

NOV-01-2007(THU) 08:57

P. 002/003

**SUBORDINATION OF DEED OF TRUST
TO TERMS AND CONDITIONS OF RESTRICTIVE COVENANTS
FOR Forest Ridge SUBDIVISION**

The undersigned lender and beneficiary of that certain Deed of Trust dated 4/23, 2007, as executed by PBB Investors, Inc. to the designated trustee therein, said Deed of Trust being in the amount of \$ 1,350,000 as recorded in Book 286, page 774, Onslow County Registry, as re-recorded in Book 287, page 380, does hereby subordinate its recorded Deed of Trust to the Declaration of Covenants, Conditions and Restrictions for Phases 1 and 2 and subsequent phases of Forest Ridge Subdivision, lands which are encompassed by the description in the recorded Deed of Trust, so that hereafter the lots shown on the recorded plats of Phases of Forest Ridge Subdivision may be sold, transferred, mortgaged, owned and used in accordance with the terms of the Covenants, Conditions and Restrictions for Forest Ridge Subdivision, and so that lot owners will have the use and enjoyment of the roads and other amenities as shown on the recorded plats and as described in the Declaration of Covenants, Conditions and Restrictions for Forest Ridge Subdivision.

In witness whereof, the Lender and Beneficiary of said Deed of Trust and the Trustee have executed this Subordination.

Lender Sound Bank

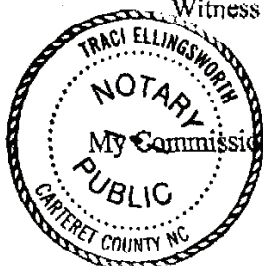
By [Signature] VP
Name Title Bill Weinhold, VP

[Signature]
Trustee Phillip Collins

STATE OF NORTH CAROLINA
COUNTY OF Carteret

I, Traci Ellingsworth, a Notary Public for the aforesaid County and State, do hereby certify that Bill Weinhold personally appeared before me this day and acknowledged that he/she is the VP of Sound Bank, a North Carolina banking Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by the person named herein on behalf of said corporation.

Witness my hand and seal, this the 1 day of November, 2007.



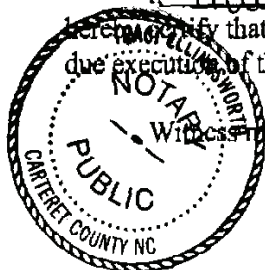
My Commission Expires: 10-10-10

[Signature]
Notary Public

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P. 003/003

STATE OF NORTH CAROLINA
COUNTY OF Carteret



I, Traci Ellingsworth, a Notary Public in and for said County and State, do hereby certify that Phillip Collins Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein stated.

Witness my hand and seal, this the 1 day of November, 2007.

Traci Ellingsworth
Notary Public

My Commission Expires: 10-10-10

EXHIBIT A

Maximum Built-upon Area for Lots:

lot 15: 5024 Square feet
lot 16 5189 Square feet
lot 29 5123 Square feet
lot 51 5039 Square feet
lot 54 5161 Square feet
lot 55 5050 Square feet

All other lots in Phase 1 and 2 are limited to 5258 square feet each.

BY-LAWS
OF
FOREST RIDGE OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. The Name: The name of the corporation is Forest Ridge Owners' Association, Inc.

Section 2. The Principal Office: The principal office of the Association shall be located at 604 E Cedar Point Boulevard, Cedar Point, Nc 28584, pending further notice, but the meetings of the members and Directors may be held at such places within the State of North Carolina and/or County of Onslow as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Forest Ridge Owners' Association, Inc., its successors and assigns.

Section 2. The term "Subdivision", "Development" or "Property" as used herein shall mean and refer to the lots within Forest Ridgte Subdivision as shown on plats prepared by Bell and Phillips Surveying and/or other surveying or engineering firms hereafter as recorded in the Office of the Onslow County Registry, as well as any additional properties which may hereafter be submitted to the Protective Covenants and Restrictions for Forest Ridge Subdivision, by PBB Investors, Inc., herein "Declarant" or "Developer" of Forest Ridge Subdivision.

