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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF WILLOUGHBY
PARK TOWNES, PHASE ONE

THIS DECLARATION, made this 25 day of June, 1999, by TOMMIE L. LITTLE and wife, MARILEE M. LITTLE of New Hanover County, North Carolina, hereinafter referred to as "Declarant", (whether one or more);

W I T N E S S E T H

WHEREAS, Declarant is the owner of certain property in New Hanover County, North Carolina, which is more particularly described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED

NOW, THEREFORE, Declarant hereby submits the above described property (herein the "Townhouse Property"), to unit ownership pursuant to North Carolina General Statutes 47C and hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, uses and obligations which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I.

DEFINITIONS

A. Act. The North Carolina Townhouse Act, Chapter 47C, North Carolina General Statutes.

B. Association. The WILLOUGHBY PARK TOWNES HOA, INC., a North Carolina non-profit corporation, composed of the owners of townhouse units in WILLOUGHBY PARK TOWNES, as the same is recorded in Book _____, Page _____ et. seq. of the New Hanover County Registry.

C. Board. The Board of Managers of the Association.

D. By-Laws. By-Laws of the Association which are recorded in Book _____, Page _____ et. seq. of the New Hanover County Registry.

E. Common Areas. There shall be no common areas.

F. Limited Common Area. There shall be no limited common area.

G. Common Expenses. The expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

ARTICLE II

DESCRIPTION OF BUILDINGS. The Declarant owns one three-story buildings which Declarant has divided into twenty-six (26) units (herein "The Townhouse Units" or "The Units"), to be used for residential purposes. A plat of survey by STROUD ENGINEERING P.A. showing the location of said buildings is recorded in Map Book 39, at Page 65, of the New Hanover County Registry and is incorporated herein by reference. The building is built out of wood frame construction. Each unit contains approximately _____ square feet and is divided into twenty-six (26) townhouse units. The townhouse units are designated as Units _____ through _____. As used herein the term "Unit" shall mean "Townhouse Unit" as that term is defined by the Act.

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ARTICLE III.

RECORDED & VERIFIED

MARY SUE OOTS

REGISTER OF DEEDS

NEW HANOVER CO. NC

USE RESTRICTIONS. The use of the property shall be in accordance with the following provisions:

A. Each of the Units shall be occupied only by a family and for no other purposes. No Unit may be divided or subdivided into a smaller unit nor any portion thereof sold or otherwise transferred.

B. No use or practice shall be permitted on the Townhouse Property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No Unit Owner shall permit any use of his Unit or of the Common Elements which will increase the rate of insurance upon the Townhouse Property or any part thereof. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. No single rooms may be rented.

C. Reasonable regulations concerning the use of the Townhouse Property may be made and amended from time to time by WILLOUGHBY PARK TOWNES HOA (herein referred to as the "Association") in the manner provided by its By-Laws. Copies of the By-Laws and regulations are recorded in Book _____, Page _____ et. seq. of the New Hanover County Registry.

ARTICLE IV.

EASEMENTS. Each of the unit owners shall have an easement in common with the other unit owner to use common elements, including but not limited to all sewer lines located in the other unit and serving his unit. Each unit shall be subject to an easement in favor of the owner of the other unit to use all common elements serving such other units and located in such unit. The Association shall have the right to be exercised by the Board of Managers or its Designee, to enter each unit from time to time, at reasonable hours as may be necessary for the operation of the property to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements, if any, contained therein or else therein the building.

The Declarant hereby reserves and subjects the lands which are the subject to this Declaration to an easement of use and enjoyment by the owners and occupants of the respective townhouse units for ingress and egress to and from all of the common elements pertaining to WILLOUGHBY PARK TOWNES. Easements are also hereby created for installation, use, maintenance, repair and replacement of all necessary public utilities, including but not limited to sewer, water lines, gas, electricity, telephone and cable television for the use of the above described property known as WILLOUGHBY PARK TOWNES.

ADDITIONAL EASEMENTS. (1) Easements for installation and maintenance of utilities and drainage facilities are reserved over the rear seven and one-half (7½) feet of all lots and easements for drainage and utilities are reserved as shown and designated on the plat of said property. No structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by WILLOUGHBY PARK TOWNES HOA, except for those improvements for which a public authority or utility company is responsible.

