

THIRD SUPPLEMENTAL DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR EAST SHORES IV

THIS THIRD SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR EAST SHORES IV (this "Third Supplemental Declaration") is made and entered into this 8th day of December, 1993 by Crescent Resources, Inc., a South Carolina corporation ("Declarant").

W I T N E S S E T H:

WHEREAS, Declarant has previously filed the Declaration of Covenants, Conditions and Restrictions: East Shores dated September 14, 1990 and recorded in Book 771, Page 364, Burke County Public Registry as supplemented by that certain Supplemental Declaration of Covenants, Conditions and Restrictions: East Shores II dated October 26, 1990 and recorded in Book 773, Page 1826, Burke County Public Registry, all as amended by that certain Amendment to Declaration of Covenants, Conditions and Restrictions for East Shores and to Supplemental Declaration of Covenants, Conditions and Restrictions for East Shores II dated December 20, 1990 and recorded in Book 774, Page 1229, Burke County Public Registry and that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions for East Shores and to Supplemental Declaration of Covenants, Conditions and Restrictions for East Shores II dated March 28, 1991 and recorded in Book 777, Page 1862, Burke County Public Registry and that certain Second Supplemental Declaration of Covenants, Conditions and Restrictions For East Shores III dated September 18, 1992 and recorded in Book 801, Page 342, Burke County Public Registry and that certain Third Amendment to Declaration of Covenants, Conditions and Restrictions for East Shores and to Supplemental Declaration of Covenants, Conditions and Restrictions for East Shores II and to Second Supplemental Declaration of Covenants, Conditions and Restrictions For East Shores III dated September 18, 1992 and recorded in Book 801, Page 367, Burke County Public Registry and that certain Fourth Amendment to Declaration of Covenants, Conditions and Restrictions for East Shores and to Supplemental Declaration of Covenants, Conditions and Restrictions for East Shores II and to Second Supplemental Declaration of Covenants, Conditions and Restrictions For East Shores III dated June 23, 1993 and recorded in Book 809, Page 9, Burke County Public Registry (collectively referred to hereinafter as the "Declaration");

DRAWN BY AND MAIL TO:

Brent M. Milgrom, Jr.
Parker, Poe, Adams & Bernstein (Box 10)
2600 Charlotte Plaza
Charlotte, NC 28244

FILED
LOUISE ANDERSON
Book 817 Page 1234
1993 DEC-9 P1234
Juni Anderson
REG'D. 12/9/93
BURKE CO., N.C.

WHEREAS, pursuant to Article II, Section 2 of the Declaration Declarant may cause additional property made subject to the terms and scheme of the Declaration by filing a Supplemental Declaration in Burke County Public Registry;

WHEREAS, Declarant desires to cause those certain sixteen (16) Boatslips located within the Phase III Pier which are designated as Boatslips 4 through 19 on Exhibit A attached hereto and incorporated herein by reference (the Additional Phase III Boatslips") to be made subject to the terms and scheme of the Declaration; and

WHEREAS, Declarant desires to cause that certain property located in Burke County, North Carolina and more particularly set forth on that certain map of East Shores Phase IV, recorded in Map Book 10, Page 191 of the Burke County Public Registry (the "Phase IV Property" or "Phase IV") to be made subject to the terms and scheme of the Declaration.

NOW, THEREFORE, Declarant, by this Third Supplemental Declaration, hereby declares that (subject to certain rights of amendment, as set forth in the Declaration) all of the Phase IV Property and Additional Phase III Boatslips is, are and shall be held, sold, conveyed and occupied subject to the Declaration as supplemented by this Third Supplemental Declaration and the easements, covenants, conditions, restrictions, charges and liens set forth therein and in this Third Supplemental Declaration, all of which shall run with the title to the Phase IV Property and be binding upon and inure to the benefit of all parties having or acquiring any right, title or interest in and to the Additional Phase III Boatslips and the Phase IV Property, or any part thereof, their heirs, successors and assigns, subject to the following additional terms and conditions:

ARTICLE I

DEFINITIONS

Section 1.1. "Additional Property" as defined in the Declaration shall be deemed to include the Phase IV Property (as defined above).

