

* FILED FOR REGISTRATION on the
 * 27 Day of May 19 83
 * at 4:33 O'clock P. M.
 * and registered in the office of the
 * Register of Deeds for Pender County in
 *
 * BOOK 617 PAGE 152
 *
 * Hugh Overstreet, Jr.
 * Hugh Overstreet, Jr., Register Of Deeds
 * PENDER COUNTY, NORTH CAROLINA
 *

STATE OF NORTH CAROLINA
 COUNTY OF PENDER

DECLARATION OF COVENANTS,
 CONDITIONS AND RESTRICTIONS
 QUEENS GRANT RECREATION ASSN., INC.

THIS DECLARATION, made the 26th day of May, 1983, by ISLAND DEVELOPMENT CORPORATION, a North Carolina corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner and developer of certain property in Topsail Beach, Topsail Township, Pender County, North Carolina, on both sides of NC Highway 50, the oceanfront portion of which is being developed as QUEENS GRANT CONDOMINIUMS and the soundfront portion of which is being developed as QUEENS GRANT TOWNHOUSES; and

WHEREAS, in accordance with the plan for said development, Declarant has set aside or intends to set aside certain areas for the common use and enjoyment of all property owners, and accordingly has organized a Community Property Owners Association known as "QUEENS GRANT RECREATION ASSN., INC.", a private non-profit corporation, to hold title to the club house, boat dock facilities and all open spaces and common areas intended primarily for the mutual use, benefit and enjoyment of all property owners in the development, all of whom shall be members of the Recreation Association.

NOW, THEREFORE, Declarant hereby declares that all of the properties shown and designated as common areas upon the plat of QUEENS GRANT RECREATION ASSN., INC. which said plat is recorded or is to be recorded in the Office of the Register of Deeds of Pender County, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the development and all of which easements, covenants, restrictions and conditions shall run with the land and shall be binding upon parties having or acquiring any right, title or interest in the described premises or any part thereof, and shall inure to the benefit of each member of the Association.

ARTICLE I

DEFINITIONS

Section 1. ASSOCIATION shall be used interchangeably with CORPORATION, and shall mean and refer to QUEENS GRANT RECREATION ASSN., INC., a non-profit corporation, its successors and assigns. All property owners of QUEENS GRANT CONDOMINIUMS and QUEENS GRANT TOWNHOUSES shall be members of the Association, which membership shall be appurtenant to and may not be separated from the ownership of such single family lot or multi-family townhouse unit.

Section 2. QUEENS GRANT shall mean and refer to the entire development of the property conveyed to ISLAND DEVELOPMENT CORPORATION by the deed recorded in Books 286 at Page 173 of the Pender County Registry, including all property in QUEENS GRANT CONDOMINIUMS and townhouse units in QUEENS GRANT TOWNHOUSES, and any property subsequently annexed to the development by Declarant.

Section 3. LOT shall mean and refer to one of the townhouse lots shown upon the plat of QUEENS GRANT TOWNHOUSES recorded or to be recorded in the Pender County Registry.

Section 4. UNIT shall mean and refer to a condominium unit in QUEENS GRANT CONDOMINIUMS as shown upon the plans thereas recorded or to be recorded in the Pender County Registry.

Section 5. PROPERTIES shall mean and refer to that certain real property described on the plat entitled QUEENS GRANT RECREATION ASSN., INC., and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 6. COMMON AREAS shall mean all real and personal property owned by the Association for the common use and enjoyment of the members of the Association.

Section 7. MEMBERSHIP shall mean and refer to the rights, benefits, duties and obligations, evidenced by an appropriate certificate, which shall inure to the benefit of and burden each member of the Association.

Section 8. MEMBER shall mean and refer to every person or entity who has a membership in the Association.

