

STATE OF NORTH CAROLINA

COUNTY OF CALDWELL

Drawn by: Kirby Keptford

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DECLARATION

OF

BOAT SLIP AREA

FOR

ANCHORS LANDING BOAT SLIP ASSOCIATION

THIS DECLARATION, made on the date hereinafter set forth by LAKE NORMAN PROPERTIES, INC., a North Carolina corporation, hereinafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the developer of Anchors Landing Subdivision, a planned residential development located adjacent to Lake Hickory in Caldwell County, North Carolina that is more particularly described in the Declaration (as hereinafter defined);

WHEREAS, Declarant desires to construct piers, containing Boat Slips, over the waters of Lake Hickory in the Boat Slip Area adjoining a portion of Anchors Landing Subdivision, which piers and Boat Slips will be for the common use and benefit of Boat Slip Owners, and to provide for the maintenance and upkeep of such piers and Boat Slips;

WHEREAS, Declarant desires to provide for a system whereby the Boat Slip Owners will pay for the maintenance and upkeep of the Boat Slip Area and whereby the Boat Slip Owners will abide by the restrictions, rules and regulations imposed by the Declaration of Boat Slip Area and the lease of the underlying land from Duke Power Company;

WHEREAS, Declarant deems it desirable in order to insure the efficient preservation, protection and enhancement of the values of the Boat Slip Area and the Boat Slip Owners' enjoyment of the specific rights, privileges and easements in the Boat Slip Area that an organization be created to which will be delegated and assigned the powers of maintaining the Boat Slip Area including the piers and Boat Slips, administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Declarant has caused to be created for the purposes aforesaid, a North Carolina nonprofit corporation under the name and style of Anchors Landing Boat Slip Association, Inc.

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NOW, THEREFORE, Declarant declares that the Boat Slips described in Section 1 of Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, are and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the Boat Slips and be binding upon and inure to the benefit of all Boat Slip Owners thereof, their heirs, personal representatives, successors and assigns.

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ARTICLE I

DEFINITIONS

Section 1. "Association" means Anchors Landing Boat Slip Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

Section 2. "Boat Slip" means the Boat Slips constructed or to be constructed over the waters of Lake Hickory which may number up to fifty-one (51) Boat Slips in the geographic area shown on Exhibit A attached hereto, but excluding the Community Boat Slips. The Declarant shall cause to be recorded in the Caldwell County Public Registry a Declaration of Boat Slip Area for Anchors Landing depicting the initial Boat Slips constructed or to be constructed together with the anticipated configuration of the layout of the total boat slip area. The Declarant shall have the right to redesign and reconfigure portions of such Boat Slip layout and the size of the Boat Slips; provided, that the total number of Boat Slips shall not exceed fifty-one (51) Boat Slips and that any such reconfiguration and numbering be shown on a plat or survey attached to a Supplemental Declaration to be recorded in the Caldwell County Public Registry.

Section 3. "Boat Slip Area" means the property leased from Duke Power Company or subleased from the Homeowners Association and all piers, docks, boat slips and improvements or appurtenance thereto.

Section 4. "Boat Slip Owner" or "Owner" means the record owner, whether one or more persons or entities, of the exclusive right to use any Boat Slip; provided, however, that Declarant shall not be considered a Boat Slip Owner for purposes of Article V hereof.

Section 5. "Community" means the planned development known as Anchors Landing Subdivision which shall be developed and constructed on the Property, and any additional property made subject to the Declaration by recordation of a Supplementary Declaration pursuant to the applicable provisions.

Section 6. "Community Boat Slips" mean the Boat Slips constructed or to be constructed over the waters of Lake Hickory in the geographic area shown on Exhibit A attached hereto for the non-exclusive use by any Lot Owner in good standing with the Homeowners Association.

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Section 7. "Declarant" means Lake Norman Properties, Inc., a North Carolina corporation, and any successor or assign to whom Lake Norman Properties, Inc. assigns its interest as Declarant hereunder in whole or in part by instrument recorded in the official records of the County.