All easements herein created and described shall be easements appurtenant to, and shall run with the land by whomsoever owned, whether or not the same shall be contained or referred to in any future deed or conveyance, and shall at all times inure to the benefit and be binding upon the undersigned, all its grantees and their respective heirs, successors, personal representatives or assigns.

ARTICLE V.

ENFORCEMENT. The Association or any 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. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

ARTICLE VI.

NOTICE. The name and address of the process agent to receive service of process in any matters affecting the property is as follows:

TOMMIE L. LITTE
60B PELICAN DRIVE
Wrightsville Beach, NC 2480

ARTICLE VII.

TAXES. Each individual unit shall be deemed to be a separate parcel and shall be separately assessed and taxed for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each unit holder shall be liable solely for the amount of taxes against his individual unit and undivided interest in the common elements and shall not be affected by the consequence resulting from the tax delinquency or any other unit holder. Neither the building, the property, nor any of the common elements shall be deemed to be a separate parcel for the purposes of taxation.

ARTICLE VIII.

ASSESSMENTS. Assessments against unit owners by the Board of Managers made pursuant to the By-Laws shall, if not paid when due, create a lien in favor of the Association against the unit of the defaulting owner as provided in Chapter 47C of the North Carolina General Statutes, and shall be collected as provided therein and in the By-Laws hereto attached.

ARTICLE IX.

LIENS. All liens provided for herein shall be subordinate, and are hereby subordinated, to the lien of any first mortgage or deed of trust given to any lender to secure a loan, the proceeds of which are used to finance the purchase of any unit or units, unless any such lien provided for herein shall have been recorded in the Office of the Clerk of Superior Court of New Hanover County prior to recordation to the said first lien mortgage or deed of trust in the Office of the Register of Deeds of New Hanover County, North Carolina.

ARTICLE X.

BINDING EFFECT. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

ARTICLE XI.

AMENDMENT. This Declaration may be amended at any time prior to December 31, 2002 by the Declarant, at its discretion, but not to impair the property value of the lot owners. Thereafter, these restrictions may be amended by vote of the owners of two-thirds (2/3) of the members of the Homeowners Association, provided, however, no amendment shall be made to the last paragraph of Article IV Section 1 without unanimous consent of the Homeowners Association and the declarant/developer.

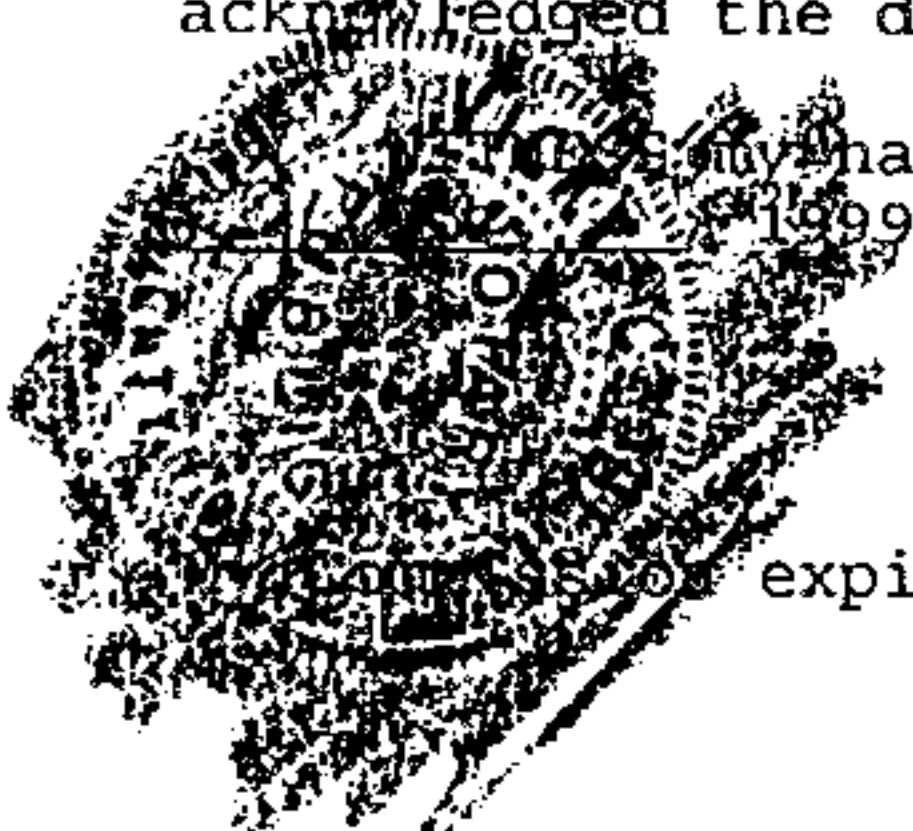
IN WITNESS WHEREOF, Declarants have hereunto set their hands and seals, all the day and year first above written.

