

**DECLARATION OF COVENANTS AND RESTRICTIONS FOR
BADIN SHORES RESORT OWNERS' ASSOCIATION, INC.**

This Declaration made for and by the Badin Shores Resort Owners' Association, Inc., a North Carolina Corporation, hereinafter, collectively called the "Association", to apply to and for the benefit of Badin Shores Resort."

WITNESSETH:

WHEREAS, "Association" is a duly established non-profit North Carolina Corporation established for the management of Badin Shores Resort Subdivision, which is located on certain property situated on Badin Lake, Montgomery County, North Carolina, more fully described by documents, maps, and other instruments, all as duly filed in the office of the Register of Deeds of Montgomery County, North Carolina.

WHEREAS, the "Association" seeks to restrict said property to the use as a recreational vehicle resort;

WHEREAS, the "Association" desires to provide for the preservation of certain values and amenities for said property, and to this end, desires to subject the real property described in Exhibit "A", together with all additions (hereafter referred to as the "Property") as may be made to the covenants, restrictions, easements, affirmative obligations, charges and liens, hereinafter set forth and all of which is hereby declared to be for the benefit of said property and each and every Owner of any and all parts thereof. (A copy of Exhibit "A" is attached hereto and made a part hereof.);

WHEREAS, the "Association" deems it desirable for the efficient preservation of the values and amenities for said property, to create an "Association" to which should be delineated and assigned the power and authority of maintaining and administering the Common Properties and administering and enforcing the covenants and restrictions governing the same and collecting and disbursing all assessments, and charges necessary for such maintenance, administration and enforcement, as hereinafter created;

WHEREAS, the "Association" was incorporated under the laws of the state of North Carolina as a non-profit corporation for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth;

NOW THEREFORE, the Association covenants and agrees with its members and their heirs, successors, and assigns as is more fully set forth in this Declaration, impressing these Covenants and Restrictions upon all the real property known as Badin Shores.

All provisions of this Declaration shall be construed as covenants running with the land and every part thereof and interest therein, including but not limited to, every lot and appurtenances thereto, Owners and claimant of the property or any part thereof or any interest therein, and his heirs, executors, administrators, successors, and assigns, shall be bound by all of the provisions of said Declaration.

DEFINITIONS

As used in this Declaration, the following definitions shall prevail:

1.1 Declaration shall mean these restrictive covenants relative to the property herein described in Exhibit "A" and recorded in the office of the Clerk of Court for Montgomery County, North Carolina.

1.2 Association shall mean Badin Shores Resort Owners' Association, Inc., a non-profit corporation responsible for the operation of the property for the benefit of the members of the Association. The Association shall have all powers and duties granted to or imposed upon it by this Declaration and the Bylaws of the Association.

1.3 Owner of Lot or Owners of Lot, hereinafter referred to as Owner, shall mean and refer to the owner of record whether one or more persons, firms, associations, partnerships, corporations or other legal entities, in the fee simple title to any lot as defined in Paragraph 1.9 but the term "Owner" shall not mean and refer to any lessee or tenant of the owner of record.

1.4 Common Property or Common Properties are all those areas of land that are located within the area known as Badin Shores Resort that are not deeded to a private entity. The "Common Property" includes, but is not limited to the following: the water distribution system, the sewage collection system, the roads, pathways, bath houses, designated recreation facilities in the recreation areas, parking areas, drainage facilities, swimming pool, and any other areas which are for the common benefit and enjoyment of the Owner and which are conveyed or leased as "Common Property."

1.5 Common Assets are all of those articles of value belonging to Badin Shores Resort that are for the common benefit and enjoyment of the Owners. The "Common Assets" includes but are not limited to the following: the office equipment, maintenance equipment, furniture and titled vehicles found within the properties of Badin Shores Resort.

1.6 Common Expenses shall mean the expenses for which the Owner is liable to the Association.

1.7 Common Surplus shall mean the excess of all receipts of the Association, including, but not limited to assets, rents, profits, and revenues on account of the Common Properties, over the amount of Common Expenses.

1.8 Assessment shall mean a share of the funds required for payment of the Common Expenses which from time to time is assessed by the Association against the Owner.

1.9 Lot or Lots shall mean and refer to any plot of land as shown on Exhibit "A", with the exception of Common Property, A-lots, and property owned by the Association which is subject to individual ownership.

1.10 A-lot (s) are those parcels of land owned by private entity that are not stand-alone lots either by virtue of being platted or by their size and shape, or by the language of the deeds that created and conveyed them.