Section 3. Other Definitions: The terms "Developer", "Association", "Owner", "Lot", and "Common Area", shall have those terms and definitions as defined in the Protective Covenants and Restrictions for Forest Ridge Subdivision, to which these by-laws are attached.

ARTICLE III

FOREST RIDGE OWNERS' ASSOCIATION, INC.

Section 1. General: Every owner of a lot in Forest Ridge Subdivision shall be a regular member of the Association upon the terms and conditions hereinafter set forth and as defined in the Declaration of Covenants. Regular memberships in the Association shall be limited to owners of subdivision lots.

Section 2. Administration of the Association: The operating entity of the Association shall be Forest Ridge Owners' Association, Inc.

a. Powers: The Association shall have all of the powers and duties set forth in Chapter 55A of the North Carolina General Statutes for non-profit corporation, as well as all of the powers and duties granted to or imposed upon the Association by the Declaration of Covenants and Restrictions for the Subdivision and the Articles of Incorporation of the Association, and all of the powers and duties necessary in the ownership, administration and management of the Association properties.

All affairs of the Association shall be conducted by the Board of Directors who shall be designated in the manner provided for in these By-Laws and Articles of Incorporation of the Association.

In the administration of the operation and management of the Association, the Board of Directors is hereby granted the authority and power to enforce the provisions of these By-Laws and Articles of Incorporation, and rules and regulations governing the use of lots and common areas as the Board of Directors of the Association may deem to be in the best interest of the Association.

b. Purposes: The Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of its officers, directors or members or any other private individual. The purposes and objectives of the Association shall be to administer and manage the Association properties and the acts and duties incident to the administration of the Association properties in accordance with the terms, provisions or conditions of the Declaration of Covenants for Forest Ridge Subdivision, and the Articles of Incorporation; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Subdivision.

In carrying out the foregoing purposes, the Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the power to make and establish reasonable rules and regulations governing the use of subdivision lots and subdivision properties, to levy and collect assessments from lot owners in accordance with the Declaration of Protective Covenants and Restrictions for Forest Ridge Subdivision and these By-Laws, to maintain, repair, replace and manage the Association properties,

to acquire or lease real and personal property for the benefit of lot owners, and generally to possess all powers necessary in order to carry out the foregoing purposes.

Section 3. Easements of Enjoyment: Every member of the Association shall have a right and easement of enjoyment in and to the Association properties. Each regular Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Said rights of use and enjoyment shall be subject to the following provisions:

(a) The Association shall have the right to charge dues and assessments for the upkeep and maintenance of Association properties, parking areas, utility and drainage easements, and other amenities which are the responsibility of the Association herein. Likewise, the Association shall have the right to charge dues and assessments for the construction and maintenance of any improvements on said common areas, and to provide for all types of insurance for the Association and its properties, and the upkeep and maintenance of subdivision amenities. The Association may further assess any owner of a lot in default for failure to properly maintain or repair any separately conveyed sewer area appurtenant to his lot in accordance with Onslow County Health Department Rules and Regulations, and upon failure of an owner to pay the assessment, the Association may file a lien, assess interest and attorney fees, foreclose the lien for non-payment, and exercise other remedies provided herein to the same extent as for non-payment of the annual dues..

(b) The Association shall have the right to suspend the right to the use of any Association Properties by any Member for any period during which any dues or assessments against such Member are overdue and unpaid, and for a period not exceeding sixty (60) days for any infraction of rules and regulations established by the Association for the regulation and control of Association Properties. Likewise, the Association shall have the right to fine any Member an amount not exceeding \$50.00 for each violation of rules and regulations established by the Association.

