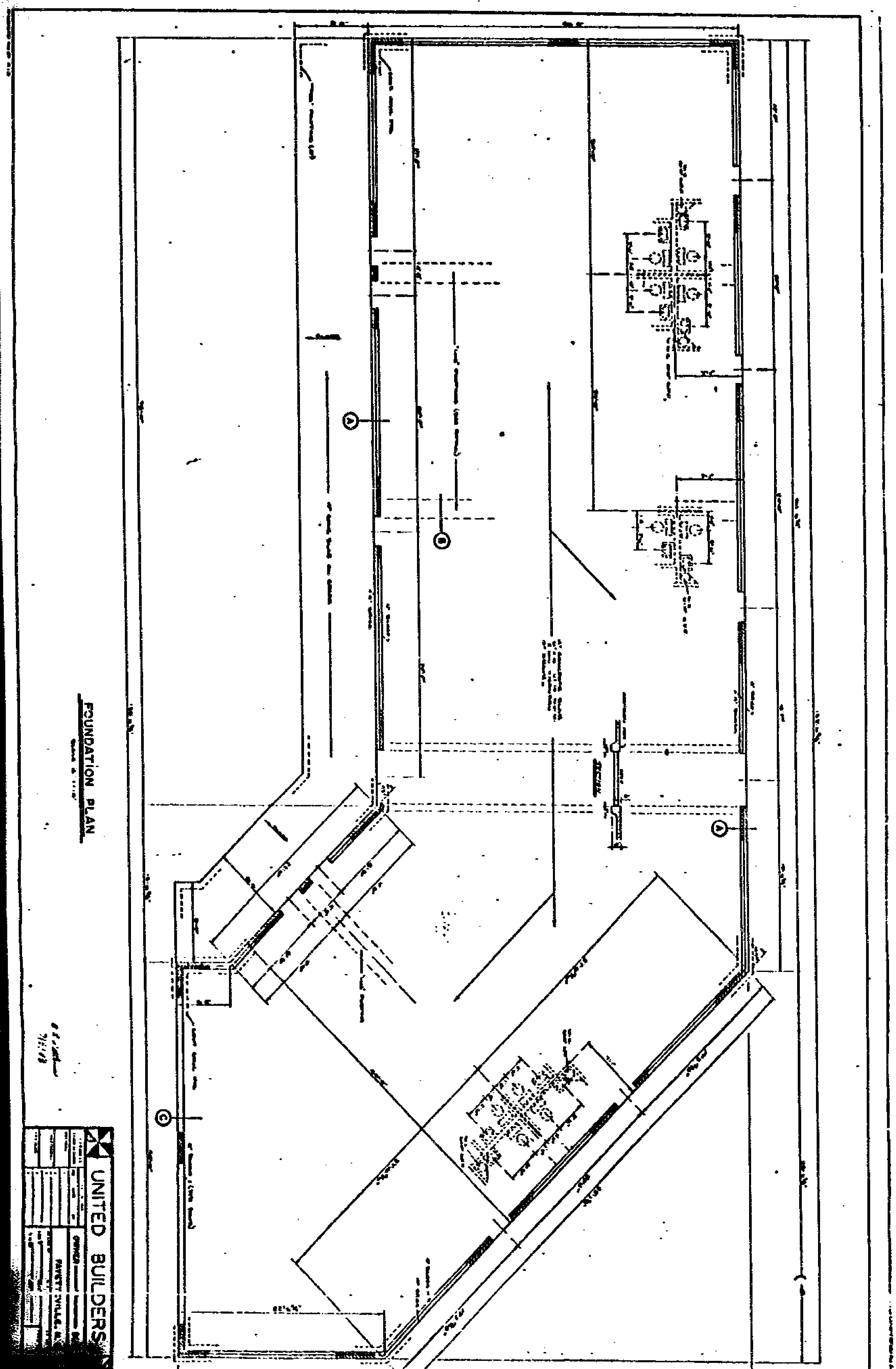


EXHIBIT E
PLEASURE ISLAND PLAZA
PHASE ONE

UNDIVIDED OWNERSHIP INTEREST
APPURTENANT TO EACH UNIT

UNIT DESIGNATION	UNDIVIDED OWNERSHIP PERCENTAGE
A-1	17.28%
A-2	17.28%
A-3	17.28%
A-4	21.76%
A-5	26.40%%

EXHIBIT F

BY-LAWS

OF

PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

These are the By-Laws of PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on January 4, 1984. PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC., hereinafter called "Association", has been organized for the purpose of administering the operation and management of PLEASURE ISLAND PLAZA, PHASE ONE and all future phases, if any, a condominium established or to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in New Hanover County, North Carolina, and described in the Declaration of Condominium incorporated herein by reference.