Section 8. "Declaration" means the Declaration of Restrictive Covenants of Anchors Landing Subdivision recorded in Book 1239 at Page 100 in the Caldwell County Public Registry; the Declaration of Covenants, Conditions and Restrictions of Anchors Landing Subdivision recorded in Book 1239 at Page 107 in the Caldwell County Public Registry; the Supplementary Declaration of Declaration of Restrictive Covenants of Anchors Landing Subdivision recorded in Book 1269 at Page 762 in the Caldwell County Public Registry; the Supplementary Declaration of Declaration of Restrictive Covenants of Anchors Landing Subdivision recorded in Book 1287 at Page 1578 in the Caldwell County Public Registry; the Declaration of Restrictive Covenants of Anchors Landing Subdivision recorded in Book 1311 at Page 1255 in the Caldwell County Public Registry; the Declaration of Restrictive Covenants of Anchors Landing Subdivision recorded in Book 1352 at Page 209 in the Caldwell County Public Registry; and all amendments or supplements thereto, which collectively is the Declaration for the Community.

Section 9. "Declaration of Boat Slip Area" means this declaration and all amendments or supplements thereto to be recorded in the official records of Caldwell County depicting the "as-built" layout of the Boat Slips after construction in the Boat Slip Area.

Section 10. "Homeowners Association" means Anchors Landing Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

Section 11. "Lot" means any numbered lot or plot of land, together with any improvements thereon, as shown upon any recorded final subdivision map covering the Community or a part thereof, which is not a dedicated street or Common Property as defined in the Declaration.

Section 12. "Lot Owner" means the record owner, whether one or more persons or entities, of a fee simple title to any Lot.

Section 13. "Member" is a member of the Association.

Section 14. "Mortgage" means a mortgage or deed of trust which constitutes a first lien upon a Lot given to a bank, savings and loan association or other institutional lender or individual for the purpose of securing indebtedness incurred to purchase or improve a Lot.

Section 15. "Mortgagee" means the holder of the beneficial interest in any Mortgagee.

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Section 16. "Person" means an individual, corporation, limited liability company, partnership, trustee or other legal entity capable of holding title to real property.

Section 17. "Property" means the property as defined in the Declaration, exclusive of the public rights of way, which Property includes the Lots and the Common Property.

Section 18. "Rules and Regulations" means reasonable rules and regulations as may be adopted from time to time by the Association.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION
ADDITIONS THERETO

Section 1. Existing Property. The Boat Slips which are, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration of Boat Slip Area, irrespective of whether there may be additions thereto as hereinafter provided, are located in Caldwell County, North Carolina and are designated Boat Slip Numbers 1 through 37, inclusive on the map of the Boat Slip Area attached hereto as Exhibit A and incorporated herein by reference.

These Boat Slips are sometimes herein referred to as "Existing Boat Slips".

Section 2. Additions to Existing Boat Slips. Additional Boat Slips may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following ways:

(a) Additional Boat Slips within the Boat Slip Area described in the Declaration may be annexed to the Existing Boat Slips by Declarant or its designated assign and brought within the scheme of this Declaration of Boat Slip Area and within the jurisdiction of the Association, in future stages of development, without the consent of the Association or its members; provided however, that said annexations, if any, must occur within ten (10) years after the date of this instrument.

(b) The additions authorized under Subsection (a) shall be made by filing of record Supplementary Declarations of Boat Slip Area with respect to the additional Boat Slips which shall extend the scheme of this Declaration of Boat Slip Area and the jurisdiction of the Association to such Boat Slips and thereby subject such additions to assessment for their just share of the Association's expenses. Said Supplementary Declarations may contain such complimentary additions and modifications of the covenants, conditions and restrictions contained in this Declaration of Boat Slip Area as may be necessary to reflect only the different character of the added properties and as are not inconsistent with the provisions of this Declaration of Boat Slip Area.

ARTICLE III

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MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Only Boat Slip Owners are eligible to become Members of the Association. The number of Members shall be determined by the number of Boat Slips constructed by Declarant. Boat Slips and Membership in the Association will be made available to owners of Lots in the Project on a first-come first-served basis.

The Boat Slip Area (except for the part which includes Community Boat Slips) can only be used by Members of the Association. No Member can use a Boat Slip for a boat that is not registered in the name of the Boat Slip Owner with the appropriate agency of the State of North Carolina.