Section 1.2. "Boatslips" as defined in the Declaration shall be deemed to include the Additional Phase III Boatslips (as defined above).

Section 1.3. "Club Lot" as defined in the Declaration shall be deemed to include each of the Phase IV Lots.

Section 1.4. "Common Area" or "Common Areas" as defined in the Declaration shall be deemed to include any property

shown and designated on the Phase IV Map as "Common Area"; provided that only the Owners of Phase IV Promontory Lots shall be entitled to the use, benefit and enjoyment of the Phase IV Roadways.

Section 1.5. "Lot" or "Lots" as defined in the Declaration shall be deemed to include the separately numbered parcels depicted on the Phase IV Map, which Lots do not include the Common Areas.

Section 1.6. "Map" as defined in the Declaration shall be deemed to include the Phase IV Map as defined in this Third Supplemental Declaration.

Section 1.7. "Non-Waterfront Lots" as defined in the Declaration shall be deemed to include Lots 18 through 20, 26 through 30, and 33 through 38 as shown on the Phase IV Map.

Section 1.8. "Phase III Boatslips" as defined in the Declaration shall be deemed to include the Additional Phase III Boatslips as defined in this Third Supplemental Declaration.

Section 1.9. "Phase IV Map" shall mean and refer to the map entitled "East Shores - IV", recorded in Map Book 10, Page 191 in the Burke County Public Registry and any revisions or rerecordings of the Phase IV Map recorded by Declarant from time to time in the Burke County Public Registry.

Section 1.10. "Phase IV Promontory Lots" shall mean and refer to Lots 21 through 26 (inclusive) as shown on the Phase IV Map.

Section 1.11. "Phase IV Roadway" shall mean and refer to the private road designated as "30' Roadway Easement for Ingress and Egress, Utilities and Drainage Easement" and the area designated as "Promontory Turn Around" adjoining the Phase IV Promontory Lots all as shown on the Phase IV Map, which will be maintained by the Association as set forth in this Third Supplemental Declaration.

Section 1.12. "Promontory Lots" as defined in the Declaration shall be deemed to include the Phase IV Promontory Lots as defined in this Third Supplemental Declaration.

Section 1.13. "Property" as defined in the Declaration shall be deemed to include the property shown on the Phase IV Map, exclusive of the public rights-of-way shown on the Phase IV Map.

Section 1.14. "Public Roads" as defined in the Declaration shall be deemed to include all roads and cul-de-sacs shown on the Phase IV Map except the Phase IV Roadway.

Section 1.15. "Roadway" as defined in the Declaration shall be deemed to include the Phase IV Roadway as defined in this Third Supplemental Declaration.

Section 1.16. "Septic Easement" shall mean and refer to the easements for septic service and for use as a septic drainage field over, across and under that portion of the Common Area as provided in Article V hereof.

Section 1.17. "Septic Lot" shall mean and refer to the lot to which a Septic Easement is appurtenant as provided in Article V hereof.

Section 1.18. "Waterfront Lots" as defined in the Declaration shall be deemed to include Lots 21 through 25 and 31 and 32, all as shown on the Phase IV Map.

ARTICLE II

PROMONTORY LOTS

Section 2.1. Designation of Promontory Lots. The Phase IV Promontory Lots are hereby designated by Declarant as Promontory Lots, subject to the terms, conditions and restrictions applicable to Promontory Lots, including but not limited to the Promontory Assessments, all as more particularly set forth in the Declaration.

ARTICLE III

CLUB LOTS

Section 3.1. Designation of Club Lots. The Lots numbered 18 through 38 on the Phase IV Map are hereby designated by Declarant as Club Lots, subject to the terms, conditions and restrictions applicable to Club Lots, including but not limited to the Club Assessments and Special Club Assessments, all as more particularly set forth in the Declaration.