(c) The Association by rules and regulations established from time to time shall have the right to provide for the use and enjoyment of common areas and Association Properties. This right to the use of Association Properties shall extend to members of the Association and relatives of members who reside with and in the house of members, tenants of each member's lots in the subdivision so long as the tenancy exists, and contract purchasers of lots in the subdivision who reside on the lot.

Section 4. Membership and Voting Rights: There shall be two types of memberships in the Association. Class A or Regular membership shall be limited to owners of lots in the subdivision. The Class B member shall be the Declarant who shall have 3 votes for each lot owned by the Declarant.

Every owner of a lot in Forest Ridge Subdivision shall become a regular member (Class A) of the Association upon the date of recordation of the deed conveying the lot to the purchaser.

Every owner as a member of the Association shall be bound by the terms and conditions set forth in these By-Laws and the Covenants and Restrictions for the Subdivision, and the lot owner and his heirs, successors and assigns, shall be obligated to comply with the duties and obligations set forth herein. Regular membership shall be appurtenant to the lot and may not be severed, separately transferred or conveyed. Persons or entities who hold an interest in the lot merely as security for the performance of an obligation shall not be members.

Every Regular Members shall have one (1) vote at all meetings of the membership. The Class B member shall have 3 votes for each lot owned. When more than one person or entity holds an interest in any lot, the purchasers of said lot shall designate one of them as the voting class A member, if the lot is owned by a corporation or other business entity, an officer or employee shall be designated a voting member. Regular class A Members may vote either in person or by proxy, but if by proxy, the same must be in writing and delivered to the Secretary of the Association prior to, or at the start of, the meeting at which the proxy is to be exercised. Every proxy shall be revocable and shall automatically cease upon the conveyance of the lot by the Regular Member.

The Secretary of the Association shall keep a list of any and all lot owners for purposes of determining what owners shall be entitled to vote. The membership list shall be arranged numerically by Subdivision lots and shall be accessible to all members of the Association.

Section 5. Meeting of Membership: There shall be an annual meeting of the membership (class A and B) held each year between June 1 and June 30 until otherwise changed by vote of either the Executive Board or Membership, with the specific date, time, and place to be determined by the President of the Association unless the Board of Directors or a meeting of the membership has already specified the exact date, time and place. The presence at the meeting of a member or members entitled to cast, either in person or by proxy, 60% of all eligible votes of persons entitled to vote for election of the Board of Directors shall constitute a quorum for the transaction of all business except such as may otherwise expressly be provided for in this instrument. If a quorum is not met through 60%, then at a subsequent called meeting to be held within 60 days thereafter, the requirements for a quorum shall be reduced to 30%. Special meetings of the membership may be called at anytime either by the President, the Board of directors, or one-third of the members. Such request for a special meeting shall state the purpose or purposes of the proposed meeting. 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. Written notice of the annual and special meetings of the membership shall be given to each member entitled to vote at least 10 days prior to said meetings as specified in Section 4 above. The Secretary shall maintain a list of all members entitled to vote at annual and special meetings with said list containing a mailing address of each member. All members shall be responsible for notifying the said Secretary of any change in their address between annual meetings, and all written notice of annual and special meetings sent to the addresses of the members as shown on the membership list shall be effective as notice by the Association.

Section 6. Special Meetings: Special meetings of the members (Class A and B) for any purpose or purposes unless otherwise prescribed by statute or by these By-Laws, may be called by the President, the Board of directors or members holding one-third of the total eligible votes. Such request shall be in writing and shall state the purpose or purposes of the proposed special meeting. Written notice of the special meeting of members stating the time, place and purpose thereof, shall

be served upon or mailed to each member entitled to vote thereat, at such address as appears on the list of the Secretary of the Association, at least 10 days before such meeting. Business transacted at all special meetings shall be confined to the objects and purposes stated in the notice thereof, unless 100% of the members present at such meeting in person or by proxy consent to the transaction of business not stated in the notice.