[Signature] SEAL
TOMMIE L. LITTLE
[Signature] SEAL
MARILEE M. LITTLE

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Vicky C. Benson, a Notary Public in and for said County and State do hereby certify that TOMMIE L. LITTLE and MARILEE M. LITTLE personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



My hand and official stamp or seal this 25 day of July, 1999.

Vicky C. Benson
Notary Public

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

The foregoing certificate of Vicky C. Benson, a Notary Public, is certified to be correct. This the 13 day of July, 1999.

MARY SUE OOTS - REGISTER OF DEEDS

BY: [Signature]
Deputy/Assistant

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OF

WILLOUGHBY PARK TOWNES HOA
(A NON-PROFIT CORPORATION)

ARTICLE I

GENERAL

Section 1. TITLE TO TOWNHOUSE UNITS. Title to Townhouse Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

Section 2. APPLICABILITY OF BY-LAWS. The provisions of these By-Laws are applicable to WILLOUGHBY PARK TOWNES, and its common elements and to the use and occupancy thereof. The term "WILLOUGHBY PARK TOWNES" as used herein shall include the land, the building and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

Section 3. APPLICATION. All present and future owners, mortgagees, lessees and occupants of Townhouse Units and their employees and any other persons who may use the facilities in any manner are subject to these By-Laws, the Declaration and Rules and Regulations pertaining to the use and operation of the Townhouse Property. The act of occupancy of a unit shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

Section 4. OFFICE. The Office of the Owner's Association and the Board of Directors shall be located at: 60B Pelican Drive, Wrightville Beach, NC 28480

ARTICLE II

BOARD OF DIRECTORS

Section 1. OWNERS' EASEMENTS OR ENJOYMENT: Every Owner shall have a right and easement of enjoyment, subject to the following provisions:

- A. The right of the Association to limit the number of guests of members;
- B. The right of the Association to suspend the voting rights for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations;
- C. The right of the Association to impose regulations.

Section 2. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Townhouse community except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Directors by the unit owners. The powers and duties to be exercised by the Board of Directors shall include, but not be limited to, the following:

- A. Determination of the amounts required for operation, maintenance and other affairs of the Townhouse community;
- B. Collection of the common charges from the unit

owners;

C. Employment and dismissal of personnel as necessary for efficient maintenance and operation;

D. Adoption and amendment of rules and regulations covering the details of the operation and use of the Townhouse community;

E. Opening of bank accounts on behalf of the Owners Association and designating the signatures required therefor; and

F. Making repairs, additions and improvements to, or alterations of, the property and repairs to and restoration of the property in accordance with the provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

Section 3. ELECTION AND TERM OF OFFICE. The Board of Directors shall be elected at the first annual meeting of the unit owners, the term of office of the members of the Board of Directors shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the unit owners. Unless otherwise amended, the Board of Directors shall consist of three individuals.

Section 4. VACANCIES. Vacancies in the Board of Directors caused by any reason shall be filled by vote of a majority of the owners at a special meeting of the unit owners held for that purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so removed.

Section 5. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

Section 6. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by any Board member on three (3) business days' notice to each member of the Board of Directors given by mail or telegraph, which notice shall state the time, place and purpose of the meetings.

Section 7. WAIVER OF NOTICE. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. QUORUM OF BOARD OF DIRECTORS. At all meetings of the Board of Directors, all members thereof must attend to constitute a quorum for the transaction of business and the votes of all of the members of the Board of Directors shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Board members present may conduct any business which might have

been transacted at the meeting originally called and any action consented to by the absent manager in writing within ten (10) days of said meeting, shall be deemed valid.

Section 9. COMPENSATION. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 10. DEADLOCK. Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq.

ARTICLE III

MEETINGS OF UNIT OWNERS

Section 1. PLACE. All meetings of the unit owners shall be held at the office of the Association or such other place as may be stated in the notice.