ARTICLE IV

ADDITIONAL PHASE III BOATSLIPS AND PHASE III BOATSLIP ASSESSMENTS

Section 4.1. Additional Phase III Boatslips. Pursuant to its authority set forth in the Declaration, Declarant hereby declares that the Additional Phase III Boatslips are and shall be held, transferred and conveyed subject to the terms, conditions and restrictions of the Declaration as supplemented hereby.

Section 4.2. Phase III Boatslip Assessments. Each of the Additional Phase III Boatslips shall be appurtenant to a Phase III or Phase IV Non-Waterfront/or Phase IV Lots 21 or 22 as designated by Declarant in deeds recorded in the Burke County Public Registry. Accordingly, each of the Lots to which an Additional Phase III Boatslip is appurtenant and Owners of such Lots shall be subject to the terms, conditions and restrictions contained in the Declaration applicable to ownership of the Phase III Boatslips including but not limited to lien for Phase III Boatslip Assessments and Special Phase III Boatslip Assessments which each Phase III and Phase IV Non-Waterfront Lot Owner and the owners of Lots 21 and 22 shall be obligated to pay as more particularly set forth in the Declaration.

Section 4.3. Prohibition of Individual Boatslips Lots 21 and 22. Notwithstanding any provision of the Declaration to the contrary, the owners of Lots 21 and 22 in Phase IV and their successors and assigns, are hereby prohibited from constructing a pier, dock, boardwalk, or boatslip adjacent to Lot 21 or 22 in the waters of Lake James.

ARTICLE V

SEPTIC EASEMENT; DECLARANT'S OPTION TO PURCHASE COMMON AREA SUBJECT TO SEPTIC EASEMENT

Section 5.1. Septic Easement. A non-exclusive easement for the purpose of providing septic service and for use as a septic drainage field (the "Septic Easement") is hereby reserved to Declarant, and granted to the Owners of the Lots hereinafter specified as such Lots are shown on the Phase IV Map (the "Septic Lots" or "Septic Lot"), over, across and under that portion of the Common Area shown and described on the Phase IV Map as follows:

<u>Septic Lots</u>	<u>Septic Easement</u>
Lot 21	Area described as Septic Easement Lot 21A on the Phase IV Map.
Lot 21	Area described as Septic Easement Lot 21B on the Phase IV Map.
Lot 22	Area described as Septic Easement Lot 22A on the Phase IV Map.
Lot 23	Area described as Septic Easement Lot 23A on the Phase IV Map.
Lot 24	Area described as Septic Easement Lot 24A on the Phase IV Map.
Lot 25	Area described as Septic Easement Lot 25A on the Phase IV Map.
Lot 26	Area described as Septic Easement Lot 26A on the Phase IV Map.

The Septic Easement shall be an appurtenance to and run with the title to the Septic Lot to which it is assigned as set forth above. Any deed, deed of trust, mortgage, transfer or other conveyance of any of the Septic Lots shall also transfer or convey the Septic Easements appurtenant thereto, even if not expressly included.

The Septic Easement herein reserved and granted shall include the right to construct, install, excavate, dig, build, maintain, operate, remove and reinstall a septic system and equipment in and upon the Septic Lot and to clear (and continue to clear as necessary) all trees, brush and other plants and to remove all rocks if necessary for the proper construction, installation and maintenance of said system, all at the sole expense of the Owner of the Septic Lot to which the Septic Easement is Appurtenant; provided, however, that if the need to repair said septic system is caused by the negligent or willful act of the Association, its successors and assigns, their agents, employees, members, invitees or licensees, then the cost to repair shall be borne by the Association or its successors and assigns. Except for damage caused by the negligent or willful act of the Association, its successors and assigns, their agents, employees, members, invitees or licensees as provided above, the Owner of the Septic Lot shall promptly and reasonably restore any portion of the surface of the Septic Easement appurtenant thereto (but not trees, brush or other plants, except grass) disturbed by the installation or maintenance of said septic system. Should the Owner of Septic Lot fail to so restore the surface of the Septic Easement appurtenant thereto, in the sole judgment of the Board of Directors, then the Board of Directors shall have the power to specially assess such Owner for the cost of said restoration in accordance with Article VIII, Section 2 of the Declaration.