1.11 Family shall consist of owner(s), their children, their parents, their grandparents and their grandchildren.

1.12 Guest(s) are invited person(s) who accompany the Owner to the Resort.

1.13 Occupant(s) shall mean the person(s) other than the Owner in possession of the Lot.

1.14 Lessee shall refer to a person(s) designated by the Owner, registered with the Association and party to a lease agreement provided by and to the Association.

1.15 Recreational vehicle shall mean those vehicles described in the Montgomery County RV Resort Ordinance recorded in Book _____ at Page _____ and the Badin Shores RV Resort Building Regulations.

1.16 Properties Retained by the Association shall mean properties shown and described as Retained Properties on Exhibit "A".

1.17 By-laws shall mean the Bylaws of Badin Shores Resort, Owner's Association, Inc., a copy of which is attached to this Declaration as Exhibit "B" and thereby made a part hereof.

II

EASEMENT

The Association reserves for itself, its assigns, agents, employees, business and other invitees, guests or other under the supervision, direction and control of the Association, or its assigns, in perpetuity, a non-exclusive easement over, through and across the Property, which may not be amended or revoked, and which shall include the following:

- (a) **Utilities.** Easements are reserved as may be required for the entrance upon, construction, maintenance and operation of utility service to adequately serve the Property, including, but not limited to, the installation of mains (water and sewage systems), electrical power lines and such other equipment as may be required throughout the Property. It is expressly agreed that the Association or the utility company making the entry shall restore the Property as near as practical to the condition that existed prior to commencement of construction of such utility. In addition, easements are reserved for such further utility easements over and across the Property as may be required from time to time to service the Property or any other property owned by the Association.
- (b) **Encroachments.** In the event that any lot shall encroach upon any of the Common Property or upon any other lot for any reason other than the intentional or negligent act of the Owner, or in the event any Common Property shall encroach upon any Lot, then an easement shall exist to the extent of that encroachment for so long as the encroachment shall exist.
- (c) **Pedestrian and Vehicular Traffic.** An easement shall exist for pedestrian and vehicular traffic over, through and across sidewalks, paths, walks, lanes and other portions of the Common Property as may be from time to time intended and designated for such purpose. Nothing herein shall be construed to give or create in any person the right to park upon any portion of the Property except to the extent that space may be specifically designated and assigned for parking purposes.
- (d) **Drainage.** Easements are reserved as may be required for the proper drainage throughout the Property.
- (e) **Boat Ramp and Launch Facility.** Easements are reserved as may be required by governing

agencies, so that any and all users of the boat ramp and launch facility may have ingress, egress, and regress to the boat ramp and launch facility.

III

INTEREST IN COMMON PROPERTY

Owner shall own an undivided interest in the Common Property. The fee title to each Lot shall include both the Lot and the undivided interest in the Common Property and Common Surplus.

Owner is entitled to the exclusive possession of the Lot subject to the provision of this Declaration. Such Owner shall be entitled to use the Common Property in accordance with the purpose for which intended, but such use may not hinder or encroach upon the lawful rights of another Owner. Each Owner shall also hold membership in the Association and an interest in the funds and assets held by the Association. Membership of the Owner in the Association is acquired pursuant to the Articles of Incorporation of the Association and Bylaws of the Association.

IV

COMMON EXPENSES AND COMMON SURPLUS

The Common Expenses of the Association shall include the expenses for the operation, maintenance, repair or replacement of the Common Property; cost of carrying out the powers and duties of the Association and any other expense designated as Common Expense by the Association. Owner shall be responsible and liable for an equal share of the common expenses, regardless of the value, size or location of the Lot. The Association will maintain at its own expense, any lots deeded to or under the direction and control of the Association; said lots shall not be subject to maintenance fees, assessments and the like until sold. Owner shall be liable for a share of Common Expenses as may from time to time be assessed. Owner owns common Surplus in the same shares, as their ownership interest in the Common Property as set forth above. However, a share of the Common Surplus does not include the right to withdraw or require payment or distribution of same except as otherwise set forth herein.

Payments on the Water/Sewer Buyout shall continue as follows until the Water/Sewer Buyout loan is paid in full:

Vacant Owners will pay \$18 quarterly.

Part Time Owners will pay \$45 quarterly.

Full Time Owners will pay \$75 quarterly.