A. The provisions of these By-Laws are applicable to PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC. and all future phases, if any, and the terms and provision, hereof are expressly subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and which may be contained in the formal Declaration of Condominium and/or Supplemental Declarations of Condominium which will be recorded in the Public Records of Cumberland County, North Carolina, at the time said property or properties and the improvements now or hereafter situated thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration of Condominium and/or Supplemental Declarations of Condominium to be controlling wherever the same may be in conflict herewith.

B. All present or future owners, tenants, future tenants, or their employees, or any other person that might use PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC. or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and Declaration of Condominium.

C. The office of the Association will be at 731 North Lake Park Boulevard, Carolina Beach, New Hanover County, North Carolina.

D. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Condominium the fiscal year shall commence with the closing of the sale of the first Condominium unit.

ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

A. QUALIFICATIONS: The qualification of members, the manner of their admission to membership and termination of such membership and voting members, shall be as set forth in Article VI of the Articles of Incorporation of the Association, the provisions of which said Article VI of the Articles of Incorporation are incorporated herein by reference.

B. QUORUM: A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

C. VOTING: The vote of the owners of a Condominium unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a certificate signed by all of the owners of the Condominium unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

D. PROXIES: Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

E. BINDING EFFECT: Approval or disapproval of a unit owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

ARTICLE III

ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

A. ANNUAL MEETING: The first annual meeting shall be held on the 2nd day of May, 1984. Until such time, the Association shall be managed and controlled by the initial Board of Directors as provided for in Article IV hereinbelow. The annual members' meeting shall thereafter be held at such hour and place designated by the Board of Directors, on the first Tuesday in May of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members, provided, however, that if the day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Tuesday.

B. SPECIAL MEETING: Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from members of the Association owning a majority of the Condominium units entitled to vote twenty-five percent (25%) or more of the votes of the Association.

C. NOTICE: Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing, such notice to be written or printed, and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his post office address as it appears on the records of the Association (register of owners) as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration of Condominium) the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. ORDER OF BUSINESS: The order of business at annual members' meetings and, as far as practical, at any other members' meetings, shall be:

i) Calling of the roll and certifying of proxies;
ii) Proof of notice of meeting or waiver of notice;
iii) Reading and disposal of any unapproved minutes;
iv) Reports of officers;
v) Reports of committees;
vi) Appointment of inspectors of election by Chairman;
vii) Unfinished business;
viii) New business; and
ix) Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

A. BOARD OF DIRECTORS: The first Board of Directors of the Association shall consist of three (3) persons whose terms shall expire on the date of the first annual meeting of the members of the Association stated hereinabove. Each succeeding Board of Directors shall consist of five (5) persons. At least a majority of the Board of Directors shall be members or employees of a corporate member of the Association. Notwithstanding any provisions to the contrary herein, until such time as the transfer of control is completed by the Declarant in accordance with the terms and conditions set forth in Article X of the Declaration of Condominiums, Declarant shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association.

B. ELECTION OF DIRECTORS: Election of Directors shall be conducted in the following manner:

(i) Beginning with the first annual meeting of the membership of the Association, stated hereinabove, all members of the Board of Directors shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association.

(ii) Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining Directors.

(iii) At the first annual meeting of the members of the Association, the term of office of the three (3) Directors receiving the highest plurality of votes shall be established at two (2) years, and the terms of office of the other two (2) Directors shall be established at one (1) year. Thereafter, as many Directors of the Association shall be elected at the annual meeting as there are regular terms of office of Directors expiring at such time, and the term of office of the Directors so elected at the annual meeting of the members each year shall be for two (2) years expiring at the second annual meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

(iv) There shall be appurtenant to each Condominium Unit a vote equal to its appurtenant undivided interest in the Common Area as set forth in Article VIII of the Declaration for the members who are owners of that unit. It being the express intent herein that each unit will have only one vote as determined above regardless of the number of members who may claim an ownership interest in that unit. If more than one person or entity owns a unit, they shall file a certificate with the Secretary naming the person authorized to cast votes for that unit. If the same is not on file with the Secretary, the vote of any co-owner present at the meeting shall be accepted as the vote of all co-owners of each such unit.

(v) In the event that Declarant, in accordance with the rights herein established, selected any person or persons to serve on any Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person or persons with another person or persons to serve on said Board of Directors. Replacement of any person or persons designated by Declarant to serve on any Board of Directors shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons to be replaced and the name or names of the person or persons designated as successor or successors to the persons so removed from said Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association. However, these rights and authorities shall terminate upon transfer of control as prescribed in the Declaration of Condominiums.

