

DECLARATION OF CONDOMINIUM
FOR
BEACON QUARTERS AT COROLLA LIGHT

A CONDOMINIUM COMMUNITY

DECLARANT: FLORIDA OBX #13, LLC

DATE:

**THIS DOCUMENT REGULATES OR PROHIBITS
THE DISPLAY OF POLITICAL SIGNS**

Prepared by and Mail to:
Margaret M. Chase, Higgins Benjamin, PLLC

301 N. Elm Street, Suite 800, Greensboro, NC 27401

NORTH CAROLINA
CURRITUCK COUNTY

**DECLARATION OF CONDOMINIUM
FOR BEACON QUARTERS AT COROLLA LIGHT, A CONDOMINIUM**

This Declaration of Condominium for Beacon Quarters at Corolla Light, a Condominium (this "Declaration") is made this _____ day of _____, 2019, by FLORIDA OBX #13, LLC, a Florida limited liability company (the "Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the "North Carolina Condominium Act."

BACKGROUND STATEMENT

Declarant is the Owner of a parcel of real property located in Currituck County, North Carolina, and more particularly described in Exhibit A attached hereto (the "Land"). Declarant shall construct on the Land one (1) building containing two (2) residential condominium units. Declarant shall also construct on the Land other common amenities, such as sidewalks, driveways, landscaped areas and other improvements. Declarant desires to submit the Land and the improvements to be located on the Land (collectively, the "Property") to the terms and provisions of the North Carolina Condominium Act (the "Act").

The Property is subject to the Master Declaration (as defined herein) pursuant to that certain Supplement Declaration of Corolla Light PUD recorded in Deed Book _____ at Page _____ of the Currituck County, North Carolina Public Registry.

In addition, in accordance with the terms of the Act, Declarant shall create a nonprofit, incorporated Owners' association to which will be delegated and assigned powers of maintaining and administering the "Common Elements" of the "Condominium" (as those terms are defined below), of administering and enforcing the covenants and restrictions created in this Declaration, and of levying, collecting and disbursing the assessments and charges created in this Declaration, and of taking any steps or performing any acts deemed necessary or appropriate to preserve the values of condominium units within the Property and to promote the recreation, health and welfare of the unit Owners.

STATEMENT OF DECLARATION

NOW THEREFORE, Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, encumbered, occupied, developed and used subject to the following covenants, conditions, easements, uses, limitations, obligations, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the establishment of the Property as a condominium, pursuant to the Act, and which shall run with the land and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall all inure to the benefit of each Owner of any interest therein.

ARTICLE I **DEFINITIONS**

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases shall have the following meanings when used in this Declaration:

Section 1.1 Act. "Act" shall mean and refer to the North Carolina Condominium Act, Chapter 47C of the General Statutes of North Carolina, as amended from time to time.

Section 1.2 Association. "Association" shall mean and refer to Beacon Quarters at Corolla Light Condominium Owners Association, Inc., a corporation organized and existing under the North Carolina Non-Profit Corporation Act pursuant to and in accordance with this Declaration, the Bylaws, and the Act.

Section 1.3 Buildings. "Building" shall mean and refer to the buildings located upon the Land, and to any buildings which are hereinafter constructed upon any land that is later subjected to this Declaration.

Section 1.4 Bylaws. "Bylaws" shall mean and refer to the bylaws of the Association, as amended from time to time as attached hereto as Exhibit C.

Section 1.5 Common Elements. "Common Elements" shall mean and refer to all portions of the Beacon Quarters at Corolla Light Condominium other than the Units, as depicted on the Plans, and as more particularly described in Section 6.1 of this Declaration.