Section 2. Voting Rights. The Association shall have two classes of voting Membership:

Class A. Class A Members shall be all Boat Slip Owners with the exception Declarant; provided, however, that Declarant shall become a Class A Member when its Class B Membership ceases as provided hereinafter. Class A Members shall be entitled to one (1) vote for each exclusive right to the use of a Boat Slip owned. When more than one person holds an ownership interest in any Boat Slip, all such persons shall be Members, but not more than one vote shall be cast with respect to any Boat Slip. The vote for any such Boat Slip shall be exercised as the Members holding an interest in such Boat Slip determine among themselves. In the event of disagreement, the decision of Members holding a majority of interest in such Boat Slip shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of a co-owner shall be conclusively presumed to be the majority vote of the Boat Slip Owners of that Boat Slip.

Class B. Class B Member shall be Declarant and shall be entitled to three (3) votes for each Boat Slip owned; provided that Declarant's Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier: (i) the conveyance of ninety percent (90%) of all Boat Slips to Boat Slip Owners other than Declarant, or (ii) seven (7) years after the first Boat Slip is conveyed to a Lot Owner.

Section 3. Suspension of Voting Rights. Voting rights attributable to an ownership interest in a Boat Slip shall be suspended throughout the term of any default or violation under this Declaration of Boat Slip Area, the bylaws of the Association, or the Rules and Regulations by a Boat Slip Owner.

Section 4. Control by Declarant. Notwithstanding any other language or provision to the contrary in the bylaws of the Association, in the Articles of Incorporation, or in the

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Declaration of Boat Slip Area, Declarant hereby retains the right to appoint and remove any members of the Board of Directors of the Association and any officer or officers of the Association until ninety (90) days after the first of the events to transpire outlined in Section 2 concerning the termination of the Class B Member status of Declarant; or the surrender by Declarant of the authority to appoint and remove directors and officers by a written letter to the Association. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Boat Slip Owners including Declarant if it then owns one or more Boat Slips; and a special meeting of the Association shall be called for and held within ninety (90) days from the date of the expiration of Declarant's rights hereunder. At such special meeting, the Boat Slip Owners shall elect a new Board of Directors which shall undertake the responsibilities of running the Association and Declarant shall deliver the books, accounts, and records, if any, which it has kept on behalf of the Association as well as any agreements or contracts executed by or on behalf of the Association which may still be in effect or operation. Each Boat Slip Owner by acceptance of a deed to or other conveyance of the exclusive right to use a Boat Slip vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this Section.

ARTICLE IV

EXCLUSIVE RIGHT TO USE OF BOAT SLIP

Section 1. Exclusive Right to Use. The Boat Slips constructed and located within the Boat Slip Area are owned by the Association. The land underlying the waters of Lake Hickory is owned by Duke Power Company and has been leased or sub-leased to the Association. The Boat Slip Owner has purchased the exclusive right to use a particular Boat Slip, which exclusive right to use is subject to the terms and provisions of the Duke Power lease of the underlying land. If, for any reason, Duke Power Company declines to lease or does not extend the lease of the underlying land to the Association, the exclusive right to use the Boat Slip shall terminate and the Boat Slip Owner shall have no further rights or interest in the Boat Slip.

Section 2. Boat Slip General Provisions.

- (a) Certain water and land which is adjacent to the Community has been designated by Declarant as a Boat Slip Area as shown on Exhibit A of this Declaration of Boat Slip Area. Declarant or the Association may from time to time submit property easements to the jurisdiction of a Boat Slip Association so that ultimately there may be as many as fifty-one (51) Boat Slips in such area. The purchase of the exclusive right to the use of the Boat Slips will be made available to Lot Owners. The purchase of the exclusive right to use Boat Slips shall be governed by the Association.
- (b) Declarant will administer the construction, installation and initial sale of exclusive rights to the use of the Boat Slips, including establishing periodic fees and dues and

the initial charge to each Boat Slip Owner. Declarant will assign to the Association 1736
Declarant's rights under the lease of the Boat Slip Area from Duke Power Company, but
Declarant may reserve for Declarant the right to convey the exclusive rights to use individual
Boat Slips. The Association will assume all obligations of the Declarant under the lease of
the Boat Slip Area from Duke Power Company.