C. <u>ORGANIZATIONAL MEETING</u>: The organizational meeting of each newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

D. REGULAR MEETING: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

E. SPECIAL MEETING: Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. WAIVER: Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

G. QUORUM OF DIRECTORS: A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation or these By-Laws or the Declaration of Condominium. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or Declaration of Condominium, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance is greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

H. PRESIDING OFFICER: The presiding officer of Directors' meetings shall be the Chairman of the Board, if such an officer has been elected; and if none, then the President of the Association shall preside. In the absence of the presiding officer, the Directors shall designate one of their number to preside.

I. FEES: Directors' fees, if any, shall be determined by the members.

J. POWERS AND DUTIES: All the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration of Condominium. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these By-Laws and the Declaration of Condominium, and shall include, without limiting the generality of the foregoing, the following:

(i) To make, levy and collect assessments against members' Condominium units to defray the costs of the Condominium, as provided for in Article XI of the Declaration of Condominium which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(ii) To maintain, repair, replace, operate and manage the common areas and facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members; and, further, to approve any expenditures made or to be made for said purposes.

(iii) To reconstruct any part of the common property after casualty in accordance with Article XI of the Declaration of Condominium, and to make further improvements to the common property, real and personal, and to enter into any and all contracts, necessary or desirable to accomplish said purposes.

(iv) To make, amend and enforce regulations governing the use of the common property and Condominium units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration of Condominium.

(v) To acquire, operate, lease, manage, and otherwise trade and deal with the property, real and personal, including Condominium units in the Condominium as may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in the Declaration of Condominium, provided that the acquisition of real property other than Condominium units or the real property described in the Declaration of Condominium shall require the approval of the Association.

(vi) To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities. Whether or not contiguous to the lands of the Condominium to provide enjoyment or other use or benefit to the owners of Condominium units.

(vii) To contract for the management of the Condominium and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration of Condominium and the regulations hereinafter promulgated governing use of the common property in the Condominium.

(viii) To enforce by legal means or proceedings the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration of Condominium and the regulations hereinafter promulgated governing use of the common property in the Condominium.

(ix) To pay all taxes and assessments which are or may become liens against any part of the Condominium units and the appurtenances thereto and to assess the same against the members and their respective Condominium units subject to such liens.

(x) To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with Article XI of the Declaration of Condominium.

(xi) To pay all costs of power, water, sewer and other utility services rendered to the Condominium and not billed to the owners of the separate Condominium units.

(xii) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium, including the common property.

K. INITIAL BOARD: The initial Board of Directors of the Association shall be comprised of three (3) persons designated to act and serve as Directors in the Articles of Incorporation, which said persons shall serve until their successors are selected or elected at the first annual meeting of the members of the Association provided for hereinabove. Should any member of the initial Board of Directors be unable to serve for any reason, PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC. shall have the right to select and designate a party to act and serve as Director until the first annual meeting of the members of the Association.

L. PRIOR UNDERTAKINGS: The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the property identified herein has been submitted to the plan of condominium ownership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Condominium documents.

M. REMOVAL: Any one or more of the members of the Board of Directors may be removed, either with or without cause, at any time by a vote of the members owning a majority of the Condominium units in the Condominium, at any special meeting called for such purpose, or at the annual meeting; provided, however, that only the Declarant shall have the right to remove a Director appointed by it.

ARTICLE V

OFFICERS

A. ELECTION: The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be pre-emptorily removed by a vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Board of Directors shall, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. PRESIDENT: The President shall be the Chief Executive Officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist him in the conduct of the affairs of the Association.

C. VICE-PRESIDENT: The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. SECRETARY: The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

E. TREASURER: The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

F. FEES: The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Condominium.

G. REMOVAL: All officers shall serve at the pleasure of the Board of Directors and any officer may be removed from office at any time, with or without cause, by a majority vote of the Board of Directors.

ARTICLE VI

FINANCES AND FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

A. ASSESSMENTS: An assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Condominium unit. Such account shall designate the name and address of the unit owner or owners, the amount of each assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. BUDGET: The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following:

(i) Common expense budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for the maintenance and operation of and capital improvements to the common property including landscaping, street and walkways, office expense, utility services, casualty insurance, liability insurance, administration and reserves (operating and capital improvements replacement), management fees and costs of maintaining leaseholds, memberships, and other possessory or use interest in lands or facilities whether or not contiguous to the lands of the Condominium, to provide for the use or benefit to the unit owners; and

(ii) Proposed assessments against each member and his unit.