Section 1.6 Common Elements Interest. "Common Elements Interest" shall mean and refer to the undivided percentage interest in the Common Elements allocated to each Unit, as set forth on Exhibit B attached hereto, the total of which shall equal one hundred percent (100%). The Common Elements Interest has been calculated based on a uniform value for each Unit in the Condominium. The uniform value has been assigned on the basis of various factors, including average fair market values, replacement costs, relative sizes and simplicity, and shall be used to allocate the division of proceeds, if any, resulting from any casualty loss or eminent domain proceedings, and to determine each Unit's share of Common Expenses. Upon the filing of this Declaration there will be two (2) units in the Condominium and the Owners of each Unit will consequently be entitled to 1/2 interest in the Common Elements. Upon the filing of each supplement to the Declaration, each Unit will be reallocated an interest in the Common Elements equal to a fraction, the numerator of which shall be "1" and the denominator of which shall be the total number of Units under the Declaration. Upon the final supplement of the additional phases of the Condominium, if there are thirty-two (32) units, then the Owners of each Unit will be entitled to 1/32nd interest in the Common Elements.

Section 1.7 Common Expenses. "Common Expenses" shall mean and refer to (i) any and all expenditures made by or financial liabilities of the Association which include but are not limited to ad valorem taxes, public assessments or governmental liens levied against the Common Elements, to the extent not billed to individual Units, and the maintenance and repair of Common Elements, and (ii) any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws, and NCGS § 47C-1-103(5).

Section 1.8 Community Systems. "Community Systems" shall mean and refer to any and all cable television, telecommunication, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials, and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant or pursuant to any grant of easement or authority by Declarant within the Property.

Section 1.9 Condominium. "Condominium" shall mean and refer to Beacon Quarters at Corolla Light, a Condominium, as established by the submission of the Property to the terms of the Act by this Declaration.

Section 1.10 Condominium Documents. "Condominium Documents" shall mean and refer to this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the rules and regulations governing the use of the Property, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.

Section 1.11 Declarant. "Declarant" shall mean and refer to Florida OBX #13, LLC, a Florida limited liability company domesticated in North Carolina. In addition, following recordation of a document transferring to another person or entity all or some of the Special Declarant Rights, pursuant to Section 7.2 of this Declaration, the term "Declarant" also shall mean and refer to that transferee.

Section 1.12 Declarant Control Period. "Declarant Control Period" shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of all Units (including any Units which may be added to the Condominium) to an Owner other than Declarant; (ii) two (2) years after Declarant ceases to offer Units (including any Units which may be added to the Condominium) for sale in the ordinary course of business; or (iii) the date upon which Declarant voluntarily surrenders control of the Condominium in writing.

Section 1.13 Declaration. "Declaration" shall mean and refer to this Declaration of Condominium for Beacon Quarters at Corolla Light, a Condominium, as it may be amended from time to time.

Section 1.14 Executive Board. "Executive Board" shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the Act.

Section 1.15 Land. "Land" shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on Exhibit A attached hereto.

Section 1.16 Limited Common Elements. "Limited Common Elements" shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of NCGS § 47C-2-102(2) or (4), including easement rights, for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 6.2 of this Declaration, and as depicted on the Plans.

Section 1.17 Master Association. "Master Association" shall mean and refer to Corolla Light Community Association, Inc.

Section 1.18 Mortgage. "Mortgage" shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.

Section 1.19 Mortgagee. "Mortgagee" shall mean and refer to the Owner and holder of a Mortgage that has notified the Association in writing of its name and address, and that it holds a Mortgage on a Unit. Such notice will be deemed to include a request that the Mortgagee be given the notices and other rights described in Article XVII.

Section 1.20 Master Declaration. "Master Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions, and Restrictions for Corolla Light PUD Subdivision recorded in Book 203 at Page 151 of the Currituck County Public Registry, as supplemented and amended.

Section 1.21 Owner. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit as merely security for the payment or performance of an obligation.

Section 1.22 Person. "Person" shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust or other legal entity.

Section 1.23 Plans. "Plans" shall mean and refer to the surveys, plans and specifications of the Buildings and Property and recorded under the name of the Condominium in the Condominium Plat Books in the Office of the Register of Deeds of Currituck County.