(c) Prior to or concurrent with the Declarant's assignment of the lease of the Boat
Slip Area to the Association, Declarant shall convey to the Association ownership of
improvements, such as docks and piers, located in the Boat Slip Area (except any such
property appurtenant to the Community Boat Slips), excluding the water and land deemed to
be owned by Duke Power Company. **[Declarant has reserved for itself and granted to the
Association parking, utility, pier construction and ingress and egress easements over and
upon the Common Property to construct, maintain, repair and replace improvements
(such as docks and piers) and utilities in the Boat Slip Area in the Declaration.]**

(d) Duke Power Company owns the Boat Slip Area and will charge rent therefor
to the Association. The exclusive right to use a Boat Slip will be subject to the fee
ownership interest of Duke Power Company and to such lease arrangement.

(e) Notwithstanding anything in the Declaration to the contrary, the exclusive right
to use a Boat Slip is at all times subject to the cooperation of Duke Power Company, and if
for any reason Duke Power Company declines to lease or allow the sale of the exclusive
right to use a Boat Slip to an Owner or non-Owner, then such Owner or non-Owner may
acquire no interest in said Boat Slip.

Section 3. Boat Slip as an Appurtenance to a Lot. Declarant shall be the source of
all Boat Slips. Boat Slips shall be designated by means of a drawing attached to the
Declaration of Boat Slip Area or a Supplemental Declaration to the Boat Slip Area recorded
by Declarant. Upon fulfillment of certain terms and conditions under the agreements
between Declarant and the Association, Declarant may convey Boat Slips to the Association
by instrument(s) recorded in Caldwell County's office of the Register of Deeds. In the initial
deeds of Lots to Persons other than the Association, Declarant or the Association may
designate by number designation a Boat Slip as an appurtenance to a Lot within the
Community to be conveyed to a Lot Owner. Such deed(s) shall provide that the grantee is
granted the exclusive right to use such Boat Slip. Except as provided in the following
sentence and in subsections (4) and (5) below, once designated in such initial deed(s), the
exclusive right to use a particular Boat Slip shall not be separated from ownership but rather
shall run with the title to the Lot to which the Boat Slip is designated as an appurtenance;
any deed, deed of trust, mortgage, transfer or other conveyance of such Lot shall also
transfer or convey the right to use the Boat Slip appurtenant thereto, even if not expressly
included therein. Provided however, the right to use a particular Boat Slip may be conveyed
by a recorded instrument to the owner of and may be made an appurtenance to, any other
Lot, in which case the right to use that Boat Slip shall then run with the title to such other
Lot.

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Section 4. Leasing Boat Slips. No Person owning the exclusive right to use a Boat Slip may lease or rent any Boat Slip.

Section 5. Duke Power Rules.

All rules and regulations imposed by Duke Power Company on the use of the waters of Lake Hickory or imposed under the lease of the land underneath the Boat Slips shall be strictly adhered to by each Member.

In addition, the following two provisions are contained in the Duke Power lease of the lake bed:

a. Any water craft more than twenty (20) feet in length or more than ten (10) feet in width moved within a Boat Slip must have affixed thereto a certification label indicating that same was manufactured in compliance with the Federal Boat Safety Act of 1971.

b. No water craft equipped with a marine toilet having a fixed or portable holding tank or a through hull or overboard discharge toilet which has not been certified by the United States Coast Guard as an approved marine sanitation device may be docked in a Boat Slip.

Section 6. Liability Insurance. Evidence of liability insurance coverage in the amounts determined by the Board of Directors and with the Association being named an insured shall be furnished to the Association prior to the use of a Boat Slip.

ARTICLE V

COVENANT FOR BOAT SLIP AND SPECIAL BOAT SLIP ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boat Slip and Special Boat Slip Assessments. Each Boat Slip Owner of the exclusive right to use any Boat Slip by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association Boat Slip Assessments and Special Boat Slip Assessments, as hereinafter defined, for maintenance and repair costs of the pier and Boat Slips, established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorneys fees, shall be a charge and continuing lien upon the Boat Slip against which each such assessment or charge is made and upon the right to use the pier and the Boat Slip. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Boat Slip Owner of such Boat Slip effective at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to a Boat Slip Owner's successors in title unless expressly assumed by them.

