

according to the percentage interest owned as stipulated in the Declaration. Such assessments may include payments to a general operating reserve. Any such assessments levied upon the owner of a unit shall become a lien on said unit at the time assessed and until paid in full. Each regular assessment levied shall be due and payable **when** assessed. Any special assessment, designated as such by the Board of Directors shall be due and payable when assessed. There will be no declaration in trust for said lien.

## **Section 2. Maintenance and Repair.**

(a) Every owner must perform promptly all maintenance and repair work within his own unit which, if omitted, would affect the general or limited common elements, or any other unit, such owner being expressly responsible for the damages and liabilities his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, power, telephone, cable television, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Condominium for any expenditures incurred in repairing or replacing any general or limited common element damaged through his fault, other than damage arising from an insured casualty.

(d) During the period 1 November through 1 April of each year all owners must maintain heat within their respective unit at a minimum of fifty-five (55) degrees Fahrenheit.

## **Section 3. Destruction of Buildings.**

(a) In the event of the destruction of any part of the buildings of the Condominium, such destroyed part or parts shall be rebuilt unless such destruction amounts to more than two-thirds in value of the total value of both buildings. In such rebuilding the proceeds of any casualty insurance shall be used to the extent available, and as permitted and provided by the provisions of Section 2 of Article VI of these By-Laws, being allocated to the Units, general common elements and limited common elements, damaged or destroyed, in proportion to the cost of restoring each such improvement of facility. Costs in excess of such proceeds shall be paid, as to each Unit, by the owner thereof and, as to the general common elements and limited common elements, by assessment as for repairs to such elements.

(b) In the event of the destruction of any part or all of the buildings of the Condominium amounting to more than two-thirds in value of the total value of both buildings, if three-fourths (3/4) of the owners of the units shall duly resolve not to rebuild or restore the buildings at any owner's meeting called to consider the question of such restoration, the buildings shall not be restored, then and in that event:

(1) The property shall be deemed to be owned as a tenancy in common by the unit owners;

(2) The undivided interest in the property owned by the unit owners as tenants in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

(3) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property as provided herein;

(4) The property shall be subject to an action for sale for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all the unit owners in proportion to their respective undivided ownership of the common areas and facilities, after first paying, out of the respective shares of unit owners, to the extent sufficient for that purpose, all liens on the unit of each unit owner; and

(5) All real property owned by the Association itself shall be transferred by recordable instrument to the individual unit owners in the same proportions as their ownership in the common area appears.

(c) In the event of partial or complete destruction of any waste water treatment facility or any appurtenance thereto, the same shall be immediately reconstructed to original specifications meeting with the approval of the Dare County Health Department and other appropriate governmental agencies, with the first proceeds of the insurance thereon, or in the event insurance proceeds are delayed, the same shall be reconstructed with capital improvement reserve funds and with common expense funds as may be necessary for said reconstruction. Provided, however, this provision shall not apply in the event the said condominium building itself is destroyed and the owners of units therein shall duly resolve not to rebuild or restore said buildings as provided in Section 3, Paragraph (b) hereinabove.

**Section 4. Use of Condominium Units – Internal Changes.** An owner shall not make structural modifications or alterations in his unit or installations located therein unless he has previously notified the Condominium in writing through the President of the Board of Directors and received no objection thereto. The Condominium shall have the obligation to answer within thirty (30) days, and failure to do so within that time shall mean that there is no objection to the proposed modification or alteration.

**Section 5. Use of General Common Elements.** The rules pertaining to the use of common elements shall also pertain to those properties conveyed to or owned by the Association which, for the purpose of these By-Laws and for the determination of common expenses are treated as common elements. An owner shall not place or cause to be placed in the general common elements any furniture, packages or objects of any kind, except that he may temporarily place chairs, umbrellas or other beach paraphernalia in open areas. The remaining general common elements shall be used for no other purpose than for normal transit through them, or for other such restricted uses as may be designated by the Board of Directors.