The following are exceptions to the above payment structure:

Owners who paid advanced payments and were vacant or part time shall not be billed a quarterly payment until July 1, 2005 unless a change in status shall occur. If a status change should occur, the Owner will be billed in the following manner:

Owner changing from vacant to part time will be billed \$27 quarterly.

Owner changing from vacant to full time will be billed \$57 quarterly.

Owner changing from part time to full time will be billed \$30 quarterly.

Owners who paid advanced payments and are full time will be billed \$75 quarterly as of January 1, 2001.

All of the above shall remain in effect until such time the Water/Sewer Buyout loan is repaid.

At the time the Water/Sewer Buyout is paid in full, fees for water/sewer will be billed based on status (vacant, part time, full time). The fee for water/sewer shall include the expenses for water purchases and sewage disposal.

V

MAINTENANCE, ALTERATION AND IMPROVEMENT

Responsibility for the maintenance of the Property and restriction and improvement thereof shall be as follows:

5.1 Common Property. The maintenance and operation of the Common Property shall be the responsibility of the Association and expenses associated therewith shall be designated as Common Expense. There shall be no change in the shares and rights of Owners in the Common Property.

5.2 The Owner shall be responsible for the maintenance and upkeep of the Lot. Any alterations or improvements shall be at the sole expense of the Owner. All alterations or improvements shall be in accordance with the Montgomery County RV Resort Ordinance and the Badin Shores RV Resort Building Regulations.

5.3 Contracts. The Board of Directors, or its assigns, may enter into a contract with any firm, person or corporation for the maintenance and operation of the property provided these are approved by the Board of Directors and such vote shall be recorded in the minutes of a meeting. Non budgeted/non emergency contracts shall be limited to a maximum of 5% of the total annual budget.

VI

ASSESSMENTS

6.1 The Association, through its Board of Directors, shall have the power to fix and assess a sum or sums necessary and adequate to provide for the Common Expenses of the Property as specifically provided for in this Declaration and the Bylaws attached.

6.2 Assessment shall commence when the purchaser takes possession of the Lot or upon the closing of the sale, whichever is first. The Common Expenses shall be assessed against the Owner provided for in Paragraph IV of this Declaration.

6.3 Assessments and installments are due upon receipt. Dues that are unpaid at the beginning of the next quarter shall bear interest on the unpaid balance until paid at the highest rate provided by law.

6.4 The Association shall have a lien on each Lot for any unpaid assessments, together with interest thereon, against the Owner of such Lot, provided that said lien on a Lot shall be subordinate to the lien of any first mortgage. Reasonable attorney's fees incurred by the Association incident to the collection of assessments or the enforcement of such liens, together with all sums advanced and paid by the Association

for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien shall be payable by the Owner and secured by such lien. The Board of Directors, or its assigns, may take such action as deemed necessary to collect assessments by personal action, or by enforcing and foreclosing said liens, and may settle and compromise the same, if in the best interest of the Association. In case of such foreclosure, Owner shall be required to pay reasonable rental for the Lot and the Association shall be entitled to the appointment of a receiver to collect same from the Owner.

6.5 The Association shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and expenditures affecting the Property and its operation, administration, and preservation, and specifying the maintenance and repair expenses of the Common Property and any other expenses incurred. Both the book and the vouchers accrediting the entries made thereupon shall be available for examination by the Owner upon seventy-two (72) hours notice in writing. The examination shall be conducted at the Association office by appointment at a mutually designated time and date. A Board Member in addition to the Treasurer of the Association shall be present during said examination.

VII

RENTAL OF LOTS

Rental of lots shall be regulated as follows:

- (a) All leases must be registered with the Association office prior to occupancy of the premises.
- (b) A fee, as set by the Board of Directors, shall be assessed to record lease agreement to defray administrative cost.
- (c) The Association will provide a rental/lease agreement form for lessor and lessee whereby all interested parties shall agree to abide by all Covenants, By-laws and Rules and Regulations of the Association in accordance with all-applicable Federal, State, and Local laws or ordinances.
- (d) Lease shall not exceed a period of twelve months from time of onset and may be renewed provided that all previous provisions of this section have been followed.
- (e) During the period of lease the Owner shall be entitled to enter the Park for purposes of attending meetings, voting, to ensure proper maintenance of the property, and for any other purpose for the good of the Association. If, however, the Owner owns an additional lot or lots that are not leased, all normal privileges are applicable.
- (f) If the Lessee fails to honor the provisions of the lease agreement which encompasses the Covenants, By-laws, and applicable Federal, State, and Local laws and ordinances, and the Rules and Regulations of the Association, the Board of Directors, or its assigns, shall utilize legal recourse to effect eviction of the Lessee.