Section 1.24 Property. "Property" shall mean and refer to the Land; the Buildings and all other improvements and structures located on the Land; and all easements, rights and appurtenances belonging or appertaining to the Land, together with any additional Units that may be subjected to this Declaration.

Section 1.25 Special Declarant Rights. "Special Declarant Rights" shall mean the rights reserved for the benefit of Declarant in the Condominium Documents, including but not limited to all development rights, as more particularly described in Article V of this Declaration.

Section 1.26 Unit. "Unit" shall mean and refer to one or more of those two (2) Units located in Beacon Quarters at Corolla Light Condominium, which are restricted to residential use (subject to the provisions of Section 8.2 herein), together with any additional Units which may be constructed in additional Buildings.

In addition, the definitions set forth in NCGS § 47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or the Condominium Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II DESCRIPTION OF CONDOMINIUM

Section 2.1 The Property. The Property is located entirely in Currituck County, North Carolina and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Property contains approximately 25,800 gross square feet of residential space and appurtenant Common Elements as shown on the Plans. The Beacon Quarters at Corolla Light Condominium Property is hereby subjected to the terms of the Act. The name of the Condominium is Beacon Quarters at Corolla Light, a Condominium. The Beacon Quarters at Corolla Light Condominium is located within the larger Corolla Light Community Association; therefore, some of the functions which might typically be carried out by the Association are to be carried out by the Master Association, as described more particularly herein and in the Master Declaration.

ARTICLE III DESCRIPTION OF BUILDINGS

The Building contains those certain units, common areas and limited common areas shown on the Plans. Declarant reserves the right to subdivide or combine Units at its discretion provided that Declarant complies with any applicable rules set forth in the Master Declaration. The Plans contain a certification by a North Carolina registered surveyor and a North Carolina licensed architect, that the Plans contain all the information required by NCGS. § 47C-2-109.

ARTICLE IV DESCRIPTION OF UNITS

Section 4.1 Location of Buildings. The location and dimensions of the Buildings are shown on the Plans.

Section 4.2 Units. The location of Units within the Buildings, their dimensions, and their floor and ceiling elevations, are shown on the Plans. There are a total of two (2) Units in one (1) building identified as Building 1 on the Property; provided, however, that Declarant reserves the right to create additional Units which may be subjected to this Declaration pursuant to Section 5.1 herein, or to subdivide or combine any Units in the

future for any reason, provided that Declarant complies with any applicable rules set forth in the Master Declaration. The identifying number for each Unit is set forth on the Plans.

Section 4.3 Unit Boundaries. The boundaries of each Unit are as follows:

- a) Upper Boundary: The horizontal plane of the top surface of the wallboard in the ceilings within each Unit.
- b) Lower Boundary: The horizontal plane of the bottom surface of the subflooring or underlayment for the floor immediately beneath the Unit where the same meets the concrete slab supporting the floor on which the Unit is located.
- c) Vertical Boundaries: The vertical planes which include the back surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

As provided in NCGS § 47C-2-102(1), all furring, wallboard, plasterboard, tiles, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Unit. As provided in NCGS § 47C-2-102(2), if any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 6.2 below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element.

ARTICLE V

DEVELOPMENT RIGHTS

Section 5.1 Creation of Additional Units, Common Elements and Limited Common Elements. Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to create new Units, Common Elements and Limited Common Elements in accordance with the provisions of this Article V. The maximum number of Units within the Condominium that Declarant reserves the right to create, including Units in existence as of the date of recording this Declaration is thirty-two (32). Declarant may exercise this Development Right within the twenty (20) year period specified above, without the consent or approval of the Association, or any other Owner, by executing and recording a Supplemental Declaration in the manner provided for in Section 5.2 below. If the Declarant exercises its Development Right to create additional Units, the Declarant shall not be obligated to create up to the maximum number of Units and Limited Common Elements as specified above but may create any number less than the maximum number specified above.

