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STATE OF NORTH CAROLINA,
COUNTY OF NEW HANOVER.SUPPLEMENTAL DECLARATION TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR CROOKED CREEK TOWNHOUSES
RECORDED IN Book 1191 at Page 1588
CROOKED CREEK TOWNHOUSES PHASE IV

THIS SUPPLEMENTAL DECLARATION, made this 2nd day of November, 1983, by ADGER WILSON REALTY, INC., a North Carolina corporation, a North Carolina corporation with its principal place of business in New Hanover County, North Carolina, hereinafter referred to as "DECLARANT";

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, the Declarant is the owner of that certain real property in the County of New Hanover and State of North Carolina, which is more particularly described as follows: Phase IV of CROOKED CREEK TOWNHOUSES as the same is shown on a map thereof recorded in Map Book 22 at Page 47 of the New Hanover County Registry; and

WHEREAS, the Declarant is the owner of the one two-unit type "C" Townhouse and certain other improvements, heretofore constructed upon Lots 401 and 402 of the aforesaid property; and

WHEREAS, it is the desire and the intention of the Declarant to market, sell and convey Lots 401 and 402, Phase IV of Crooked Creek Townhouses and the improvements thereon as a part of a planned unit development known as CROOKED CREEK TOWNHOUSES; and

18 WHEREAS, said real property is a portion of the real property described in Article VII of Section 4 of the Declaration (hereinafter "Declaration") establishing CROOKED CREEK TOWNHOUSES as a planned unit development, said Declaration being recorded in Book 1191, beginning at Page 1596 of the New Hanover County Registry. In ARTICLE VII, Section 4 of said Declaration, the Declarant reserved the right and option to add and subject to the provisions of said Declaration the property described in ARTICLE VII, Section 4 thereof; and

WHEREAS, it is the desire and intention of the Declarant in the recordation of this Supplemental Declaration in the Office of the Register of Deeds of New Hanover County, North Carolina, to submit all of the real property and the improvements thereto described above, to the provisions of the above referenced recorded Declaration; and

NOW, THEREFORE, THE DECLARANT DOES HEREBY DECLARE THAT ALL OF THE REAL PROPERTY DESCRIBED ABOVE, AS WELL AS ALL OF THE IMPROVEMENTS CONSTRUCTED THEREON, IS HELD AND SHALL BE HELD, CONVEYED, HYPOTHECATED, ENCUMBERED, USED, OCCUPIED, AND IMPROVED SUBJECT TO THE FOLLOWING ARTICLES OF COVENANTS, CONDITIONS, RESTRICTIONS, USES, LIMITATIONS, AND OBLIGATIONS, ALL OF WHICH ARE DECLARED TO BE IN FURTHERANCE OF A PLAN FOR THE IMPROVEMENT OF SAID PROPERTY AND SHALL BE DEEMED TO RUN WITH THE LAND AND SHALL BE A BURDEN AND A BENEFIT TO THE DECLARANT, ITS SUCCESSORS AND ASSIGNS, AND ANY PERSON OR ENTITY ACQUIRING OR OWNING AN INTEREST IN THE REAL PROPERTY AND IMPROVEMENTS OR ANY SUBDIVISION THEREOF, THEIR GRANTEEES, SUCCESSORS, HEIRS, EXECUTORS, ADMINISTRATORS, DEVISEES AND ASSIGNS.

RETURNED TO Adger Wilson 256-4809

ARTICLE I

Submission of Property

A. The Declarant does hereby submit all of the real property described on Page 1 hereof, together with all improvements thereon and described herein, to the provisions of the Declaration of Covenants, Conditions and Restrictions recorded in Book 1191 at Page 1588 of the New Hanover County Registry.

B. In furtherance thereof, Declarant declares and affirms that the real property described on Page 1 hereof, is a portion of the real property described in Article VII, Section 4 of the DECLARATION (hereinafter "Declaration") which is recorded in Book 1191, beginning at Page 1588 in the Office of the Register of Deeds of New Hanover County, North Carolina, and, therefore, by virtue of the exclusive right and option belonging to the Declarant, as reserved to it in ARTICLE VII of Section 4 of said Declaration, the Declarant further declares that all of the real property described on Page 1 hereof, as well as all of the improvements constructed thereon, is hereby subjected to and henceforth shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to each and every provision of those Articles of Covenants, Conditions, Restrictions, Uses, Limitations and Obligations which are set forth in that recorded Declaration referred to hereinabove, except those provisions that are necessarily altered or changed for this submission as set forth hereinbelow.