Section 2. ANNUAL MEETINGS.

a. The annual meeting of the unit owners shall be held at Wilmington, North Carolina, in each year commencing in 2000; provided, however, that the first annual meeting will be held on the second Saturday in December, 1999. At such meeting each unit owner shall vote to elect the members of the Board of Directors. Regular annual meetings subsequent to 1999 shall be held on the first Saturday in August of each succeeding year unless otherwise determined by the Board of Directors. If the day of the scheduled meeting is a legal holiday, the meeting shall be held on the same hour on the next succeeding Saturday.

b. All annual meetings shall be held at such hour as is determined by the Board of Directors.

c. At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

Section 3. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the unit owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by unit owners owning a total of at least fifty percent (50%) of the units. The notice of any special meeting shall state the time, place and purpose of the meeting. The business transacted at all special meetings shall be confined to the objects stated in the notice unless the Board of Directors unanimously consents to the transaction of business not stated in the notice.

Section 4. NOTICE OF MEETINGS. The Secretary shall mail to each unit owner of record a notice of each annual or special meeting of the unit owners at least ten (10) days but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, at the building or at such other address as such unit owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

Section 5. ADJOURNMENT OF MEETINGS. If any meeting of unit owners cannot be held because a quorum has not attended, a majority in common interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 6. ORDER OF BUSINESS. The order of business at all

meetings of the Unit Owners shall be as follows:

- a. Roll call;
- b. Proof of notice of meeting;
- c. Reading of minutes of preceding meeting;
- d. Reports of Officers;
- e. Report of Board of Directors;
- f. Reports of Committees;
- g. Election of members of the Board of Directors (when so required);
- h. Unfinished business;
- i. New business; and
- j. Adjournment.

Robert's Rules of Order shall be applicable to the conduct of all meetings of unit owners.

Section 7. VOTING. The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such Unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary and shall be revocable at any time by written notice to the Secretary by the Owner or Owners so designating. Each unit shall be entitled to cast one (1) vote at all meetings of the unit owners. A fiduciary shall be the voting member with respect to any Townhouse Unit owned in a fiduciary capacity.

Section 8. MAJORITY OF UNIT OWNERS. As used in this By-Laws the term "majority of unit owners" shall mean those unit owners having seventy-five percent (75%) of the total authorized votes of all unit owners in person or by proxy and voting at any meeting of the unit owners, determined in accordance with the provisions of Section 7 of this Article.

Section 9. QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners representing a majority of the unit owners as described above of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

Section 10. MAJORITY VOTE. The vote of a majority of unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes.

Section 11. DEADLOCK. Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq.

ARTICLE IV

OFFICERS

Section 1. DESIGNATION. The principal officers of the Owners Association shall be the President and Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President and Secretary and Treasurer must be members of the Board of Directors.

Section 2. ELECTION OF OFFICERS. Officers shall be elected annually by the Board of Directors.

Section 3. REMOVAL OF OFFICERS. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Owners Association. He shall preside at all meetings of the unit owners and Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Business Corporation Law of the State of North Carolina including, but not limited to, the power to appoint from among the unit owners any committee which he decides is appropriate to assist in the conduct of the affairs of the Owners Association.

Section 5. SECRETARY. The Secretary shall keep the minutes of all meetings of the unit owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Business Corporation Law of the State of North Carolina.

Section 6. TREASURER. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Business Corporation Law of the State of North Carolina.

Section 7. AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC. All agreements, contracts, deeds, leases and other instruments of the Association shall be executed by the President and Secretary of the Association and checks are to be executed by such person or persons as may be designated by the Board of Directors.

Section 8. COMPENSATION OF OFFICERS. No officer shall receive any compensation from the Association for acting as such.

ARTICLE V

OPERATION OF THE PROPERTY

Section 1. DETERMINATION OF COMMON EXPENSES AND COMMON CHARGES. The Board of Directors shall have from time to time and at least annually, prepare a budget for the Association, determine the amount of the common charges required to meet the common expenses of the Association and allocate and assess such common charges against the unit owners according to their respective common interests.

Section 2. LIABILITY FOR COMMON CHARGES. All unit owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 above at such times and in such manners as may be directed by the Board.