Section 5.2 Supplementary Declaration. In order to exercise any Development Right reserved under this Article V, Declarant shall execute and record an amendment to this Declaration in accordance with NCGS §47C-2-110 (a “Supplementary Declaration”). Any Supplementary Declaration executed and recorded by Declarant to exercise the Development Right of creating new Units, Common Elements or Limited Common Elements so created, as well as in an amendment to Exhibit B attached to this Declaration, assigning and identifying numbers to each new Unit and relocating the Common Elements Interests among all Units. Any such Supplementary Declaration also may contain such addition to the provisions of this Declaration as may be necessary to reflect the different character of the new Units created by Declarant, so long as such additions are not inconsistent with the overall scheme of the Declaration, and provided that such additions shall not apply to any Unit created prior to recordation of the Supplementary Declaration or to the Owner of any such Unit.

ARTICLE VI COMMON ELEMENTS

Section 6.1 Common Elements. The Common Elements include all portions of the Condominium that are not part of the Units, including without limitation:

- 1) All improvements located on the Land outside of the Buildings, including without limitation, an outdoor swimming pool, trolley stop, horseshoe pit area, all paved areas, and all landscaped areas;
- 2) The Limited Common Elements described in Section 6.2 below;
- 3) Any connections, lines and meters for utility services that are not owned by the public utility or municipal agency providing such services that are located outside of the Units but within the Beacon Quarters at Corolla Light Condominium Property;
- 4) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association; and
- 5) Any portions of the heating, ventilation and air conditioning systems or other mechanical or fire suppression systems located outside the Units which provide service to the entire Beacon Quarters at Corolla Light, and easement rights to use the same; and

Section 6.2 Limited Common Elements. The Limited Common Elements shall be composed of the following:

1) Those portions of any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit shall be Limited Common Elements allocated exclusively to that Unit;

2) Any shutters, awnings, window boxes, porches, decks, balconies, patios, mail boxes and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside that Unit's boundaries, shall be Limited Common Elements allocated exclusively to that Unit. The mail box appurtenant to a particular Unit shall be evidenced by the Unit number of such Unit affixed by Declarant on the mail box. The Owners of a Unit may surround the patio or porch which serves such Owner's Unit with flowers or shrubs subject to the prior approval of Declarant and/or the Executive Board. No fences may be erected around the patio, deck or porch allocated to a Unit by the Owner of such Unit or otherwise erected in the front, side or rear yard allocated to a Unit;

3) Any portions of the heating, ventilating, and air conditioning systems, including a heat pump for each Unit, and all fans, compressors, return air grills and thermostats, whether located inside or located outside the designated boundaries of a Unit, such as the attic area, which shall be Limited Common Elements allocated exclusively to the Unit or Units that they serve; and

4) Those areas indicated as Limited Common Elements on the Plans.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the Act, the obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. References in this Declaration to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise.

Section 6.3 Undivided Interests of Owners in Common Elements. The percentage interest in the Common Elements allocated to each Unit shall be the Common Elements Interest for that Unit as set forth on Exhibit B attached hereto. The Common Elements Interest allocated to each Unit shall be changed upon the subdivision of Units in accordance with Sections 10.5(1) and (2) or the addition of new Units in accordance with Section 5.1 herein.

Section 6.4 Maintenance of Common Elements. The Association shall be responsible for the maintenance and repair of all Common Elements, except that the Owners having the right to use and enjoy such Limited Common Elements shall perform every day and routine maintenance with respect to such Limited Common Elements, except for maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his or her agents, invitees or family members, which shall be the responsibility of that Owner. All other repairs to Limited Common Elements other than every day and routine maintenance, including without limitation the painting of such Limited Common Elements, shall be performed by the Association, and the costs thereof shall be a Common Expense of the Association. The Association may repair a Limited Common Element if the applicable Owner fails to do so, and the costs of such repair shall be charged to such Owner as an individual assessment, as provided in Section 11.5 herein. In addition, each Owner shall maintain and repair any utilities, including without limitations pipes and cables, which are located within such Owner's Unit at the Owner's sole cost and expense, and the Association shall maintain and repair any utilities which are located within the Common Elements, the cost of which maintenance and repair shall be a Common Expense of the Association. Such maintenance of the Common Elements shall include the private infrastructure on the Property and maintenance of stormwater measures.