Section 7. Quorum: 60% of the total number of eligible votes of the Association, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members of the Association for the transaction of business, except as otherwise provided by Statute, by the Subdivision Covenants, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum thereafter reduced to 30% of the membership, shall be present or represented. At such adjourned meeting at which a quorum of 30% shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 8. Order of Business: The order of business at the annual Association meetings and as far as practical at other meetings of the membership, will be as follows:

1. Roll call and certifying of proxies;
2. Proof of notice of meeting without waiver of notice;
3. Reading of minutes of prior meeting;
4. Officers' reports;
5. Committee reports;
6. Approval of budget;
7. Election of directors;
8. Unfinished business;
9. New business;
10. Adjournment.

Section 9. Officers: The Association shall have not less than three (3) officers, a President, Secretary and Treasurer, which shall be elected by the Board of Directors for a term of one year or until their successors have been elected. The Board may provide for one or more Vice-Presidents or Assistant Secretary or Assistant Treasurer. The President shall act for the Association, but shall not have the authority to obligate the credit of the Association, nor the members thereof, without authorization of either the Board of Directors or the membership. All checks written on any bank account of the Association shall be signed by any two or more of the authorized officers as indicated on the Association's bank signature cards and resolution adopted pursuant thereto. The Association may authorize the Treasurer or Assistant Treasurer to sign all checks for the Association, and the Assistant Treasurer need not be a member of the Association. The duties of the officers shall be as follows:

a. President: The President shall preside at all meetings of the members and Directors; he shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Board of Directors are carried into effect; he shall have equal superintendence and direction of all the other officers of the Association, and shall see that

their duties are performed properly. He shall report on the operations of the Association for the fiscal year to the directors when ever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board of Directors all matters within his knowledge which the interest of the Association may require to be brought forward. He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of an Association.

b. Vice-President: If a Vice-President is hereafter elected, the Vice-President shall be vested with all of the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Board of Directors.

c. Secretary: The Secretary shall keep the minutes of the meetings of the members and the Board of Directors; he shall see that all notices are fully given in accordance with the provisions of these By-Laws or as required by law. He shall keep a register of the post-office address of each member, which shall be furnished to the Secretary by all members.

d. Treasurer: The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and Directors at the regular meetings of the board or whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. Such records shall be open to inspection by members at a reasonable time. In addition he may be required to give the Association at the Association's costs a bond in the sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association. He shall maintain a register for the names of any mortgage holders or lien holders on lots who have requested in writing that they be registered to whom the Association will give notice of default in case of non-payment of assessments. No responsibility by the Association or its members is assumed with respect to said register except that it will give notice of default to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor. In general he shall perform all duties as may from time to time be assigned to him by the President or by the Board of Directors.

Section 10. Executive Board:

a. Number and Term. The initial Board of Directors shall consists of three (3) Directors. The number of Directors shall remain three until these By-Laws have been amended by the Directors in accordance with Article VI hereafter. All Directors shall be required to be members of the Association. Provided, until such time as seventy-five percent (75%) of all lots within the subdivision have been sold which shall be evidenced by the recordation of a Deed or Deeds to lots therein, then the Developers as the initial Declarants or their written appointee shall appoint the three

members of the Board of Directors annually and their successors until control of the Board of Directors has been completely transferred to the lot owners. The three members so appointed by the Declarants or their written designee shall not be required to be members of the Association. No later than one hundred and twenty (120) days after conveyance of seventy-five percent (75%) of the lots within the Subdivision to owners other than the Declarants, a special meeting of the Association shall be held for the purpose of selecting members to the Board of Directors to replace those members of the Board of Directors appointed by the Declarants. Pending transfer of control of the Association, the Declarants shall have the absolute right to appoint all members of the Board of Directors. Additionally, so long as the Declarants continue to own one lot and for a period of 10 years after control of the Association is assumed by the membership, the Declarants shall have the right to designate one member of the Executive Board.

b. Subject to the provisions of subparagraph (d) hereafter, if the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the Executive Board shall appoint at a properly called meeting thereafter a replacement to fill the unexpired term in respect to which said vacancy occurs.