**Section 6. Right of Entry.** An owner shall grant right of entry to any person authorized by the Board of Directors of the Condominium in case of any emergency originating in or threatening his Unit, whether the owner is present at the time or not.

**Section 7. Rules of Conduct.**

(a) No resident of the Condominium shall post any advertisements or posters of any kind on the exterior of the Condominium or on common elements.

(b) Residents shall exercise care about making noises or in the use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.

(c) Clothing, towels and other items of personal property shall not be hung on exterior railings or on any exterior part of the building.

**ARTICLE VI**

**INSURANCE**

**Section 1. Protective Policies.** The Board of Directors shall procure and maintain, in its name as agent or trustees for the benefit of the co-owners who shall be deemed parties insured, policies of insurance in stock insurance companies licensed to do business in the State of North Carolina, to the extent obtainable, as follows:

(a) A policy or policies insuring the building against loss, damage or destruction by fire or other casualty, including lightning, windstorms, hail, explosion, riot, civil commotion, aircraft, vehicle, falling objects, smoke, malicious mischief, vandalism, collapse through weight of snow, ice or sleet, water, flood and other similar casualty, in an aggregate amount equal to the full insurable replacement value of the building without regard to depreciation. The policy or policies, unless otherwise insuring the Condominium Units against loss, damage or destruction, shall have a contingent or conditional endorsement, with limits equal to the replacement value of the Condominium Units, providing for payment by the insurer of a sum sufficient for restoration of each unit to a tenantable condition, in the event that the owner thereof shall fail or refuse to restore his unit within a reasonable time after loss, damage or destruction of such unit, by fire or other casualty insured against. In lieu of the foregoing insurance, the Board of Directors may procure and maintain such other insurance against loss, damage or destruction of the general

common elements, limited common elements and the Condominium Units, as shall give substantially equal or greater protection to the co-owners, as their interests may appear.

(b) Such insurance shall protect the owners, and each of them, from claims under workman's compensation acts and other employee benefit acts.

(c) Such insurance shall protect the Manager, the Board of Directors, the owners, and each of them, from claims for damage to the property, any or all of which may arise out of or result from ownership of any interest on the Condominium Project or the management or operation of said project, or because of any injury or damage sustained on or attributable to the property, including the ownership, maintenance and use of the parking areas outside the building. It is intended that the insurance described in this subparagraph be a comprehensive general liability policy endorsed to protect each co-owner against all liability arising out of or otherwise attributable to the property, including operation of the premises, products liability, liability attributable to work or other act of an independent contractor, or let or sub-let work, landlord-tenant liability, and contractual liability. Further the insurance shall cover the liability of one or more co-owners, though also parties insured. Such public liability insurance shall be in the limits of at least **\$2,000,000.00** for injuries or damages sustained by any one person, **\$4,000,000.00** for injuries or damage sustained by two or more persons, **\$4,000,000.00** for injuries or damage sustained by two or more persons in any one accident, **inclusive of** property damage. The public liability insurance policy shall be so endorsed as to protect the insured against liability imposed or assumed by any contract.

(d) In all events, each policy of insurance procured under this Section I of Article VI shall contain a waiver of the insurer's subrogation rights against each co-owner, and a waiver of any defense maintainable by the insurer by reason of any co-insurance provision of any policy or by reason of any act or neglect of any co-owner, whether before or after the loss, damage or destruction may occur. Further, each policy of insurance shall provide that any co-owner in his own right may procure other insurance, fire casualty, liability or otherwise, and that such other insurance shall in no wise serve to reduce, abate diminish or cause any proration in payment of the total loss by the insurer. Each policy of insurance procured under Paragraphs (a) or (b) of this Section 1 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the Board of Directors.

Nothing provided in this Article VI shall prejudice the right of any co-owner to insure his Condominium Unit on his account and for his own benefit, or to insure himself against liability to others. If the co-owners, however, shall procure fire or other casualty insurance covering his Condominium Unit or his interest in the Condominium Project, he shall file with the Board of Directors a duplicate of the insurance policy.