Hereinbelow, Declarant has set forth those provisions of said recorded Declaration which of necessity must change for this submission, and has incorporated by reference those provisions which do not.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to THE CROOKED CREEK HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to Phase IV of CROOKED CREEK TOWNHOUSES as the same is shown on a map thereof recorded in Map Book 22 at Page 47 of the New Hanover County Registry, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association in Phase IV of CROOKED CREEK TOWNHOUSES at the time of the conveyance of the first lot is described as follows:

The Common Area of PHASE IV of CROOKED CREEK TOWNHOUSES is all of that area shown on a map of PHASE IV of CROOKED CREEK TOWNHOUSES that is recorded in Map Book 22 at Page 47 of the Office of the Register of Deeds of New Hanover County with the exception of Lots 401 and 402 as the same are shown on said map.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to ADCER WILSON REALTY, INC., a North Carolina corporation, its successors and assigns.

ARTICLE III

Property Rights

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

- (a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area; and
- (b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless the officers of the Association are authorized to do so by vote of two-thirds of each class of members;
- (d) Until the Developer has completed and sold all of the Townhouses, neither the Townhouse Owners nor the Association nor the use of the Townhouse Property shall interfere with the completion of the contemplated improvements and the sale of the Townhouses. The Developer may make such use of the unsold units and common areas as may facilitate such completion and sale, including but not limited to, the maintenance of a sales office, the showing of the property, and the display of signs.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

ARTICLE IV

Membership and Voting Rights

Section 1. Every owner of a lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

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

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 owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B: The Class B member shall be the Declarant and it shall be entitled to two votes for each of the 28 proposed townhouse lots. These 56 votes shall be vested in the Declarant immediately upon the recordation of this instrument. Each Class B membership with two votes shall cease and automatically be converted to a Class A membership as each "Lot" is deeded out to a purchaser.

CLASS "C"
(p. 1063)

ARTICLE V

Covenant for Maintenance Assessments

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and specific assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The

personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Board of Directors of the Association shall prepare an assessment budget for the Association, determine the size of the assessment required to fund the budget and allocate and assess the charges required against each lot and shall advise each owner-member in writing of the amount of the annual assessment payable by him and shall furnish copies of the annual budget on which such assessment is based to all members.

Section 2. Purpose of Assessments: The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of the homes situated on the Properties.

In addition to the maintenance upon the Common Area, the Association shall provide exterior maintenance upon which each lot is subject to assessment hereunder as follows: paint, repair, replacement, and care of roofs, gutters, downspouts, exterior building surfaces, and other exterior improvements. Such exterior maintenance shall not include glass or screened surfaces.

Each lot owner will be responsible for obtaining and maintaining property insurance insuring the permanent improvements located on the lot in approved form and with companies approved by the Board of Directors. The minimum amount of coverage of the policy will be established by the Board of Directors of the Association upon its annual review of property values and construction replacement cost. Proof of insurance must be established by providing the Association with a certificate of insurance on the property each year at least ten (10) days before the expiration of the current year's policy. If a lot owner fails to provide the Association with acceptable proof of coverage within the time specified the Association may acquire the insurance on behalf of the lot owner in the name of the lot owner and the Association. The total premium will be due in full with the next monthly assessment against the lot due the Homeowners Association.

Pursuant to the authority granted by this Paragraph and by the By-Laws of the Homeowners' Association, the Association shall obtain liability insurance for the Common Area and lots all as is more fully set out and described in the Association By-Laws, a copy of same being attached hereto and marked Exhibit "A".

In the event that the need for maintenance or repair of a lot or the improvements thereon is caused through the willful or negligent acts of its owner, or through the willful or negligent acts of the family, guests, invitees or tenants of the owner of the lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become a part of the assessment to which such lot is subject.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be \$696.00 per lot for Type "C" Townhouses.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased each year not more than 8% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased above 8% by a vote of two-thirds of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of each

class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots encompassing the same type of townhouse and may be collected on a monthly basis. All Type "B" Townhouses will be assessed at 8% less than the assessment for Type "A" and Type "C" Townhouses.