c. Members representing at least 67% of all eligible votes present and entitled to vote at any meeting of the membership at which a quorum is present, may remove any member of the Board of Directors with or without cause, in accordance with G.S. 47C-3-103.

d. Pending transfer of control of the Association in accordance with Article XI of the Articles of Incorporation, the Declarants shall have the right to remove any member of the Board of Directors with or without cause, and to appoint and elect successors to the Board in the event of the death, resignation, retirement, disqualification, removal from office or otherwise of a Director.

e. Powers. The property and business of the Association shall be managed by the Board of Directors, which may exercise any and all authority over the management of the Association and the common areas not specifically prohibited by Statutes, these By-Laws, or the Declaration of Covenants and Restrictions for Forest Ridge Subdivision. The powers of the Board shall specifically include all powers set forth in the Declaration of Protective Covenants and Restrictions and the Articles of Incorporation, which powers are incorporated herein by reference as if fully set out, and shall include but not be limited to the following:

1. To make and collect regular and special assessments and establish the time within which payment of the same are due.

2. To use and expend the assessments collected to maintain, care for and preserve the subdivision properties.

3. To purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.

4. To enter into and upon Association properties and lots when necessary and with as little inconvenience to the lot owner as possible in connection with such maintenance, care and preservation.

5. To insure and keep insured Association properties in the manner set forth in the Declaration of Covenants against loss from fire and/or other casualty, and the lot owners and Association against public liability, and to purchase such other insurance as the Board may deem advisable.

6. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from purchasers for violations of these By-Laws and the terms and conditions of the Declaration of Protective Covenants.

7. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

8. To make appropriate changes in the Rules and Regulations for the use and occupancy of Association properties as may be deemed necessary.

9. To acquire and/or rent and/or lease personal and real properties in the name of the Association or a designee.

10. To contract for management of the Association properties and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration of Protective Covenants to have specific approval of the Board or membership.

11. To carry out the obligations of the Association under any restrictions and/or covenants running with any land submitted to the Declaration of Protective Covenants for the Subdivision.

12. To designate, as the board deems appropriate, assigned parking spaces for each lot, visitors, service vehicles, boats, and other vehicles.

13. To adopt Rules and Regulations pursuant to Article IV of these By-Laws pertaining to "Default".

14. To impose a special assessment, fine or penalty against any purchaser, not to exceed \$50.00 for each occurrence, for the violation by the purchaser or his guests of any rule or regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision of the Declaration.

15. To enforce the provisions and requirements of the Covenants including the obligation that each owner secure and keep in effect insurance, and to purchase insurance for any lot

or improvements thereon which fails to provide evidence of insurance or defaults with respect to payment or procurement of the same.

Section 11. Meetings of the Board of Directors:

a. The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general membership meeting.

b. Special meetings shall be held whenever called by the Director or the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally or by mail, or telegram, at least three (3) days before the date of such meeting, but the directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

c. A quorum shall be deemed present throughout any meeting of the Board of Directors of persons entitled to cast 50% of the votes on that Board, if present at the beginning of the meeting. The act of a majority present at such meeting and which there is a quorum shall be the act of the Board. If the quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.

d. Order of Business: The order of business at all meetings of the Executive Board shall be as follows:

- i. Roll call;
- ii. Proof of notice of meeting or waiver of notice;
- iii. Reading of minutes of last meeting;
- iv. Consideration of communications;
- v. Reports of officers
- vi. Report of committees;
- vii. Unfinished business;
- viii. Election of officers at annual meeting;
- ix. New Business;
- x. Adjournment.

e. Annual Statement: The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the Association, including a report of the operating expenses of the Association and the assessments paid by each member.

Section 12. Liability: The officers, and directors shall not be liable to the owner for any mistake in judgment, negligence, or otherwise except for their own individual willful misconduct, bad faith, or gross negligence.