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

- (a) to maintain, repair and reconstruct, when necessary, the pier and Boat Slips, including all lighting and other fixtures, wires, railings and other facilities located thereon;
- (b) to maintain, repair and reconstruct, when necessary, any and all structures, lighting fixtures, wires, railings and other facilities, located upon the pier;
- (c) to provide and pay for lighting of and water service to the pier and Boat Slips, to the extent necessary for the safety and enjoyment of the users thereof;
- (d) to keep the pier and Boat Slips clean and free from debris and to maintain same in a clean and orderly condition;
- (e) to pay all ad valorem taxes levied against the pier and Boat Slips and any other property owned by the Association in connection therewith;
- (f) to pay all lease payments, if applicable, to Duke Power Company for the lease of the land on which the pier and Boat Slips are located;
- (g) to pay the premiums on all insurance carried by the Association in connection with the pier and Boat Slips pursuant hereto or pursuant to the bylaws;
- (h) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the bylaws in connection with the pier and Boat Slips;
- (i) to maintain contingency reserves as to the amounts described in subsections (a) through (d) above in amounts as determined by the Board of Directors; and
- (j) to pay the annual assessment from the Homeowners Association for the use and maintenance of portions of the Anchors Landing Common Property as set forth in Section 2(f) of Article IV hereof.

Section 3. Payment of Boat Slip Assessments: Due Dates. The Boat Slip Assessments provided for herein shall commence and be due and payable annually in advance as to each completed Boat Slip. The Boat Slip Assessments for the fiscal year beginning January 1, 2002 shall be four hundred dollars (\$400) per Boat Slip, which amount shall be due and payable in advance. The Boat Slip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article V, and shall be due and payable no later than January 31 of each such fiscal year.

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The Board of Directors shall fix the amount of the Boat Slip Assessment as to each Boat Slip for any fiscal year at least thirty (30) days prior to January 1 of such fiscal year, and the Association shall send written notice of the amount of the Boat Slip Assessment, as well as the amount of the first installment due, to each Boat Slip Owner on or before January 1 of such fiscal year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Boat Slip Assessments.

Section 4. Maximum Boat Slip Assessment.

(a) For fiscal years beginning January 1, 2003 and thereafter, the Board of Directors, by a vote in accordance with the bylaws, without a vote of the Members, may increase the Boat Slip Assessments each year by a maximum amount equal to the previous year's Boat Slip Assessments times the greater of (1) twenty percent (20%), or (2) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84=100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the Boat Slip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Boat Slip Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future years, by a vote of the Board of Directors, without a vote of the Members.

(b) From and after January 1, 2005, the Boat Slip Assessments may be increased without limitation if such increase is approved by a vote of no less than one-half (1/2) of each class of Members owning Boat Slips, at a meeting duly called for this purpose.

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

Section 5. Special Assessments for Boat Slip Improvements. In addition to the Boat Slip Assessments authorized above, the Association may levy, in any assessment year, a special Boat Slip Assessment ("Special Boat Slip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the pier and Boat Slips, and any capital improvement located thereon,

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including lighting, water lines and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided that any such assessment must be approved by a vote of no less than two-thirds (2/3) of each class of Members in accordance with the bylaws, and further providing that any such Special Boat Slip Assessment may be levied only against the Owners of Boat Slips.

Section 6. Assessment Rate.

(a) Both Boat Slip and Special Boat Slip Assessments must be fixed at a uniform rate for all Boat Slips;

(b) Boat Slip Assessments commence on individual Boat Slips upon completion of construction and the recording of a Supplemental Declaration of Boat Slip Area for the newly completed Boat Slips. Annual assessments and Special Assessments shall be prorated according to the number of days remaining in the fiscal year.

Section 7. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of the assessments on a Boat Slip is binding upon the Association as of the date of its issuance.