Section 9. DECLARANT shall mean and refer to ISLAND DEVELOPMENT CORPORATION, its successors and assigns, if such successors or assigns should acquire from ISLAND DEVELOPMENT CORPORATION, any properties adjoining the QUEENS GRANT development for the purpose of development.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Except as provided in Section 2 of this Article, annexation of additional property outside the boundary shown on the general plat attached hereto as Exhibit "A" shall require the assent of two-thirds (2/3) of the members, at a meeting held in accordance with the By-Laws, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the time, date, place and purpose of the meeting. A quorum shall be fifty per cent (50%) of the members of the Corporation. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 2. If the Declarant shall desire to enlarge boat basin and/or to create additional boat slips, such additional area may be annexed to said properties without the assent of the members of the Corporation, provided, however, that development of the additional lands to enlarge the boat basin shall be in accordance with a general plan submitted to and approved by the United States Army Corps of Engineers, and all required Federal, State and local regulatory authorities, and provided further that no such annexation shall become effective until a revised plat of the area to be annexed is recorded in the Office of the Register of Deeds in Pender County showing the areas to be annexed and/or the boat slips to be added.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot in QUEENS GRANT TOWNHOUSES or a unit in QUEENS GRANT CONDOMINIUMS (including the owners of any townhouses or condominiums subsequently added to the development) shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any such Lot or unit in QUEENS GRANT.

Section 2. The Association shall have two classes of voting membership:

A. CLASS "A". Class "A" members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each Lot or unit owned. When more than one person holds an interest in any Lot or unit all such persons shall be members. The vote for such Lot or unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or unit.

B. CLASS "B". Class "B" member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot or unit owned. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class "A" membership equals the total votes outstanding in the Class "B" membership, or

(b) on January 1, 1988.

Section 3. TRANSFER OF MEMBERSHIPS: Memberships shall not be transferable except as an incident or appurtenance to the transfer of the ownership of a lot or unit in QUEENS GRANT CONDOMINIUMS or QUEENS GRANT TOWNHOUSES. Every conveyance or transfer, whether by deed, will or inheritance of a townhouse lot in QUEENS GRANT TOWNHOUSES or a unit in QUEENS GRANT CONDOMINIUMS shall be conclusively presumed to include the transfer and conveyance of the membership appurtenant to the same whether or not reference to the transfer of such membership is contained in the deed, will or other instrument of title transferring the property.

Section 4. RIGHTS OF MEMBERS:

1. Each member of the Corporation shall have the non-exclusive right, subject to the provisions hereof and subject to the By-Laws and Rules and regulations promulgated by the Board of Directors to lawfully use the boat docking facilities.

2. Each member of each class shall have the right and easement of enjoyment in and to the common areas subject to the right of the Association:

(a) To limit the number of guests of members;

(b) In accordance with its Articles and By-Laws to borrow money for the purpose of improving the properties, common areas and facilities;

(c) To suspend all rights of any member for any period during which any dues or assessments against such member remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published Rules and Regulations; and to lease or otherwise lawfully use such rights during any such period of suspension;

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS: Each owner of each membership agrees to pay the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements; such assessments to be fixed, established and collected from time to time as hereinafter provided, shall be a charge on the membership and shall be a continuing lien upon the membership against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such membership at the time when the assessments fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be used exclusively for the purpose of (1) promoting the recreation, health, safety and welfare of the members and their property; (2) the enforcement of these Covenants and the Rules of the Association promulgated by the Board of Directors; and (3) in particular for the improvement and maintenance of the properties, services and dock facilities devoted to this purpose and related to the use and enjoyment of the common area.

Section 3. DETERMINATION OF ASSESSMENTS:

- A. The Board shall determine from time to time the sum or sums necessary and adequate for the common expenses. At the annual meeting of the Association, such budget shall be submitted to the members for approval. As approved, the budget shall constitute the basis for all regular assessments for common expenses against owners of memberships, which assessments shall be due and payable periodically as determined by the Board. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the common area and facilities including the boat slips, all insurance premiums and expenses relating thereto, and any other expenses designated as common expense from time to time by the Board of Directors of the Association.
- B. The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain, repair and replace the common area and facilities, including the docks and boat slips. Assessments shall be payable periodically as determined by the Board.