Section 13. Compensation: Neither Directors nor officers shall receive compensation for their services as such.

Section 14. Removal of Officers and Directors: Any one or more of the officers and Directors may be removed at any time, with or without cause, by a vote of lot owners representing at least 67% of all persons present and entitled to vote at any meeting of the owners at which a quorum is present. Upon the removal of any officer or Director, the membership shall elect a replacement to fill the unexpired term subject to the Declarants' rights set forth in Section 10(d) above.

ARTICLE IV

FINANCES

Section 1. Fiscal Year: The fiscal year shall be the calendar year.

Section 2. Checks: All checks or demands for money and notes of the Association shall be signed by the following officers: President or Vice-President and Treasurer, or by such officer or officers or such other persons as the Executive Board may from time to time designate.

Section 3. Determination of Assessments:

a. The Board shall determine from time to time the sum or sums necessary and adequate for the common expenses of the Association. The Board shall adopt a proposed budget for the Association, and within 30 days after adoption of the proposed budget, the Board of Directors shall provide a summary of the budget to all regular members, and shall set a date for a meeting of the regular members to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

The budget shall constitute the basis for all dues and assessments for common expenses against owners, which assessments shall be due and payable periodically as determined by the Board of Directors. Common Expenses shall include expenses for the operation, maintenance, repair or replacement of Association properties, cost of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, and any other expenses designated as common expenses from time to time by the Board of Directors.

b. The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain, repair and replace the common areas and facilities. The dues and assessments shall be uniformed for all lot owners and shall be payable periodically as determined by the Board.

c. Special assessments for common expenses and repairs or replacement of capital not adequately funded through the regular assessments may be required by the Board and shall be levied and paid in the same manner as hereinbefore provided for regular assessments. Notwithstanding anything in these By-Laws or the Declaration of Protective Covenants which authorize assessments and expenditures, no special assessment exceeding \$1500 per lot per annum or expenditure for the improvement of the Association properties exceeding \$15,000 per annum for the subdivision shall be made without the approval of sixty-seven percent (67%) of the eligible membership. Nothing herein shall restrict or limit the number of special assessments which may be made annually if deemed necessary for common expenses and repairs or the replacement of capital not adequately funded through the regular assessments.

d. When the Board has determined the amount of any assessment, the Treasurer of the Association shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the Association, and upon request, the Treasurer shall give a receipt for each payment made.

e. The Board may enter into a management contract with third parties to whom the Board of Directors may delegate the power to levy and collect assessments approved by the Board or required by the Declaration of Protective Covenants.

f. All assessments not paid when due shall bear interest at the highest legal rate of interest.

g. The Declarants shall have no obligation to pay dues or assessments for unsold lots.

ARTICLE V

DEFAULT

Section 1. Dues and Assessments: Each purchaser of a lot in Forest Ridge Subdivision by the acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association such monthly, quarterly or periodic dues and special assessments as shall be established from time to time by the Board of Directors or membership of the Association. Such monthly or periodic dues and special assessments, together with interest, cost, and reasonable attorney's fees, shall be a charge on the lot and shall be a continuing lien on the land against which each assessment is made, until paid. In addition such monthly dues and special assessments shall also be the personal obligation of the purchaser of the lot at the time the dues or assessments become due. This personal obligation shall not pass to a successor in title to the

purchaser unless expressly assumed by such successor. The dues and any assessments shall be used exclusively to promote the recreation, health, safety and welfare of the members of the Association and for improvements, maintenance of the common areas and properties, buildings or improvements within said subdivision development. The lien of the monthly dues and special assessments provided for herein shall be subordinate to the lien of any first mortgage. No sale or transfer of any lot shall affect the lien for unpaid dues or special assessments. The monthly dues shall be payable monthly in advance, unless otherwise directed by the Board of Directors. The pro rata portion of the dues levied for the month purchased shall be collected by the Declarants from the purchaser of each lot at the time the sale is closed. This money shall be paid by the Declarants to the Association. The amount of the monthly dues for each year shall be fixed at the annual meeting of the membership for the following fiscal year of the Association. The monthly dues shall commence as to all lots on the date a deed to the lot from the Declarants is recorded. In addition to the monthly dues, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Association properties, or for acquiring additional land for Association properties, or for any other related purpose, and the Association shall give notice of meeting clearly stating that a vote is to be held on whether to levy such special assessment.