A. SELLER'S LIABILITY. No unit owner shall be liable for the payment of any part of the common charges assessed against his Unit from and after the date of closing of the sale, transfer, or other conveyance by him of such unit.

B. PURCHASER'S LIABILITY. A purchaser of a Unit shall be liable for payment of any common charges assessed against such unit prior to its acquisition by him, except that a mortgagee or a purchaser of a Unit at a foreclosure sale shall not be liable for and shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale.

Section 3. COLLECTION OF ASSESSMENTS. The Board of Directors shall at least annually take prompt action to collect from a unit owner any assessment for common charges which remains unpaid by him for more than thirty (30) days from the due date for its payment.

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. In the event of default by any unit owner in paying to the Board of Directors the assessed common charges, such unit owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common charges. The Board of Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action brought against such unit owner, or by foreclosure of the lien on such Unit which is hereby granted by all unit owners in favor of the Association for the enforcement of payment of delinquent common charges.

Section 5. FORECLOSURE OF LIENS FOR UNPAID COMMON CHARGES. In any action brought by the Board of Directors to foreclose a lien on a Townhouse Unit because of unpaid common charges, the unit owner shall be required to pay a reasonable rental for the use of his Townhouse Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 6. STATEMENT OF COMMON CHARGES. The Board of Directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common charges.

Section 7. ABATEMENT AND ENJOINING OF VIOLATIONS. The violation of any rule or regulation adopted by the Board of Directors or the breach of any By-Law contained herein shall give the Board of Directors the right, in addition to any other rights the Board of Directors to (a) to enter the unit owners unit to remedy the violation and they shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

Section 8. MAINTENANCE AND REPAIR.

A. INDIVIDUAL TOWNHOUSE UNITS. All maintenance of and repairs to each individual Townhouse Unit, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common elements contained therein not necessitated by the negligence, misuse, or neglect of the owner of such Townhouse Unit) shall be made by the owner of such Townhouse Unit. Each unit owner shall be responsible for all damages to any other Townhouse Unit and to the common elements resulting from his failure to effect such maintenance and repairs.

Section 9. INSURANCE. Each unit owner shall be responsible for keeping their unit insured against loss or damage by fire, flood or other hazards normally insured against at one hundred percent (100%) of replacement cost, and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the property.

Each unit owner shall keep his unit insured against loss and damage by fire, tornado, wind storm and flood and against such other hazards as the Board of Directors may require in an amount equal to the replacement cost for said unit. Each unit owner agrees upon request of the Board, to provide the Board with

satisfactory proof of said insurance. If the unit owner fails or refuses to keep said premises so insured the Board of Directors may obtain such insurance and the cost of said insurance shall be a lien against said unit as hereinabove set out.

Section 10. DAMAGE OR DESTRUCTION. Except as hereinafter provided, damage to or destruction of a Townhouse Unit shall be promptly repaired and restored by the Unit owner using the proceeds of any insurance for that purpose.

Section 11. USE OF UNITS. In order to provide for congenial occupancy of the Units and for the protection of their values the use of the Units shall be subject to the following limitations:

- A. The Units shall be used for single family residential purposes only.
- B. No portion of the Unit other than the entire unit may be rented.

Section 12. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS BY BOARD OF DIRECTORS. Whenever in the judgment of the Board of Directors the common elements shall require additions, alterations, or improvements costing in excess of \$5,000.00, and the making of such additions, alterations, or improvements shall have been approved by the unit owners, the Board of Mangers shall proceed with such additions, alterations, or improvements and shall assess all unit owners for the cost thereof as a common charge. Any additions, alterations, or improvements costing \$5,000.00 or less may be made by the Board of Directors without special approval of the unit owners.

Section 13. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS BY UNIT OWNERS. No unit owner shall make any structural addition, alteration, or improvement in or to his Unit without prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a unit owner for approval of a proposed structural addition, alteration, or improvement in such unit owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, or improvement. Any association to any governmental authority for a permit to make an addition, alteration, or improvement in or to any Unit shall be executed by the Board of Directors. The Board of Directors shall not be liable to any contractor, subcontractor, or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement.