Section 4. MAXIMUM ANNUAL ASSESSMENT: Until January 1 of the year immediately following the transfer of the first membership to a lot or unit owner, the maximum annual assessment shall be EIGHT HUNDRED (\$800.00) DOLLARS per membership.

- A. From and after January 1 of the year immediately following the transfer of the first membership to a lot or unit owner, the maximum annual assessment may be increased each year not more than FIVE PER CENT (5%) above the maximum annual assessment for the previous year without a vote of the membership.
- B. From and after January 1 of the year immediately following the transfer of the first membership to a lot or unit owner, the maximum annual assessment may be increased above FIVE PER CENT (5%) by a vote of a majority of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose.

Section 5. . SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS: In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, or defraying in whole or in part the cost of any dredging; provided that any such assessment shall have the approval of two-thirds (2/3) of each of the Class A and Class B members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 4: At the first meeting called as provided in Section 4 hereof, presence of members or proxies entitled to cast the votes of sixty per cent (60%) of all the memberships shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to fifteen (15) days written notice, and the required quorum for such subsequent meeting shall be the presence of members or proxies representing fifty per cent (50%) of the membership entitled to vote.

Section 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES: The annual assessments provided for herein shall commence as to each membership on the first day of the month following its acquisition by a member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each membership at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner of membership. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Corporation setting forth whether the assessments against a specified membership have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. ASSESSMENTS FOR REPAIRS OF DAMAGE CAUSED BY FAULT: If a member, assignee or lessee, or one of their guests, damages or destroys by his or her fault any of the property in the common area including the docks, boat slips and other facilities, the Board shall levy a special assessment upon the owner of that membership for the full cost of repair or replacement of such damage or destruction.

Section 9. EFFECT OF NON-PAYMENT OF ASSESSMENTS - REMEDIES OF THE CORPORATION: Any assessment or any portions thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall become a lien on such membership and bear interest from the date of delinquency at the rate of twelve per cent (12%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the membership, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his membership.

Section 10. SUBORDINATION OF THE LIEN TO MORTGAGES: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or pledge of the membership. Sale or transfer of any membership shall not affect the assessment lien. However, the sale or transfer of any membership which is subject to any mortgage or pledge, pursuant to a decree of foreclosure under such mortgage or pledge or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereon which become due prior to such sale or transfer. No sale or transfer shall relieve such member from liability for any assessments thereafter becoming due or from the lien thereof.

STATE OF NORTH CAROLINA)
COUNTY OF PENDER)

JOINDER AND CONSENT

JAMES C. STEADMAN, TRUSTEE, and UNITED CAROLINA BANK, a North Carolina Banking Corporation, join in this Declaration of Covenants, Conditions, and Restrictions for Queens Grant Recreations Assn., Inc., for the sole purpose of subjecting and subordinating to said Declaration, the liens of those certain deeds of trust to JAMES C. STEADMAN, TRUSTEE, recorded in Book 1199 at Pages 278, 281, 284 and 287 in the Office of the Register of Deeds of Pender County, North Carolina.

James C. Steadman (SEAL)
JAMES C. STEADMAN, TRUSTEE

UNITED CAROLINA BANK:

BY: [Signature]
Vice President

[Signature]
Assistant Secretary
(CORPORATE SEAL)

STATE OF NORTH CAROLINA)
COUNTY OF NEW HANOVER)

I, a Notary Public of the County and State aforesaid, certify that JAMES C. STEADMAN, TRUSTEE personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985
(NOTARIAL SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

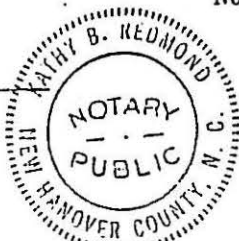
I, a Notary Public of the County and State aforesaid, certify that Shirley H. Jones, personally came before me this day and acknowledged that she is Assistant Secretary of UNITED CAROLINA BANK, a North Carolina Banking Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by her as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985
(NOTARIAL SEAL)



North Carolina Pender County

The foregoing (or annexed) certificate of

Kathy B. Redmond

is certified to be correct.