VIII

USE AND OCCUPANCY

8.1 It is the specific intent of this Declaration to maintain and operate a luxury resort in accordance with the Montgomery County RV Resort Ordinance and the Badin Shores RV Resort Building Regulations. The Board of Directors, or its assigns, shall have the right to disapprove any recreational vehicle to be placed on any Lot or any plans or specifications for any improvement proposed. Prior to commencement of construction of any improvement on a Lot, a building permit must be obtained from Badin Shores Resort Owners' Association, or its assigns, Montgomery County Zoning Department, and Montgomery County Inspections Department. The Board of Directors, or its assigns, shall have the right to inspect the placement of all recreational vehicles on the Lot as well as to inspect all construction of any improvements placed on the Lot to insure that its placement or any other structure is in accordance with the approved plans, specifications, details and in general conformity as to size. No recreational vehicle, or other improvements shall be placed upon a lot unless it conforms strictly to these requirements and any approved plans, specifications and details.

8.2 No animals, livestock, or fowl of any kind shall be brought upon or kept on any site, except that household pets, limited to dogs, cats and birds may be kept on sites provided they are not raised, bred, or kept for commercial purposes, are maintained under control at all times and are not permitted to create a public health or noise nuisance, and their droppings are removed and disposed of by the Owner. Dogs shall be kept on leashes when not otherwise confined physically within the confines of the Owner's Lot. Pets shall not be permitted to create a public noise nuisance. Violations shall result in Owner being required to remove pet from premises. Pets shall not be allowed in amenity areas.

8.3 No signs, other than "for sale" signs issued at no charge by Badin Shores Resort Owners' Association, Inc. or its assigns, shall be displayed on any lot, marine vehicle, or utility vehicle.

8.4 An easement for the installation and maintenance of utility services and for drainage ditches shall be used by the Board of Directors, or its assigns, for such installation and maintenance, together with the right to trim, cut or remove any structure, trees, or bush necessary for the above purposes. The Owner shall have no cause of action against the Association, Board of Directors, or its assigns, either at law or in equity by reason of any damage caused said Lots in the installation, operation or maintenance of above mentioned utilities, except in case of gross negligence.

8.5 No nuisance shall be allowed upon the Property nor any use or practice which is the source of annoyance of Owners, guests, or other users of the property, or which interferes with the peaceful possession or proper use of the Property.

8.6 No commercial activity shall be conducted on or from any Lot unless it is beneficial to the majority of the membership and approved by the Board of Directors. No visual signs or advertisements proclaiming a commercial activity on the Lot shall be permitted.

8.7 The Board of Directors shall levy and collect a reasonable quarterly assessment, which shall be paid in advance, from Owners sufficient to cover each Owner's proportionate share of the actual cost of operating and maintaining all common use property and facilities providing water, electricity and garbage disposal service, sewage service, general maintenance, and carrying out the duties of the Association. The Board of Directors shall also include in the assessments so made the sum adequate to pay all real property taxes on the

Common Property. The collection of these sums shall be provided for in an adequate manner to assure the necessary maintenance.

8.8 No noxious, dangerous, illegal, unreasonable or disturbing activities shall be carried on at Badin Shores Resort, nor shall anything be done which may be or become a nuisance or annoyance to the neighborhood. Persons committing disturbances or who appear to be intoxicated shall not be permitted to enter Badin Shores Resort, or to remain at Common Areas or facilities. No firearms shall be discharged within the properties except in the lawful protection of human life. The Board of Directors, or its assigns shall determine what constitutes these noxious, etc., activities as discussed in this paragraph and said determination shall be complete and final.

8.9 No open fires of any kind, including those for burning of rubbish and debris, shall be permitted within Badin Shores Resort except within a metal or pottery cooking, barbecuing or brazing device or within a masonry fireplace, barbecue or fire pit, provided however, that special burning or fire permits may be issued by the Board of Directors, or its assigns. Fires must be attended by an adult at all times and must be thoroughly extinguished by wetting or burying upon completion of their use.

8.10 No live trees being larger than six (6) inches in diameter shall be removed from any lot without the prior permission of the Board of Directors or its assigns. The Board of Directors or its assigns, however, shall not unreasonably refuse such permission and shall grant such permission as will permit owners reasonable use of Lot.