In addition to the above-described rights, the Owner of the Septic Lot, to which the Septic Easement is appurtenant, its agents, independent contractors, successors and assigns, shall have the right of ingress, egress and regress over and across the Septic Easement in order to construct, install and maintain a septic system, as described above.

The Owner of the Septic Lot to which the Septic Easement is appurtenant shall be responsible for obtaining all necessary environmental permits and other permits for the installation and use of said septic system and shall hold the Association, its successors and assigns, harmless from any loss, damage or liability relating thereto, except to the extent that such loss, damage or liability results from the negligent or willful act of the Association, its successors and assigns, their agents, employees, members, invitees, or licensees. Prior to the installation of a septic system on any Septic Easement, the Owner of the Septic Lot to which such Septic Easement is appurtenant shall have the proposed location of such septic

system staked and approved by the appropriate governmental authorities, and such septic system shall be approved by, and constructed and maintained in accordance with all regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction thereover.

The Association shall hold fee simple title to the Common areas subject to the Septic Easements. For so long as the Subdivision is not serviced by a public or private sewer lines, no fence, building or improvement of any kind shall be constructed on the Septic Easement, and no use shall be made of the Septic Easement which is inconsistent with or may interfere in any way with the use of the Septic Easement for septic purposes. For so long as the Subdivision is not serviced by a public or private sewer lines, the Association shall not transfer, mortgage, pledge, encumber or otherwise convey the Septic Easement or any portion thereof to any other party.

The Septic Easements hereby granted and reserved shall run with the title to the Septic Lot to which the Septic Easement is appurtenant and shall be in full force and effect until such time as the Subdivision is serviced by a public or private sewer line fully servicing the Septic Lot or Lots, such that there is no need for a septic system servicing any such septic Lot or Lots. At such time as each Septic Lot is connected to a public or private sewer line and is fully connected to a public or private sewer line and is fully serviced thereby, then the Septic Easement reserved and granted hereby as an appurtenance to such Septic Lot shall terminate and shall thereafter be null and void and of no further force and effect.

Section 5.2. Declarant's Option to Purchase Common Area Subject to the Septic Easements. Declarant herein reserves and grants unto itself, its successors in interest and assigns, the exclusive right and option (the "Option") to repurchase any or all of the Common Area subject to the Septic Easements (the "Option Property"). The terms and conditions of this Option are as follows:

(A). Term. The Option Property is subject to the Septic Easements reserved and granted over, across and under the Option Property to the Owners of the Septic Lots to which such Septic Easements are appurtenant as set forth herein and as designated and shown on the Phase IV Map. This Option shall become effective with respect to each portion of the Option Property on the date (the "Effective Date") that public or private sewer service is available to the Septic Lot to which such Septic Easement is appurtenant and either: (i) the Owner of such Septic Lot or any public or private utility, or governmental agency or any similar party has connected any residence on such Septic Lot to such public or private sewer line or: (ii) the Declarant has, at Declarant's cost and expense, connected any residence on such Septic Lot to such

public or private sewer line. Declarant hereby reserves and grants unto itself, its successors in interest, and assigns, an non-exclusive easement for the purpose of connecting any residence on such a Septic Lot to any public or private sewer line providing service to such Septic Lot, including such access across the Septic Lot and the right to install any pipes and apparatus as may be necessary to connect any such residence to such sewer line. Notwithstanding the above, this Option shall vest in Declarant and become effective no later than the day before the date of death of the youngest lineal descendant now living of Woodard E. Farmer, Jr., Stephen M. Schreiner or Gilbert D. Stephenson, Jr., plus 21 years. Upon taking effect, this Option shall exist and continue with respect to each portion of the Option Property until 5:00 o'clock P.M. on the date thirty (30) years from the date this Option becomes effective with respect to each portion of the Option Property.