**Section 2. Repairs and Replacements.** Unless more than two-thirds (2/3rds) of the buildings are destroyed, the proceeds of any insurance policy procured under the provisions of Paragraph (a) if Section I of this Article VI shall

be applied to repair, restore and reconstruct the common elements destroyed by the casualty insured against and thereafter, if there be any surplus, to repair or restore the Condominium Units damaged by said casualty. If the proceeds of insurance are insufficient to cover the cost of any repair, replacement or restoration of the common elements, upon special assessment therefore and levy thereof by the Board of Directors against each co-owner in accordance with his percentage interest factor.

**Section 3. Disbursement of Insurance Proceeds.** If more than two-thirds (2/3rds) of the buildings are destroyed, than the disbursement of the proceeds of all insurance policies shall be paid in accordance with and governed by the provisions of Section 3 of Article V, supra.

**Section 4. Application for Insurance.** Each owner shall furnish such information and sign such application forms or other documents, if any, as may be required to obtain insurance as provided in this Article VI.

## **ARTICLE VII**

### **FINANCE**

**Section 1. Checks, Drafts, etc.** All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Condominium, shall be signed by officers, agents or manager of the condominium, as determined by the Board of Directors.

**Section 2. Annual Reports.** There shall be prepared annually a full and correct statement of the affairs of the Condominium, including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be audited by an independent public accountant and submitted at the **March biannual** meeting of the owners and filed within twenty (20) days thereafter at the principal office of the Condominium.

**Section 3. Fiscal Year.** The fiscal year of the Condominium shall be the calendar year, unless otherwise provided by the Board of Directors.

## **ARTICLE VIII**

### **AMANDMENTS**

**Section 1. By-Laws.** These By-Laws may be amended by the Condominium Association at any duly constituted meeting, provided the notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least two-thirds (2/3rds) of the owners; subject, however, to the restrictions set forth Article II, Section 1 of the By-Laws. All Unit Owners shall be bound by any amendment upon the same being duly passed and set forth in an Amended Declaration duly recorded in the Dare County Registry.

## **ARTICLE XI**

### **MORTGAGES**

**Section 1. Notice to Association.** An owner who mortgages his unit shall notify the President of the Board of Directors of the name and address of his mortgagee; and the Condominium shall maintain such information in a book entitled "Mortgagees of Units". Provided further, each condominium unit is subject to alienation, mortgage or transfer as is any other real property located within the State of North Carolina, however, no condominium unit owner may mortgage or convey by deed of trust his apartment or condominium unit or convey the same as collateral, to any person, firm or corporation except as said conveyance, mortgage or deed of trust shall be a first lien deed of trust or first mortgage or a purchase money mortgage or deed of trust on the condominium unit, unless prior approval is obtained from the Association.

## **ARTICLE X**

### **RESIDENT AGENT**

**Section 1.** The resident agent heretofore named in the Declaration shall be authorized to accept service of process in any action relating to two (2) or more Units or to the common elements as authorized in Chapter 47A of

the General Statutes of North Carolina, or any amendments thereof. The Board of Directors may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Secretary of State of North Carolina.

## **ARTICLE IX**

### **COMPLIANCE**

**Section 1.** There By-Laws are set forth to comply with the requirements of Chapter 47A of the General Statutes of North Carolina. In case any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

Margaret

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From: Vickie Bartley [mailto:vickbartley@yahoo.com]  
Sent: Friday, September 19, 2014 4:02 PM  
To: Margaret Welch  
Subject: Sands Condominium

Margaret, The Board President is a lawyer and has been going over the By-laws. He has found were each owner is supposed to have a copy to the insurance. Is this a problem? He also asked about the name of the trustee that the insurance is payable to. I told him that I thought it was simply to Sands Condominium. Please correct me if I am mistaken.

Vickie L. Bartley  
www.windjammerobx.com <<http://www.windjammerobx.com/>>

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