This 27 day of May, A.D. 1983

Hugh H. Stewart
Register of Deeds

By: Shirley H. Jones

ARTICLE V

MAINTENANCE

The Association shall provide maintenance of the common areas and shall maintain, repair or replace all or any portion of the boat slips, common docks, Club House facilities and other amenities at the discretion of the Board or designee of the Board. The cost of such maintenance repair or replacement shall be added to and become a part of the total annual assessment for which all memberships are proportionately liable subject to the provisions of Section 4, Article IV with respect to the Maximum Annual Assessment.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. IMPROVEMENTS AND ALTERATIONS, ETC.: No building, fence, wall, sign or other structure shall be commenced, stored, erected or maintained upon the common area or other property of the Association, nor shall any addition to or change or alteration there be made until the plans and specifications showing the nature, kind, shape, height, materials, location of said change shall have been submitted to and approved in writing as to the harmony of external design and location in relation to the surrounding area by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives of the Board.

ARTICLE VII

USE RESTRICTIONS

Section 1. RULES AND REGULATIONS: The Board of Directors of the Corporation shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the properties including boat slips.

Section 2. USE OF PROPERTIES, ETC.: No portion of the properties, common area or any boat slip may be used for any commercial purpose.

Section 3. QUIET ENJOYMENT: No obnoxious or offensive activity shall be carried on, in or upon the properties, the common area or any boat slip, nor shall anything be done which may be or may become a nuisance or annoyance to any member, assignee or lessee.

ARTICLE VIII

EASEMENTS

Section 1. ACCESS EASEMENTS: The Declarant hereby reserves unto itself, its successors and assigns, a perpetual easement and right-of-way over the common areas of QUEENS GRANT RECREATION ASSN., INC. for access, ingress and egress to the property adjoining QUEENS GRANT RECREATION ASSN., INC. to the North, in the event Declarant should develop any property adjoining the development to the North and annex the same to this development.

Section 2. UTILITY EASEMENTS: The Association shall have the right to grant and establish over and across its properties and common areas such easements and rights-of-way as may be required for drainage and public utilities.

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ARTICLE IX

GENERAL PROVISIONS

Section 1. ENFORCEMENT: The Association, or any member, 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 or under the provisions of this Declaration. Failure of the Association or any member 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 way affect any other provision, which shall remain in full force and effect.

Section 3. DURATION: The covenants, conditions and restrictions of this Declaration shall run with and bind the properties and common areas and shall inure to the benefit or be enforceable by the Association, or any member, their respective legal representatives, heirs, successors and assigns, subject to this Declaration, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time such covenants shall be automatically extended for successive periods of ten (10) years each; provided, however, that this declaration may be amended at any time as provided in Section 4 below.

Section 4. AMENDMENT OF DECLARATION: This Declaration may be amended by the vote of not less than two-thirds (2/3) of each Class of members of the Association, cast by person or by proxy at a meeting duly held in accordance with the By-Laws. All amendments shall be certified by the Secretary of the Association and shall be effective from the date of recording of the amendment as certified, in the Office of the Register of Deeds of Pender County. It shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any membership in the Association; provided, however, that in no event may this Declaration be amended so as to deprive Declarant of any rights herein granted or reserved unto Declarant.

ARTICLE X

INSURANCE

Section 1. The Board of Directors on behalf of the Association, as common expense shall at all times keep the property (except personal property of a member) insured against loss or damage by fire or other hazards insured against, and other such risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the properties, common area and boat slips, which insurance shall be payable in case of loss to the Association for all members. The Association shall have the sole authority to deal with the insurer in the settlement of claims.

Section 2. Such insurance shall be obtained without prejudice to the right of each member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by members or their mortgagees.

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

DECLARANT:

ISLAND DEVELOPMENT CORPORATION

BY: Angela S. Miller
Vice President

ATTEST:

Cokie V. Tilghman
Assistant Secretary



I, L. Susan Doxey, a Notary Public in and for the State and County aforesaid, do hereby certify that Cokie V. Tilghman personally appeared before me this day and acknowledged that she is the 1st Secretary of ISLAND DEVELOPMENT CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the Association, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by her self as its 1st Secretary.