In the event the developer adopts a new type townhouse plan for future construction, the annual and special assessments for the new type plan shall be set at an amount that equitably reflects its relative size and value in relationship to existing types of townhouses. Minor design changes shall not require any adjustment in the ratio of assessments.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the conveyance of the Common Area for that particular phase, except that annual assessments shall not commence for any lot until a certificate of occupancy has been issued for such Lot. 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 lot at least thirty (30) days in advance of each annual period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of the issuance.

Section 8. Effect of nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from date at the rate of eight (8) percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his lot.

Section 9. Subordination of the Lien to the Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage held by an institutional lender. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof on behalf of an institutional lender, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessment thereafter becoming due or from the lien thereof.

Section 10. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the lot owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Lot Owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Owners Association unless any such contract shall have been made in bad faith or contrary to the provisions of the declaration or of the By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. Every agreement made by the Board of Directors on behalf of the Owners

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Association shall provide that the members of the Board of Directors are acting only as agents for the Association and shall have no personal liability thereunder.

ARTICLE VI

Plan of Development and Scope of Declaration

The name by which the entire planned unit development shall henceforth be known is CROOKED CREEK TOWNHOUSES. The Declarant has caused to be constructed upon the real property described on Page 1 hereof the single two-unit Type "C" Townhouse as well as the common areas and facilities of both the building and the real property, all as defined hereinabove. The two townhouses together with their privileges and appurtenances, shall be offered for sale to the public by the Declarant subject to the covenants, conditions, restrictions and obligations stated in the Articles of this Supplemental Declaration, the Articles of Declaration recorded in Book 1191 at Page 1588 of the New Hanover County Registry referred to hereinabove, which are incorporated herein by reference, the Articles of Incorporation of the Association, its duly adopted by-laws and its Rules and Regulations. The townhouses and their owners shall be subject to the jurisdiction of the Association of which each owner shall be a member and which shall manage the upkeep and maintenance of the entire planned unit development, Phases II and IV of CROOKED CREEK TOWNHOUSES together with any future phases thereof, as a whole, as envisioned and provided for in its Articles of Incorporation and the Declaration recorded in Book 1191 at Page 1588.

The Declarant, by this Supplemental Declaration, submits only the real property described on Page 1 hereof together with the improvements thereon, to the Declaration and hereinafter this submission shall be referred to as CROOKED CREEK TOWNHOUSES, Phase IV. Nevertheless, the Declarant hereby reserves to itself the exclusive right and option, but not the obligation, to add to or expand the property subject to the Declaration recorded in Book 1191 at Page 1588, referred to hereinabove, by the addition of all or any portion or portions of the real property described in ARTICLE VII of Section 4 of said Declaration in one or more phases upon the terms and in the manner set forth in Article VII of Section 4 of said Declaration, which are incorporated herein by reference.

ARTICLE VII

Incorporation

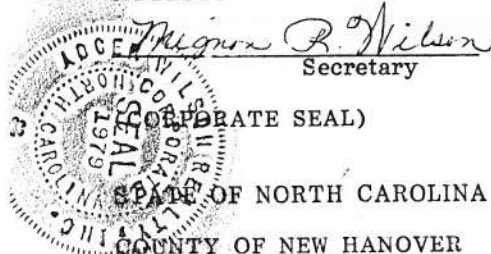
The terms and provisions of Articles V, VI, VII, VIII, IX, Exhibit "A" and Exhibit "B" of the Declaration are hereby adopted in their entirety and incorporated herein by reference.

The terms and provisions of the First Amendment to Declaration of Covenants, Conditions and Restrictions of CROOKED CREEK TOWNHOUSES recorded in Book 1217 at Page 950 of the New Hanover County Registry are hereby adopted in their entirety and incorporated herein by reference.

IN WITNESS WHEREOF, the Declarant, ADGER WILSON REALTY, INC. has caused this instrument to be signed in its name by its proper corporate officers and its corporate seal to be hereto affixed all on the day and year first hereinabove written.

ATTEST:

ADGER WILSON REALTY, INC.



BY: Adger Wilson
President

I, a Notary Public, of the County and State aforesaid, certify that MIGNON R. WILSON personally came before me this day and acknowledged that she is Secretary of ADGER WILSON REALTY, INC., a corporation, and that by authority duly given and as the act of the