Section 6.5 Parking Rights. Declarant reserves, for itself and the Association, the right to require Owners to display appropriate permits on their vehicles. The guests and invitees of Owners shall have a nonexclusive easement to use those parking spaces on the roadways within the Property; provided however, that Declarant during the Declarant Control Period, and the Association thereafter, has the right to designate the location and number of parking spaces which may be used by such guests and invitees in Declarant's sole discretion during the Declarant Control Period, and the Association's sole discretion thereafter, in any rules and regulations governing the Property which are promulgated from time to time by Declarant or the Association.

ARTICLE VII

SPECIAL DECLARANT RIGHTS

Section 7.1 Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of Declarant in the Condominium Documents, which rights may be exercised within twenty (20) years following the date of recording of this Declaration, and shall include, without limitation, the following rights, which are hereby reserved by Declarant:

- 1) The right to complete any improvements shown on the Plans;
- 2) Easements rights through the Common Elements for the purpose of completing construction of Beacon Quarters at Corolla Light Condominium;

- 3) The right to appoint or remove officers of the Association or members of the Executive Board during the Declarant Control Period;
- 4) The right to maintain sales offices, model units, sales/construction trailers and signs advertising the Condominium. Declarant may utilize any portion(s) of the Declarant owned Units or Common Elements as sales offices or models;
- 5) The right to subdivide or combine the Units, as provided in Section 10.5(1);
- 6) The development right to subject additional Units, Common Elements, or Limited Common Elements, all in accordance with Section 5.1 herein; and
- 7) The right to exercise any other rights granted to or reserved by Declarant in the Beacon Quarters at Corolla Light Condominium Documents.

Section 7.2 Transfer of Special Declarant Rights. Declarant may transfer any Special Declarant Rights created or reserved under the Beacon Quarters at Corolla Light Condominium Documents to any person or entity, by an instrument evidencing the transfer duly recorded in the Office of the Register of Deeds for Currituck County. The instrument shall not be effective unless it is executed by the transferor and the transferee. Upon the transfer of any Special Declarant Rights, the liability of the transferor and the transferee shall be as set forth in NCGS § 47C-3-104.

ARTICLE VIII RESTRICTIONS ON USE

Section 8.1 Master Declaration. All Owners shall comply with all provisions set forth in the Master Declaration regarding use of the Units. All provisions in the Master Declaration regulating the use of the Units are incorporated herein by this reference and made a part hereof.

Section 8.2 Residential Use. All Units shall be used for residential purposes only; provided, however, that portions of the Units also may be used for home office purposes by the residents of such Units, provided that the primary use of each Unit is residential, no business customers of the Owner visit the Unit and the Owner does not advertise the address of the Unit as such Owner's business address. Notwithstanding the foregoing, Declarant may maintain any Unit owned by Declarant as a sales office or model Unit. Declarant may maintain as many sales offices and model Units as it desires, and may relocate such sales offices and model Units within the Property in its sole

discretion. In addition, Units shall be occupied by no more persons than the maximum permitted by law for the Unit and all Units shall be used in a manner which is consistent with those rules and regulations promulgated from time to time by the Association and pursuant to the Master Declaration, which rules may change from time to time.

Section 8.3 Nuisance. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners, or endanger the health and safety of any Owner. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Property. Owners are responsible for preventing disturbing noises or noisy and boisterous conduct which would disturb the peace and conduct of other Owners. The loud playing of stereos, televisions or musical instruments is discouraged, together with any noisy or boisterous conduct which would disturb the peace and quiet enjoyment of other Owners.