(B). Exercise. Grantor may, at any time after the Effective Date and during the option period, exercise this Option by giving written notice to the Association, deposited in the U.S. mail, certified or registered mail, return receipt requested, addressed to the Association at the address of its registered agent. Notwithstanding the date and time of the expiration of this Option set forth in Paragraph (A) hereof, Grantor shall have at least thirty (30) days in which to exercise this Option in the event that the Effective Date occurs less than thirty (30) days prior to the expiration date of this Option.

(C). Purchase Price. The purchase price for the purchase of each portion of the Option Property pursuant to this Option shall be One Dollar (\$1.00), payable in cash at closing.

(D). Closing. The closing of the purchase of each portion of the Option Property pursuant to this Option shall take place no later than thirty (30) days from the Association's receipt of the above-described written notice of exercise of this Option, at a place and time designated by Declarant. Declarant shall furnish to the Association at closing a general warranty deed conveying fee simple marketable title to the respective portion of the Option Property, free of all encumbrances except ad valorem taxes for the current year (prorated to the date of closing), easements and restrictions of record as of the date hereof and such other encumbrances as may be assumed or specifically approved by Declarant. Declarant shall pay for all closing costs and expenses, including preparation of the deed, the excise tax (revenue stamps) required by law and the cost of recording the deed. The Association shall furnish Declarant at closing with an affidavit and indemnification agreement, in form satisfactory to Declarant, showing that all labor and materials, if any, furnished to the respective portion of the Option Property within 120 days prior to the date of closing have been paid for

and agreeing to indemnify Declarant against all loss from any cause or claim arising therefrom.

(E). Parties. This Option shall be binding upon and shall inure to the benefit of Declarant and the Association, their successors in interest and assigns.

ARTICLE VI

CONDEMNATION

Section 6.1. Partial Taking Without Direct Effect on Lots. All compensation and damages for and on account of any public taking of the Phase IV Roadway shall be held in trust by the Board of Directors for the Owners of the Phase IV Promontory Lots which abut the Phase IV Roadway condemned and their Mortgagees according to the loss or damages to their respective interests in such Phase IV Roadway.

ARTICLE VII

GENERAL PROVISIONS

Section 7.1. Amendment. Any amendment affecting the Phase IV Roadways must be approved by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Phase IV Promontory Lot Owners. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record.

ARTICLE VIII

MISCELLANEOUS

All capitalized terms not otherwise defined in this Third Supplemental Declaration shall have the same meaning as in the Declaration. Except as amended or modified hereby to reflect specific differences in character of the Additional Phase III Boatslips or the Phase IV Property, all covenants, conditions, restrictions and easements established by and contained in the Declaration shall remain in full force and effect and apply to the Additional Phase III Boatslips, Phase IV Property and the Lots in Phase IV.

Without limiting the foregoing, the Declarant, for each Lot in Phase IV, hereby covenants, and each Owner of a Lot in Phase IV 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 the Annual Assessments and Special Assessments, as defined in the Declaration and such Annual Assessments and Special Assessments shall be established and collected as provided in the Declaration.

IN WITNESS WHEREOF, Declarant has caused this Third Supplemental Declaration to be executed under seal effective the day and year first above written.

ATTEST:

Ethlene G. Williams
Ethlene G. Williams
Assistant Secretary

[CORPORATE SEAL]

CRESCENT RESOURCES, INC., a South Carolina corporation

By: _____
Title: *[Signature]* Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 8th day of December, 1993, personally came before me Gilbert D. Stephenson, Jr., who, being by me duly sworn, says that he is the Vice President of CRESCENT RESOURCES, INC., a South Carolina corporation, and that the seal affixed to the foregoing instrument is the official seal of the Corporation, and that said writing was signed and sealed by him/her, in behalf of said Corporation, by its authority duly given and he/she acknowledged the writing to be the act and deed of the Corporation.