Section 2. Enforcement of Lien for Assessments: In the event a lot owner does not pay any sums, charges, or assessments required to be paid to the Association by the due date, the Association, acting on its behalf or through its Board of Directors, may enforce its lien for assessments and to take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with Chapter 44 and 44A of the North Carolina General Statutes. Provided, no foreclosure of a lien incurred exclusively for non-payment of penalties, fines and attorney's fees is authorized herewith. However, if dues or special assessments and interests and attorneys fees thereon for non-payment are also part of the lien, then foreclosure is permitted and authorized even though part of the sums owed may be penalties or fines.

Section 3. Legal Costs: In the event such legal action is brought against any lot owner and results in a judgment for the Association; the lot owner shall pay the Association's reasonable attorney's fees, costs of collection, and court costs.

Section 4. Foreclosure: If the Association becomes the purchaser of a lot by reason of foreclosure, it shall offer said lot for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums or money due it for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the lot, which shall include but not be limited to advertising expenses, real estate brokerage fees and other incidental expenses.

Section 5. Other Remedies: In the event of violation of the provisions of the Protective Covenants or rules and regulations adopted by the Board of Directors for thirty (30) days after notice from the Association to the lot owner and failure to correct the same, the Association, on its own behalf or through its Board of Directors, may bring appropriate action to enjoin such violation or

may enforce the provisions of the Protective Covenants or these By-Laws, or may sue for damages, or take other courses of action, or pursue other legal remedies as it may deem appropriate.

Section 6. Intent: Every lot owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to collection of dues and assessments, default and abatement of nuisances, regardless of the harshness of the remedy available to the Association and regardless of the availability of the other equally adequate legal procedures. It is the intent of all purchasers of lots to give the Association a method of procedure which will enable the Association at all times to operate on a business-like basis, to collect the monies due and owing it from the purchasers of lots, and to preserve each lot purchaser's right to enjoy his lot, free from unreasonable restraint and nuisance.

ARTICLE VI

AMENDMENTS

The By-Laws may only be altered, amended or added to at any duly called meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; and (2) that the quorum requirements for such purposes shall be a 60 percent of the eligible votes in person or by proxy. In addition, it shall be necessary that there be an affirmative vote of the Board of Directors, in order to amend the By-Laws. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee.

ARTICLE VII

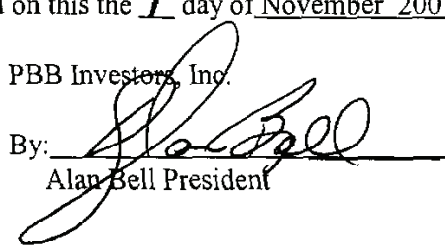
CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

IN WITNESS WHEREOF, PBB Investors, Inc. by its their duly authorized president has caused these By-Laws to be executed on this the 1 day of November 2007.

PBB Investors, Inc.

By: 

Alan Bell President

STATE OF NORTH CAROLINA

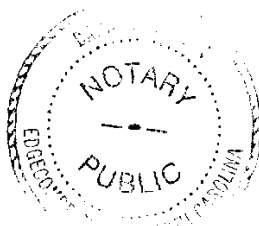
COUNTY OF ~~Andrew~~ *Carteret*

I, *Daphne B Spain* a Notary Public, in and for said County and State, do hereby certify that Alan Bell, President of PBB Investors, Inc., personally appeared before me this day and acknowledged the due execution of the foregoing instrument in such capacity for and on behalf of said corporation pursuant to express authority duly given.