Section 14. RIGHT OF ACCESS. A unit owner shall grant a right of access to his Unit to any person authorized by the Board of Directors, to make inspections; to correct any condition originating in his Unit and threatening another Unit or a common element; to install, alter or repair mechanical or electrical services or other common elements in his Unit or elsewhere in the building; and to correct any condition which violates the provisions of any mortgage covering another Unit. Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the Unit Owner. However, in case of an emergency, such right of entry shall be immediate whether the unit owner is present at the time or not.

ARTICLE VI.

SALES AND LEASES OF UNITS

Section 1. NO SEVERANCE OF OWNERSHIP. No unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interest, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any Unit may be sold, transferred, or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer, or other disposition of such part of the appurtenant interests of all Townhouse Units.

Section 2. PAYMENT OF ASSESSMENTS. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

ARTICLE VII.

CONDEMNATION

Section 1. CONDEMNATION. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Directors who shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of damage, as provided in Section 10 of Article V of these By-Laws.

ARTICLE VIII.

MISCELLANEOUS

Section 1. NOTICES. All notices to the Board of Directors shall be sent by registered or certified mail, to the office of the Board of Directors, c/o Tommie L. Little, 60B Pelican Drive, Wrightsville Beach, North Carolina, 28480, or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of Townhouse Units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 2. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect the balance of these By-Laws.

Section 3. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. GENDER. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

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Section 5. WAIVER. No restrictions, conditions, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE IX.

RECORDS

Section 1. RECORDS AND AUDITS. The Board of Directors shall keep detailed records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the unit owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each Townhouse Unit which, among other things, shall contain the amount of each assessment of common charges against such Townhouse Unit, the date when due, the amounts paid thereon and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Directors to all unit owners at least annually. All of the above records and information shall be made available to either owner at any time upon reasonable notice.

ARTICLE X.

AMENDMENT TO BY-LAWS

Section 1. AMENDMENT TO BY-LAWS. At any time prior to 25 June 2000, these Restrictions may be amended by the developer/declarant at its discretion, but not to impair the property value of the lot owners. Thereafter, these restrictions may be amended by vote of the owners of two-thirds (2/3) of the members of the Homeowners Association, provided, however, no amendment shall be made to the last paragraph of Article IV Section 1 without unanimous consent of the Homeowners Association and the declarant/developer.

The foregoing were adopted as the By-Laws of WILLOUGHBY PARK TOWNES HOA at the meeting of its Board of Directors held on the 25 day of June, 1999.

Certified to be correct, this the 25 day of June, 1999.

Banett H. Sumrell
Secretary of First Meeting of
Board of Directors of
WILLOUGHBY PARK TOWNES HOA

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SCHEDULE A

RULES AND REGULATIONS
OF
WILLOUGHBY PARK TOWNES

1. The walkways in front of the Townhouse and the entranceways to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units.

2. No exterior of any Unit shall be decorated by any owner in any manner without prior consent of the Board of Directors.

3. No boats, trailers, bicycles, scooters, baby carriages, or similar vehicles or toys or other personal articles shall be allowed to stand in any of streets or driveways without consent of the Board of Directors.

4. No owner shall make or permit any noises that will disturb or annoy the occupants of any of the Units in the development or do or permit anything to be done which will interfere with the rights, comfort or convenience of other owners.

5. Each owner shall keep such owner's Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit anything to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.

6. No shades, awnings, window guards, ventilators, fans, or air conditioning devices shall be used in or about the building except such as shall have been approved by the Board of Directors.

7. All garbage and refuse from the Units shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board of Directors may direct. It is the responsibility of each unit owner to contract for waste disposal.

8. All radio, television or other electrical equipment of any kind or nature installed or used in each unit shall fully comply with all rules, regulations, requirements, or recommendations of the Board of Fire Underwriters and the public authorities having jurisdiction, and the unit owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment in such unit, no such apparatus shall be installed by a unit owner without the express written consent of the Board of Directors.

9. The agents of the Board of Directors and any contractor or workman authorized by the Board of Managers may enter any room or unit in the building at any reasonable hour of the day after notification (except in case of emergency) for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

10. No vehicle belonging to an owner or to a member of the family or guest, tenant, or employee of an owner shall be parked in such a manner as to impede or prevent ready access to another owner's unit. The owners, their employees, servants, agents, visitors, licensees and the owner's family will obey the parking regulation posted on the private streets and drives and any other traffic regulations promulgated in the future for the safety, comfort and convenience of the owners.

11. All damage to the Units caused by the moving or carrying of any article therein shall be paid by the owner responsible for the presence of such article.