Section 8.4 Prohibitions on Use of Common Elements. The Common Elements shall not be used for the storage of personal property of any kind, including without limitation bicycles, wagons and carts. Sidewalks, driveways, drainage areas and parking areas shall not be obstructed in any way, or used for other than their intended purposes. Except for work done by the Declarant in connection with the construction and marketing of Units, nothing shall be built, caused to be built or done in or to any part of the Property which will alter or cause any alteration to the Common Elements without the prior written approval of the Executive Board and the Declarant. In general, no activity shall be carried on nor conditions maintained by any Owner either in his or her Unit or upon the Common Elements which despoils the appearance of the Property.

Section 8.5 Garbage. Trash, garbage and other waste shall be kept in sanitary containers within each Unit, and the Owner of each Unit shall be responsible for placing such garbage in the designated trash receptacle on a regular basis. No Owner may place large articles, including without limitation furniture or mattresses, into trash chutes, dumpsters or other waste disposal facilities. In particular, no trash, garbage or recycling shall be placed outside of the front door of a Unit or in any other Common Element in any Building for any period of time. Boxes shall be completely collapsed and shredded before disposal.

Section 8.6 Parking. The parking rights of Owners or their guests are described in Section 6.5 of this Declaration, and are subject to any rules or regulations that may be promulgated by Declarant or the Association. No boat, boat trailer, motor home, travel trailer, camper, van (other than non-commercial passenger vans), trucks (unless licensed as a passenger vehicle and less than three-quarter ton capacity), commercial vehicles (whether or not registered as a commercial vehicle with the State Department of Transportation) or other recreational vehicle may be stored on the Property. The

Association shall have the right to tow any vehicle in violation of this Section 8.6 at its Owner's expense.

Section 8.7 Leases. Leaseholds of any Unit may be granted or be conveyed by an Owner only in accordance with the following restrictions:

1) Any lease, assignment, or sublease must be for the entire Unit unless Declarant (or after turnover, the Association) gives prior written consent to leasing a portion of the Unit; and

2) Each tenant, by becoming a tenant, agrees to be bound by this Declaration. If any Owner or tenant violates any of the provisions of this Declaration, the Association may bring an action in its own name or in the name of the Owner, or both, to have the tenant evicted or to recover damages, or both. These remedies are not exclusive and are in addition to other remedies available. The cost of such action shall be recovered by the Association which shall be a continuing lien on the Unit, binding on the Owner, his heirs, successors and assigns. The Association shall give the tenant and the Owner written notice of the nature of the violation(s) and 20 days from the mailing of the notice in which to cure the violation before the Association may file an action for eviction or damages or both.

Section 8.8 No Timeshares. No interest in any Unit may be subjected to a time share program, as that term is defined in NCGS § 93A-41(10).

Section 8.9 Animals. No animals, wildlife, livestock, or poultry of any kind shall be kept or maintained on the Corolla at Beacon Quarters Condominium except that no more than two (2) common household pets may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes. All animals shall be leashed (if outdoors) or kept within the Unit and shall not be permitted to roam free. The Association may restrict the walking of pets to certain areas. Owners who walk their pets on Common Elements must clean up after their pets. Commercial activity involving pets, including, without limitation, boarding, breeding, grooming or training is not allowed. If, in the opinion of the Executive Board, any pet becomes a source of unreasonable annoyance to others, or the Owner of the pet fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the pet from the Property. Pets may not be left unattended or leashed outside the Unit. No dog houses shall be permitted.

Section 8.10 Architectural Control. No exterior addition to, or change or alteration in, any Unit or the Common Elements shall be made until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Association and only in

compliance with all requirements of the Master Declaration. No Owner shall penetrate the siding on the exterior of a Building in any way.

Section 8.11 Signs. No sign of any kind shall be displayed to the public view on Unit except (i) temporary political signs, (ii) one sign of not more than 5 square feet advertising the Unit for sale or rent, or (iii) signs used by the Declarant to advertise the Property during the construction and sales period. The Association shall not regulate the content of political signs.

Section 8.12 Maintenance. The Owner of each Unit is responsible for maintaining his or her Unit as well as performing every day and routine maintenance of the Limited Common Elements appurtenant thereto, as more particularly set forth in Section 6.4 herein. Each Owner shall keep his or her respective Unit and its appurtenant Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto, the Association shall have the right (but shall have no obligation) to perform such maintenance and assess the defaulting Owner the cost thereof as an individual assessment, as more particularly described in Section 11.5 herein.