8.11 No wrecked, abandoned, discarded or junked vehicle, trailer, watercraft, equipment or material of any kind shall be placed or be permitted to remain on any site.

8.12 Any motor vehicles which create loud and obnoxious noises shall not be operated in Badin Shores Resort. Vehicles, which are not allowed include but are not limited to: mini bikes, motor bikes, motor scooters, ATVs, and go-carts. Golf carts/utility vehicles shall be permitted to operate within the Property providing it is operated by a person who has a valid driver's license and Owner of the vehicle has registered said vehicle with the Association. It shall be the sole responsibility of Owner to provide liability coverage on all vehicles. The Association shall have no responsibility or liability for any damage to property or personal injury resulting from an uninsured vehicle of any type.

8.13 Each Owner shall keep the Lot in a clean, healthful, and safe condition and appearance and shall maintain the same in accordance with the rules and regulations determined from time to time by the Board of Directors, or its assigns. If an owner shall fail to maintain the lot in accordance with said rules and regulations, then the Board of Directors or its assigns, after fifteen (15) days written notice, shall have the right to enter the premises and take such actions as may be reasonably necessary to correct the infraction(s) or improper conditions. The cost of corrective action(s) by the Board of Directors, or its assigns, shall become a special assessment against the Owner and the Lot in question and shall be collectible as provided in Section VI of the Declaration of Covenants and Restrictions.

8.14 Owners agree and covenant for themselves and their guests that the authority granted herein to the Board of Directors, or its assigns, to make, publish, and enforce rules and regulations and to perform other acts and functions shall not be deemed a "right to control" or to otherwise create such a legal relationship as to cause the Association to be vicariously liable for the willful or negligent acts or omissions of such persons. Owners assume, for themselves and for their guests, all risks in the use of common areas and facilities of Badin Shores Resort.

8.15 No person shall use the Common Property or any part thereof in any manner contrary to or not in accordance with such rules and regulations pertaining thereto as from time to time may be determined by the Association.

8.16 If any person violates or attempts to violate any of the Covenants or Restrictions of this Declaration, any Owner, the Association, or the Board of Directors, or its assigns, may bring any proceeding at law or at equity against the person violating or attempting to violate any such covenant or restriction and either prevent such Owner from so doing or to recover costs of the suit and reasonable attorney's fees. Any invalidation of any of these Covenants and Restrictions shall in no way affect any other of the provisions hereof which shall remain in full force and effect.

8.17 Other reasonable rules and regulations governing use and occupancy and which do not alter or are not in opposition of any of the foregoing provisions may be made and amended from time to time by the Association, the Board of Directors or its assigns, in the manner provided by its Articles and By-laws.

IX

INSURANCE

9.1 Liability Insurance. The Board of Directors of the Association shall obtain public liability and property damage insurance covering all of the Common Property and Association owned properties, and insuring the Association and the Owners as it and their interests appear, and in such amount as the Board of Directors of the Association may determine from time to time. Said insurance shall include, but not limit the same, to water damage, if available, legal liability, hired automobile, non-owned automobile and off-the-premises employee coverage. All liability insurance shall contain cross-liability endorsement to cover liabilities of the Owners as a group to an Owner. Premiums for the payment of such insurance shall be paid by the Association and charged as a Common Expense.

9-2 Casualty Insurance. The Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements within the Property, including personal property owned by the Association, in and for the interest of the Association, all Owners and lien holders, if any, as their interests may appear, in a company acceptable to the standards set by the Board of Directors of the Association and in an amount equal to the maximum insurable replacement value as determined annually by the Board of Directors of the Association. The premium for such coverage and any other expenses in connection therewith shall be paid by the Association and charged as a Common Expense. The company or companies with whom the Association shall place insurance coverage as provided in this Declaration shall be good and responsible companies authorized to do business in the State of North Carolina.

9.3 All policies purchased by the Association shall be for the benefit of the Association, all Owners and lien holders, if any, as their interest(s) may appear. Any disbursements in excess of cost or repair and restoration shall revert to the Association's general fund. The Board of Directors, or its assigns, shall expedite approval of such repairs and restoration. Such other insurance shall be carried, as the Board of Directors of the Association shall determine from time to time to be desirable. Owner shall be responsible for purchasing additional liability insurance deemed necessary to cover accidents occurring upon the Lot and for the purchasing of insurance for personal property.