Copies of the proposed budget and proposed assessments shall be transmitted to each member prior to January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessments, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in their sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies, subject to Article XI, Section 11.11(e) of the Declaration.

C. DEPOSITORY: The depository of the Association shall be such bank, banks or other institutions as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

D. AUDITS: An audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each member not later than April 15 of the year following the year for which the report is made.

E. FIDELITY BONDS: Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds shall be paid by the Association.

ARTICLE VII

PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of North Carolina.

ARTICLE VIII

AMENDMENT TO BY-LAWS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

A. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association owning a majority of the Condominium units in PLEASURE ISLAND PLAZA, whether meeting as members or by instrument in writing signed by them.

B. Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

C. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Board of Directors and by an affirmative vote of the members owning condominium units entitled to vote not less than two-thirds (66 2/3%) percent or more of the votes of the Association. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of Cumberland County, North Carolina, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the Directors and members. No amendment shall become operative or effective until it shall have been duly recorded.

D. Upon the approval and proper recording of any amendment or amendments, the same shall become binding upon all unit owners.

E. At any meeting held to consider any amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

F. Notwithstanding the foregoing provisions of this Article VIII, no amendment to these By-Laws which shall abridge, amend or alter the right of the Declarant to designate and select members of each Board of Directors of the Association, as provided in Article IV hereof, may be adopted or become effective without the prior written consent of the Declarant.

ARTICLE IX

COMPLIANCE

These By-Laws are set forth to comply with the requirements of the Unit Onwership Act, Chapter 47A of the General Statutes of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

ARTICLE X

COMMITTEES

A. COMMITTEES: The Board may establish by resolution adopted by a majority of Directors, such committees which it deems necessary or desirable to carry out the purposes of the Corporation.

B. COMMITTEE CHAIRMAN AND MEMBERS: The Chairman of all committees shall be appointed by and serve at the pleasure of the Board.

C. COMMITTEE REPORTS: The Chairman of each committee shall make a report to the President in writing of committee meetings and activities.

D. AUTHORITY: Unless specifically authorized in writing by the Board of Directors or the President, a committee Chairman or a committee shall have no authority to legally obligate the Corporation or incur any expenditure on behalf of the Corporation.

ARTICLE XI

SUSPENSION OF RIGHTS

The Board may suspend, by a majority vote of the Board, the voting rights and right to hold office of a member during any period in which the member shall be in default in the payment of any dues, assessments, penalties or fines, imposed by the Corporation. Such rights may be suspended, after notice and hearing, for a period not to exceed sixty (60) days for a violation of the Association's Rule and Regulations, these By-Laws or the Condominium Documents.

ARTICLE XII

ASSETS OF THE ASSOCIATION

The Association shall hold, own, maintain, manage, control, repair, preserve, replace, care for and operate any and all real property, together with appurtenances, fixtures and improvements thereto, all personal property, all fixtures, all rights and privileges, including all parts of the water, sewer and drainage systems, and other possessory or use interest in land, facilities, and roads and streets which may be conveyed to, or made available for use by the Association, the Declarant of the Condominium facility known as PLEASURE ISLAND PLAZA, or by any other person, firm, corporation or entity, or belonging to, or made available for, the Association, for the use, enjoyment, health, safety and welfare of the owners of said Condominium units.

All such real property together with appurtenances, fixtures and improvements thereto, personal property, fixtures, rights and privileges, and other possessory or use interests in land or facilities owned by, belonging to, or made available for, the Association shall be treated, except as otherwise specifically in these By-Laws provided, as common areas and facilities of "PLEASURE ISLAND PLAZA" for purposes of managing, controlling, repairing, replacing, preserving, caring for, operating and otherwise dealing with for the use, health, safety, and welfare of the Owners of those Condominium Units as herein provided.

The cost and expenses of holding, owning, maintaining, managing, controlling, repairing, replacing, preserving, caring for and operating all common areas of the "PLEASURE ISLAND PLAZA" shall be "common expenses" and included in the budget for each fiscal year for the Association and all provisions of these By-Laws shall apply thereto.

ARTICLE XIII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

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

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

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

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

Nothing contained in this Article XIII, or elsewhere in these By-Laws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

The foregoing were adopted as the By-Laws of PLEASURE ISLAND PLAZA OWNERS ASSOCIATION, INC., a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Board of Directors on January 4, 1983.

Kenneth M. Norris (seal)
SECRETARY

APPROVED:

[signature]
PRESIDENT