Section 8.13 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners upon request.

Section 8.14 Porch Areas. The porch areas shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for the storage of bicycles, overnight storage of garbage, or for the drying of laundry. In particular, towels or banners shall not be hung on the porch, and any dead plants shall be removed promptly. There shall be no exterior lighting (except for any lighting installed by Declarant in connection with the construction of the Buildings, Common Elements and Units) including but not limited to holiday lighting unless otherwise approved in writing by the Executive Board.

Section 8.15 Illegal Activities. The Owner, any member of the Owner's household, or a guest or other person under the Owner's control shall not engage in or facilitate criminal activity on or near the Condominium, including, but not limited to, violent criminal activity or drug-related criminal activity and shall not keep or store any firearms in such Owner's Unit, Limited Common Elements or elsewhere on the Condominium. "Violent criminal activity" means any felonious criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another. "Drug-related criminal activity" means the illegal manufacture, sale, distribution or use, or possession with intent to manufacture, sell, distribute or use, of a controlled substance (as defined in 42 U.S.C. 1437).

Section 8.16 Satellite Dishes, Antennas, etc. Owners are prohibited, to the maximum extent permitted by law, from attaching, installing, displaying or affixing satellite dishes, antennas or other transmitting devices, to the exterior of any Building (including but not limited to any balcony, patio, or other Limited Common Element or Common Element) or on the Land.

Section 8.17 Declarant Exemption. The provisions of this Article are intended to restrict certain uses that may be harmful or affect the ambience or aesthetic appeal of the Property to be constructed by Declarant. The restrictions are not intended to prohibit Declarant from performing such work as may be necessary in the completion of the work in the Property. The restrictions of this Article shall therefore not be binding upon Declarant in the performance of any of the work required in order to complete construction of the Property.

ARTICLE IX THE ASSOCIATION

Section 9.1 Organization of Association. A nonprofit North Carolina corporation known and designated as Beacon Quarters at Corolla Light Condominium Owners Association, Inc. (the "Association") has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws, and the North Carolina Condominium Act. Every Owner shall be required to be and shall automatically be a member of the Association by virtue of its Ownership interest in a Unit.

Section 9.2 Powers, Lien for Assessment. In the administration of the operation and management of the Beacon Quarters at Corolla Light Property, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration; to levy and collect assessments in the manner provided in Article XI below and in the Bylaws; and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Association may deem to be in the best interest of the Owners in accordance with the Bylaws. Any assessment levied against a Unit or against a Unit Owner shall constitute a lien on the Unit with respect to which the assessment was made or fine levied from the time the assessment or fine became due, in accordance with NCGS §47C-3-116 of the Act, and shall be enforceable by the Association in accordance with the Act and with the Bylaws.

Section 9.3 Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Executive Board members; provided, however, (i) that not later than 60 days after conveyance of twenty-five percent

(25%) of the Units (including any Units which may be added to the Condominium upon the development of additional Units pursuant to Section 5.1 herein) to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the Units (including any Units which may be added to the Condominium upon the development of additional Units pursuant to Section 5.1 hereof) to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than Declarant. At the time of termination of Declarant Control, the Declarant shall cede regulatory permits to the Association.

Section 9.4 Books and Records. The Association shall maintain current copies of: (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted under Section 8.13 from time to time; and (c) all financial records of the Association, as required by NCGS § 47C-3-118. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage.

Section 9.5 Lawsuits. Except as otherwise provided herein, the Executive Board shall, prior to filing any action, suit or proceeding on behalf of the Association, call a special meeting of the Association in accordance with the Bylaws. A quorum must be present at such special meeting, and Association members holding not less than sixty-seven percent (67%) of the total votes in the Association must approve the filing or initiation of such action, suit or proceeding. This Section 9.5 shall not apply to any action brought by the Association to collect unpaid assessments or to foreclose the Association's lien upon a Unit in accordance with Section 8.2 above.