9.4 Reconstruction or Repair after Casualty. If any part of the property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner. If the damaged improvement is a Common element, the same shall be reconstructed or repaired by the Association subject to the following provisions.

- (a) When the Association shall have the responsibility of reconstruction or repair, prior to the commencement of reconstruction and repair, the Board of Directors, or its assigns, shall obtain at least three (3) reliable and detailed estimates of the cost of repair or rebuilding, if feasible.
- (b) If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repairs by the Association or at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for payment of the cost of reconstruction and repair are insufficient, assessment shall be made against the Owners in sufficient amounts to provide funds for the payment of such cost. Such assessments on account of damage to Common Property shall be in proportion to the Owner's share of the Common Property.

X

COMPLIANCE & DEFAULT

Owners shall be governed by and shall comply with the terms of this Declaration, the Bylaws and the Rules and Regulations adopted pursuant thereto. Failure of the Owners to comply therewith shall entitle the Board of Directors, or its assigns, to seek relief in the following manner in addition to other remedies provided in this Declaration, the Bylaws and the laws of the State of North Carolina:

- (a) The Association Board of Directors, or its assigns, and appropriate employees are hereby empowered to enforce this Declaration, Bylaws, Rules and Regulations of the Association.
- (b) Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by acts of negligence, or carelessness of same by any family member, guests, invitees, employees, or agents, but only to the extent that such expenses are not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Lot or its appurtenances, or of the Common Property.
- (c) In any proceeding arising because of an alleged failure of an Owner to comply with the terms of this Declaration, By-laws, Rules and Regulations adopted pursuant thereto, and said documents as they may be amended from time to time; and any actions brought by the Association to enforce such documents, the Association shall be entitled to recover from said Owner the costs of the proceedings, including reasonable attorney fees, should the Association prevail. These costs and fees shall be assessed against the lot in question.
- (d) The failure of the Association, its Board of Directors, or its assigns, or any Owner to enforce any Covenant, Restriction of this Declaration, the Bylaws or the Rules and Regulations adopted pursuant hereto shall not constitute a waiver of right to do so thereafter.

XI**MISCELLANEOUS**

11.1 No Owners may self-exempt from liability for the contribution toward the Common Expenses by waiver of the use and enjoyment of any of the Common Property, or by the abandonment of the Lot.

11.2 All provisions of this Declaration and the Exhibits attached hereto and amendments thereof shall be Covenants running with the land and of every part thereof and interest therein including but not limited to, every Lot and appurtenances thereto and every Owner and claimant of the Property or any part thereof or of any interest therein and his/her heirs, executors, administrators, successors and assigns, shall be bound by all provisions of said Declaration and Exhibits annexed thereto and amendments thereof.

11.3 If any provision of this Declaration or the Exhibits hereto is held invalid, the validity of the remainder of this Declaration and the Exhibits attached and the application of such provision, section, sentence, clause, phrase or work in other circumstances shall not be affected thereby but shall remain in full force and effect.

XII**AMENDMENT TO DECLARATION**

This Declaration may be amended at any regular or special meeting of the Owners called and convened in accordance with the Bylaws by the affirmative vote of 51% of the total members of the Association provided that 90 days notice to the membership has occurred prior to the date of the vote. All proposed amendments to the Covenants and By-Laws shall be approved by the majority vote of the Board of Directors for submission of the amendment to the membership. Further, if the Board does not approve the submission to the membership, the Association member shall be entitled to call for a vote on the proposed amendment upon the submission of a petition bearing 25% of valid owners' signatures to the Board of Directors. The Board of Directors shall then be required to submit the proposed amendment to the Association members within 90 days. No amendment may change the configuration or size of any Lot in any material fashion, materially alter or modify the appurtenances to the Lot, or change any proportion or percentage by which the Owners shares the Common Expenses and owns the Common Surplus unless the Owner of record and all Owners of record of liens on it join in the execution of the amendment unless all Owners of record of all other lots approve the amendment.

This the 16th day of March, 2001

BADIN SHORES RESORT OWNERS' ASSOCIATION, INC.

By: _____
President

ATTEST:

Secretary

CORPORATE SEAL

STATE OF NORTH CAROLINA
MONTGOMERY COUNTY

I, Teresa Carol Richardson, a notary public of Randolph County, do hereby certify that Jim Bryson personally came before me this day and acknowledged that he is the Secretary of Badin Shores Resort Owners' Association, Inc. and that, by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal this the 16th day of March, 2001.

_____(Seal)

My Commission Expires: October 28, 2004.