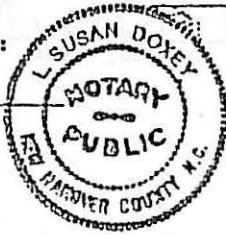
WITNESS my hand and seal, this the 26th day of May, 1983.

L. Susan Doxey
Notary Public

My Commission Expires:

March 24, 1988

(NOTARIAL SEAL)



STATE OF NORTH CAROLINA
COUNTY OF PENDER

The foregoing certificate of L. Susan Doxey, Notary Public is certified to be correct. This the 27 day of May, 1983.

HUGH OVERSTREET, JR.
REGISTER OF DEEDS/PENDER COUNTY

BY: Shirley Brady
Deputy/Assistant

STATE OF NORTH CAROLINA)
)
COUNTY OF PENDER)

JOINDER AND CONSENT

DAVID C. BAREFOOT, TRUSTEE, for QUINN COMPANY, MACK PROPANE, INC., JOHN A. RICHARDSON, JR., I.J. QUINN, HENRY V. LINBERGER, JR., RAYMOND V. RIVENBARK and BROOKS C. HOLDER, JR., join in this Declaration of Covenants, Conditions, and Restrictions for Queens Grant Recreation Assn., Inc., for the sole purpose of subjecting and subordinating to said Declaration, the lien of that certain deed of trust to DAVID C. BAREFOOT, TRUSTEE, recorded in Book 609 at Page 88 in the Office of the Register of Deeds of Pender County, North Carolina.

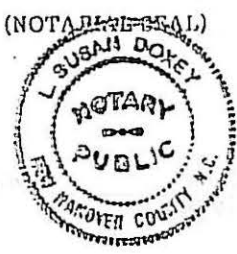
David C. Barefoot Trustee (SEAL)
DAVID C. BAREFOOT, TRUSTEE

STATE OF NORTH CAROLINA)
COUNTY OF NEW HANOVER)

I, a Notary Public of the County and State aforesaid, certify that DAVID C. BAREFOOT, TRUSTEE personally appeared before me this day and acknowledged the execution of the foregoing instrument.
WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

L. Susan Doxey
Notary Public

My Commission Expires:
March 24, 1988



North Carolina Pender County
The foregoing (or annexed) certificate of
L. Susan Doxey
is certified to be correct.
This 27 day of May, A.D. 1983
By: Theresa Brady
Register of Deeds
Deji

STATE OF NORTH CAROLINA)
)
COUNTY OF PENDER)

JOINDER AND CONSENT

JAMES C. STEADMAN, TRUSTEE, and UNITED CAROLINA BANK, a North Carolina Banking Corporation, join in this Declaration of Covenants, Conditions, and Restrictions for Queens Grant Recreations Assn., Inc., for the sole purpose of subjecting and subordinating to said Declaration, the liens of those certain deeds of trust to JAMES C. STEADMAN, TRUSTEE, recorded in Book 1199 at Pages 278, 281, 284 and 287 in the Office of the Register of Deeds of Pender County, North Carolina.

James C. Steadman (SEAL)
JAMES C. STEADMAN, TRUSTEE

UNITED CAROLINA BANK:

BY: [Signature]
Vice President



STATE OF NORTH CAROLINA)
)
COUNTY OF NEW HANOVER)

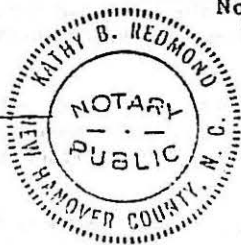
I, a Notary Public of the County and State aforesaid, certify that JAMES C. STEADMAN, TRUSTEE personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985
(NOTARIAL SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

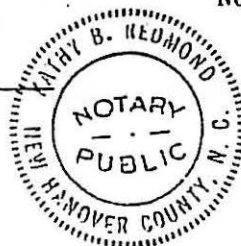
I, a Notary Public of the County and State aforesaid, certify that Shirley H. Jones, personally came before me this day and acknowledged that she is Assistant Secretary of UNITED CAROLINA BANK, a North Carolina Banking Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by her as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985
(NOTARIAL SEAL)



North Carolina Pender County

The foregoing (or annexed) certificate of

Kathy B. Redmond

is certified to be correct.