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12. No owner shall use or permit to be brought into the Units any inflammable oils or fluids such as gasoline, kerosene, naphtha, or benzene or other explosives or articles deemed extra hazardous to life, limb or property, without in each case obtaining written consent of the Board of Directors.

13. The owners shall not be allowed to put their names on any entry of the Units except in the proper places provided for such purpose.

14. No owner shall do any painting of the exterior of the Units without the written consent of the Board of Directors.

15. Draperies, blinds, or curtains must be installed by each Unit Owner on all windows of his unit and must be maintained in such windows at all times.

16. Any owner wishing to plant flowers, trees or shrubs outside of his Limited Common Area must obtain written permission from the Board of Directors before doing so.

17. Any damage to the buildings caused by owner's children or their guests shall be repaired at the expense of the unit owner/parent.

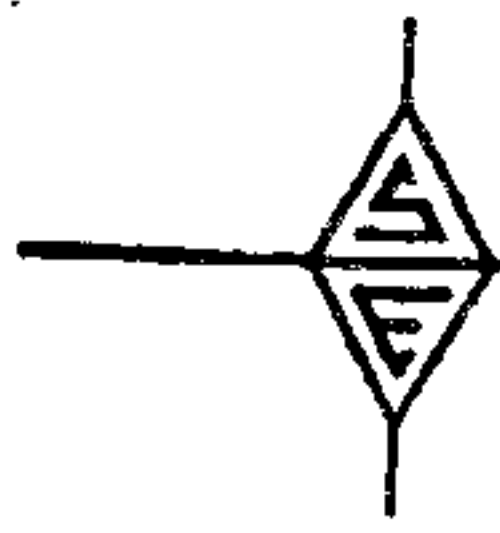
18. Any consent or approval given under these Community rules by the Board of Mangers shall be revocable at any time.

19. These Community Rules may be added to or repealed at any time by the Board of Directors.

20. No commercial business may be conducted from any unit.

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EXHIBIT A



STROUD ENGINEERING, P.A.

CONSULTING ENGINEERS
3981-A MARKET STREET
WILMINGTON, NC 28403
(910) 815-0775

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**LEGAL DESCRIPTION
PREPARED FOR
TOMMIE L. AND MARLEE M. LITTLE**

2.69 Acres Gross
Willoughby Park Duplex Lots
Lots 1 - 13
Map Book 38, Page 3
New Hanover County Registry
North Carolina

Beginning at a point in the easterly right-of-way line of U.S. Highway 421 (Carolina Beach Road 160 foot right-of-way) at its intersection with the northerly right-of-way line of Willoughby Park Court (50 foot right-of-way), as shown on a map of Willoughby Park Duplex Lots recorded in Map Book 38, Page 3 of the New Hanover County Registry. Running thence, with said easterly line of US Highway 421, North 36 degrees 00 minutes 00 seconds West, a distance of 135.00 feet, to an existing iron pipe in the southerly line of a tract described in a deed to Michael F. Moser et ux, recorded in Deed Book 1051 at Page 308 of the New Hanover County Registry. Thence, with said Moser line, North 54 degrees 03 minutes 55 seconds East, a distance of 871.32 feet, to an existing iron pipe, in the westerly line of Appeals Road (50 foot right-of-way), as shown on said Willoughby Park Duplex Lots map. Thence, with said westerly right-of-way line of Appeals Road, South 35 degrees 56 minutes 05 seconds East, a distance of 95.00 feet, to the beginning of a curve to the right, having a radius of 40.00 feet. Thence, along and with the arc of said curve, to a point in the northerly right-of-way line of said Willoughby Park Court, that bears South 9 degrees 03 minutes 55 seconds West, a chord distance of 56.57 feet, from the preceding point. Thence, with said northerly line of Willoughby Park Court, South 54 degrees 03 minutes 55 seconds West, a distance of 831.17 feet, to the Point of Beginning. Containing 2.69 acres more or less.

D Anderson

7/13/99



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107 COMMERCE ST.
SUITE B
GREENVILLE, NC 27836
(252) 758-9332

3981-A MARKET ST.
WILMINGTON, NC 28403
(910) 816-0775

HESTON PLAZA TWO
151-A HWY. 24
MOREHEAD CITY, NC 28567
(252) 247-7479