Section 8. Special Assessments Regarding Damage to Boat Slip Area. In addition to the powers for assessments set forth herein, the Board of Directors shall have the power to levy a special assessment applicable to any particular Owner responsible for damage to the Boat Slip Area, through intentional conduct or any act or omission of himself, members of his family, his agents, guests, employees or invitees.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any Annual or Special Boat Slip Assessment installment not paid by its due date as set forth in Article V, Section 3 hereof, or any other assessment not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been thereafter established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the Boat Slip and the right to use a Boat Slip, if applicable, and interest, late payment charges, costs and reasonable attorneys' fees related to such action or foreclosure shall be added to the amount of such assessment. The Association shall also have the right to suspend the right to use a Boat Slip and voting rights of an Owner for any period during which any assessment against his Boat Slip remains unpaid or for any infraction and for an additional period not to exceed ninety (90) days. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Boat Slip Area and/or his Boat Slip.

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Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for in Article V of this Declaration of Boat Slip Area shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be an Annual Boat Slip or Special Boat Slip Assessment, as applicable, collectible pro rata from Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portion may cause the Boat Slip Assessment to be in excess of the Maximum Boat Slip Assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

ARTICLE VI

PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment. Except as limited by Section 2 of this Article VI, every Boat Slip Owner shall have a right and easement of enjoyment in and to the Boat Slip Area, which right and easement shall be appurtenant to and shall pass with the title to every Boat Slip, subject to the following provisions:

- (a) The right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the Boat Slip Area and to limit the use of said facilities to Boat Slip Owners, and to their families, tenants, and guests as provided in Section 2 of this Article VI;
- (b) The right of the Association to suspend the voting rights and rights of a Boat Slip Owner to the use of the Boat Slip Area facilities for any period during which any assessment against his Boat Slip remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations; and
- (c) The right of the Association, with the assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each class of membership (Class A and B), to mortgage, pledge, deed in trust, or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Boat Slip Owner in Section 1 of this Article may be exercised by members of the Boat Slip Owner's family.

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(b) Guests. Facilities located on the Boat Slip Area may be utilized by guests of Boat Slip Owners subject to such Rules and Regulations governing said use of the Association as may be established by the Board of Directors.

ARTICLE VII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify any and all persons who may serve or who have served at any time as directors or officers of the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or an officer of the Association, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in any action, suit or proceeding guilty of willful and intentional negligence or misconduct in the performance of his or her duties to the Association. Provided, however, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, bylaw, agreement, vote of Association Members or otherwise. In the event of death of any officer or director, the provisions hereof shall extend to such person's legal heirs, representatives, successors and assigns. The foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding, claim, suit or action is based on matters which antedate the adoption of this Declaration of Boat Slip Area.

ARTICLE VIII

GENERAL PROVISIONS

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

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

full force and effect.

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Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the Boat Slips, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five percent (75%) of a vote of the Owners after the expiration of said twenty-five (25) year period. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Boat Slip Owners of not less than eighty percent (80%) of the Boat Slips, and thereafter by an instrument signed by the Boat Slip Owners of not less than seventy-five percent (75%) of the Boat Slips. Any amendment must be properly recorded. For the purpose of this section, additions to existing Boat Slips as provided in Article II, Section 2 hereof shall not constitute an "amendment".

13th IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this day of August, 2002.

LAKE NORMAN PROPERTIES, INC., a North Carolina corporation

By: Almon D. McCormack Jr.
Its: VICE - PRESIDENT

STATE OF NORTH CAROLINA
COUNTY OF UNION

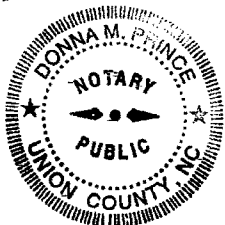
1744

I, Donna M. Prince, a Notary Public in and for said County and State, do hereby certify that AMON MCCORMACK, JR personally appeared before me this day and acknowledged that he/she is the VICE-PRESIDENT of Lake Norman Properties, Inc., a corporation, and that he/she, as VICE-PRESIDENT being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and notary seal, this 13th day of August, 2002.

Donna M. Prince
Notary Public

My commission expires: 10-01-07



NORTH CAROLINA
CALDWELL COUNTY

THE CERTIFICATE OF
Donna M Prince as
NIP
IS CERTIFIED TO BE CORRECT.

LOIS GREENE, REGISTER OF DEEDS
BY: Lois Greene

S:\USERS\SHARE\ATTY\GEH\ANCHORS\DECLARAT.ION

EXHIBIT A