This 27 day of May, A.D. 1983

Hugh H. Westbrook
Register of Deeds

By: Shirley H. Jones

State of North Carolina

First Amendment to Declaration of
Covenants, Conditions and Restrictions

County of Pender

This Amendment of Declaration of Covenants, Conditions and Restrictions of Queens Grant Recreation Assn., Inc. (the "Amendment") is made this 3rd day of May, 2014;

WITNESSETH

Whereas, on May 27, 1983 the Declaration of Covenants, Conditions and Restrictions for Queens Grant Recreation Association, Inc. was recorded in Book 617 beginning at Page 152 of the Pender County Registry (the "Declaration"); and,

Whereas, Article IX, Section 4 provides that the Declaration may be amended by the vote of not less than two-thirds (2/3) of each Class of members of Queens Grant Recreation Assn., Inc. (the "Association"), in person or by proxy at a meeting duly held in accordance with the Association's Bylaws (the "Bylaws"); and,

Whereas, there is currently one Class of Members in the Association; and,

Whereas, this Amendment was received by the President of the Association and pursuant to Article III, Section 2 of the Bylaws, the President has presented this Amendment to the Members at the Annual Meeting of Members of the Association to consider, approve and adopt the Amendment set forth below; and,

Whereas, the Secretary of the Association caused Notice of the Annual Meeting, stating the time, date and purpose thereof, was given to all Members not less than thirty (30) days prior to the Annual Meeting, all as required by the Bylaws of Queens Grant Recreation Assn, Inc. and Chapter 55A of the North Carolina General Statutes; and,

Whereas, the Annual Meeting of Members was held on May 3, 2014, whereupon the Amendment to the Declaration was approved by a vote of 74.5 % of the Members of the Association voting in person or by proxy; and,

Whereas, the approval by the Members and the Amendment has been and hereby is certified by the Secretary of the Association, and upon proper execution hereof, shall be presented for recordation in the public records of the Register of Deeds for Pender County, North Carolina.

NOW THEREFORE, the Declaration of Covenants, Conditions and Restrictions for Queens Grant Recreation Assn., Inc. are hereby amended as follows:

1. ARTICLE IV, shall be amended by removing in their entirety, Sections 8 through 10, and replacing in their entirety the following:

Section 8. WORKING CAPITAL ASSESSMENT: All Lots or Units created or constructed after January 1, 2013, where title to any such Lot or Unit is conveyed to any Owner subsequent to the date of recordation hereof, within Queens Grant Townhouses, Queens Grant Condominiums, or in any other development whereby a new Owner shall become a Member in Queens Grant Recreation Assn., Inc., the acquiring Owner shall contribute to the Association as working capital an amount established by the Association's Board of Directors, but not to exceed \$10,000. Such funds shall be used for the repair, replacement, expansion, improvement, and operation of the properties of the Association and amenities enjoyed by the Members, or maintained as a reserve fund for those purposes. Amounts paid into the working capital fund are not to be considered advance payment of regular assessments. All working capital funds shall become part of the general operating funds of the Association.

Section 9. ASSESSMENTS FOR REPAIRS OF DAMAGE CAUSED BY FAULT: If a member, assignee or lessee, or one of their guests, damages or destroys by his or her fault any of the property in the common area including the docks, boats slips and other facilities, the Board shall levy a special assessment upon the owner of that membership for the full cost of repair or replacement of such damage or destruction.

Section 10. EFFECT OF NON-PAYMENT OF ASSESSMENTS-REMEDIES OF THE CORPORATION: Any assessment or any portions thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall become a lien on such membership and bear interest from the date of delinquency at the rate of twelve per cent (12%) per annum, and the Association may, at its option, and without having made an election of remedies and without affecting any other remedy available to it may do any one or more of the following: (i) bring an action at law against the Owner personally obligated to pay the same, together with interest, costs and reasonable attorney fees; (ii) foreclose the lien for delinquent assessments, interest, costs and reasonable attorney's fees; and, (iii) after providing 7 days written notice of default and opportunity to cure such default, terminate such Member's rights of use and enjoyment of the Association's property and amenities of any such action shall be added to the amount of such assessments. No owner may waiver or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his membership.