Witness my hand and official seal or stamp this the 1 day of November 2007.

Daphne B Spain
Notary Public

My Commission expires: 11/30/2008



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Doc ID: 004150390002 Type: CRP
Recorded: 11/30/2007 at 01:44:18 PM
Fee Amt: \$17.00 Page 1 of 2
Onslow County, NC
Maryland K. Washington Reg. of Deeds

BK 2983 Pg 543-544

Prepared by and Return to Richard L. Stanley PO Box 150, Beaufort, NC 28516

STATE OF NORTH CAROLINA

**1st SUPPLEMENTAL AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
FOREST RIDGE SUBDIVISION
(ADDING LOTS 54-91, PHASE III)**

COUNTY OF ONSLOW

THIS FIRST SUPPLEMENTAL AMENDMENT executed this 30th, day of November 2007, PBB Investors, Inc., 604E Cedar Point Boulevard, Cedar Point, NC 28584, a North Carolina Corporation, herein "Declarant"; and any and all persons, firms and corporations hereafter acquiring any of the lots within Forest Ridge Subdivision;

W I T N E S S E T H:

WHEREAS, PBB Investors, Inc. has here therefore executed and recorded in 2971, page 1 through 41, Onslow County Registry, a comprehensive set of Covenants, Conditions and Restrictions for Forest Ridge Subdivision which are applicable to lots 1 through 53, Phases 1 and 2, Forest Ridge Subdivision, as shown on a plat recorded in Map Book 54, pages 118 and 119, Onslow County Registry;

WHEREAS, Declarant reserved the right in Section II to add additional properties to said Covenants and to have said Covenants binding on and run with the additional properties, and Declarant now desires to bring the additional properties described herein under the terms of said Declaration for said Subdivision;

NOW, THEREFORE, in accordance with Section II of said Declaration, Declarant hereby amends said Declaration by adding the additional lots as follows:

1. Section II (1) is amended to read as follows:

1. Applicability. The real property under the Declaration recorded in Book 2971, pages 1-41, described as lots 1 through 53, Phases 1 and 2, Forest Ridge Subdivision, as shown on a plat recorded in Map Book 54, Pages 118-119, Onslow County Registry, are subject to the operation of these Covenants. Additionally, lots 54-91, Phase III, as shown on a Bell & Phillips

Surveying, PLLC Plat recorded in Map Book _54_ Page _174_, Onslow County Registry, are further made subject to the operation of these Covenants.

2. The impervious surface restrictions applicable to the lots in Phase III shall be a set forth on Exhibit A to the Covenants in Book 2971, pages 1-41 with the following changes:

Maximum Built-upon areas for lots 54, 55, and 83:

Lot 54 5161 Square Feet

Lot 55 5050 Square Feet

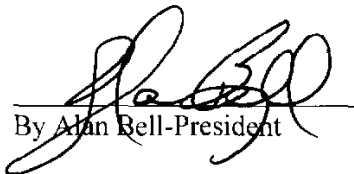
Lot 83 5213 Square Feet

All other lots in Phase III are limited to 5258 square feet each.

3. Binding effect. From and after the date of recording this Amendment shall be binding on the owners of said lots subject to these Covenants and their heirs, successors and interest and assigns, and said Covenants shall run with said lots.

WITNESS WHEREOF, PBB Investors, Inc. has executed this Supplemental Amendment on the date above written.

PBB Investors, Inc.


By Alan Bell-President

STATE OF NORTH CAROLINA
COUNTY OF CARTERET

I, Betty M. Gay, a Notary Public for the County and State aforesaid, certify that Alan Bell in the capacity of President of PBB Investors, Inc., personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said North Carolina Corporation for the purposes expressed herein and pursuant to authority duly granted.

Witness my hand and official stamp or seal, this the 30 day of November 2007.

My Commission expires: 1-19-08