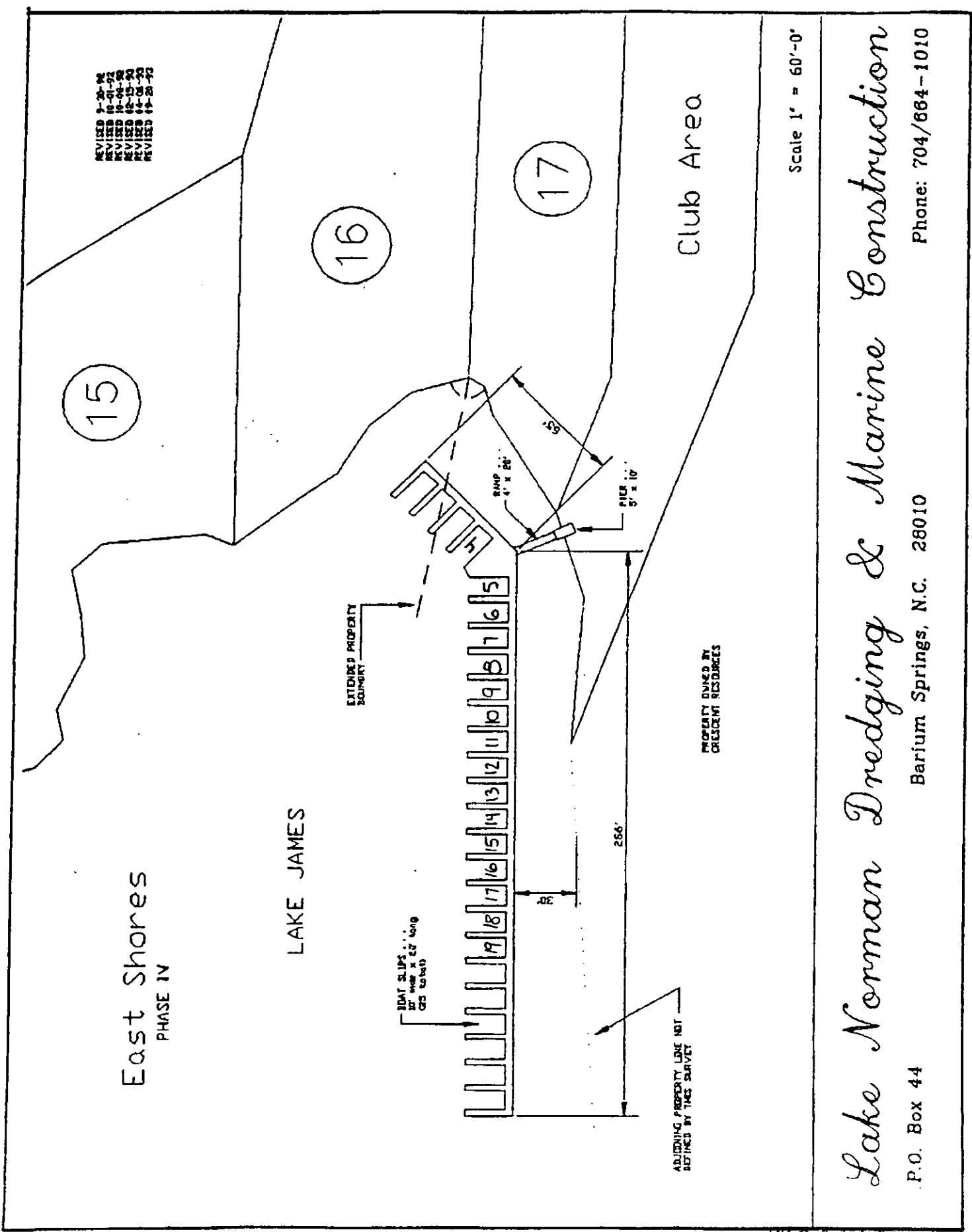
Sharon C Arrowood
NOTARY PUBLIC

My Commission Expires:
10/13/98



STATE OF NORTH CAROLINA—BURKE COUNTY
The foregoing certificate of Sharon C Arrowood,
N.P. of said county is affixed
to be correct. Let the instrument with its certificate, be registered. This 9 day of Dec 19 93.
Louise Anderson Register of Deeds

E X H I B I T "A"



Lake Norman Dredging & Marine Construction

Phone: 704/664-1010

Barium Springs, N.C. 28010

P.O. Box 44

BK0817PG1245