Section 11. SUBORDINATION OF THE LIEN TO MORTGAGES: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or pledge of the membership. Sale or transfer of any membership shall not affect the assessment lien. However, the sale or transfer of any membership which is subject to any mortgage or pledge, pursuant to a decree of foreclosure under such mortgage or pledge or any proceeding in lieu of foreclosure there, shall extinguish the lien of such assessments as to payments thereon which

become due prior to such sale or transfer. No sale or transfer shall relieve such member from liability for any assessments thereafter becoming due or from the lien thereof.

2. No term, provision, covenant, obligation, restriction, responsibility or imposition created by this First Amendment to the Declaration of Covenants, Conditions and Restrictions may be amended, modified or repealed, without an affirmative vote of owners of eighty (80%) of the Memberships of the Association.

3. Except as amended hereby, all of the terms, covenants, promises, restrictions and provisions contained in the Declaration shall remain in full force and effect.

In Witness Whereof, this Amendment has been duly signed on behalf of the Association, by its President as of the day and year first above written.

Queens Grant Recreation Assn., Inc.

By: Charles W. Esserwein
Charles W. Esserwein, President

State of North Carolina

County of Pender

I, Elizabeth Boyd, a Notary Public of Pender County, State of North Carolina do certify that on this 1st day of MAY, 2014, before me personally appeared Charles Esserwein, President of Queens Grant Recreation Assn., Inc.

- personally known to me;
- proved to me by satisfactory evidence;
- proved to me on the oath or affirmation of _____ who is personally known to me,

to be the person(s) whose name(s) is/are signed on the preceding or attached record, and acknowledged to me that he/she/they signed it voluntarily for its stated purpose.

Elizabeth Boyd
 Elizabeth Boyd
 Notary Public
 Pender County
 North Carolina
 My Commission expires: 2/13/2018

(Seal)

My Commission expires: 2/13/2018.

**Certification of Validity of Amendment
To Declaration of Covenants, Conditions and Restrictions
Of Queens Grant Recreation Assn., Inc.**

At the direction of the President of Queens Grant Recreation Assn., Inc., and pursuant to Article IX, Section 4, of the Declaration of Covenants, Conditions and Restrictions of Queens Grant Recreation Assn., Inc. recorded in Book 617 Page 152 of the Pender County Registry, the undersigned Secretary of Queens Grant Recreation Assn., Inc. certifies that the foregoing Amendment has been duly proposed and approved by 74.5 % of the Members of Queens Grant Recreation Assn., Inc. and it is, therefore, a valid Amendment to the said Declaration. Said Amendment is authorized, approved and shall be duly recorded in the office of the Register of Deeds for Pender County, North Carolina.

Queens Grant Recreation Assn., Inc.

By Raymond E. Joyner
Secretary

State of North Carolina

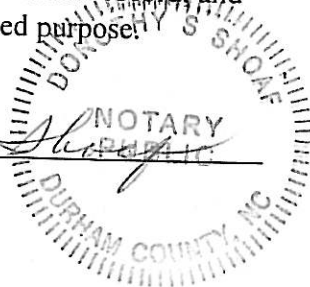
County of DURHAM

I, DOROTHY S. SHOAF, a Notary Public of DURHAM County, State of North Carolina do certify that on this 8th day of MAY, 2014, before me personally appeared RAYMOND E. JOYNER, Secretary of Queens Grant Recreation Assn., Inc.

- personally known to me;
 proved to me by satisfactory evidence;
 proved to me on the oath or affirmation of _____ who is personally known to me,

to be the person(s) whose name(s) is/are signed on the preceding or attached record, and acknowledged to me that he/she/they signed it voluntarily for its stated purpose.

Dorothy S. Shoaf
Notary Public



(Seal)

My Commission expires: 8-31-2014