Section 9.6 Voting, Unit Allocations. The Common Elements Interests are described in Section 1.6 and are stated on Exhibit B. The votes in the Association are equally allocated to all Units with each Unit Owner having one (1) vote for each Unit owned.

Section 9.7 Prohibited Actions. Despite any assumption of control of the Executive Board by Owners other than the Declarant, until the Declarant has sold every unit in the development, the Executive Board is prohibited from taking any action which would discriminate against the Declarant, or which would be detrimental to the sale or leasing of units owned by the Declarant, in the Declarant's sole discretion. The Executive Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to the assumption of control of the Association by Owners other than the Declarant until the Declarant sells the last unit owned by it in the ordinary course of business.

Section 9.8 Administration. The administration of the Common Elements by the Association shall be in accordance with the provisions of North Carolina law and the Condominium Documents, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any lender designated by the Declarant or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Elements or by any title insurance company selected by Declarant to insure title to any portion of the Common Elements.

ARTICLE X EASEMENTS AND PROPERTY RIGHTS

Section 10.1 Access by the Association. The Association, or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Property, provided that the Association shall first arrange a convenient time with the Owner, and shall give the Owner twenty-four (24) hours notice except in the event of an emergency, as set forth in Section 10.4.

Section 10.2 Encroachment Easements. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling or shifting of any Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as such Building shall stand. If any Building, any Unit, or any portion of the Common Elements is partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and subsequently is rebuilt, any encroachment of parts of the Common Elements upon any Unit, or of parts of any Unit upon the Common Elements, due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Buildings shall stand.

Section 10.3 Easements over Common Elements. Declarant, until the Property has been completely developed (including the additional Units created in accordance with Section 5.1 herein), and the Association, at any time, may grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; and water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits; and wires over, under, along and on any portion of the Common Elements (other than the Limited Common Elements); and each Owner hereby grants to Declarant or the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. Until the Property has been completely developed, Declarant shall have an easement over the Common Elements as may be reasonably necessary to

complete the construction of the existing Buildings and the other improvements within the Property, and to develop additional Units by constructing Buildings and other improvements upon the Property. All such easement rights described in this Section 10.3 shall be appurtenant to, and shall run with title to, the Property.

Section 10.4 Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Association, or any other person authorized by it, shall have the right to enter any Unit or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate. Any public body rendering police and fire services is granted an easement over, upon and through the Common Elements and Limited Common Elements for the purpose of providing police and fire protection services and to enforce all applicable police and fire regulations.

Section 10.5 Relocation of Boundaries; Subdivision; Partitioning.

1) Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units ("Adjoining Owners") and upon approval by the Association of such application; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within sixty (60) days after submission to it of the application that the proposed relocation of boundaries is reasonable and would not impair the structural integrity of the Building in which such Unit is located, the application shall be deemed denied. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining Owners' expense, an amendment to this Declaration and a plat which identifies the Units involved, describes and depicts the altered boundaries, and gives the dimensions of the altered Units. Such amendment shall also contain operative words of conveyance and be signed by the Adjoining Owners and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Owners.

2) Subdivision or Combination of Units. Units may be subdivided or combined only with the written approval of Declarant during the Declarant Control Period or the Association after the expiration of the Declarant Control

Period. If any Unit is subdivided or combined in accordance with this Section 10.5(2), the party seeking such subdivision or combination shall have prepared, executed and recorded, at its sole expense, an amendment to this Declaration and a plat which identifies the existing Unit(s) involved, describes and depicts the boundaries of the new Units into which the existing Unit(s) have been subdivided or combined, gives the dimensions and floor area of each newly created Unit as agreed by the Association, the Declarant if the Declarant owns any Unit. The amendment to the Declaration shall specify the Common Elements Interest allocated to such Units, and provided, further that if Units are combined by any Owner other than the Declarant, the dues payable for each Unit shall not be reallocated (for example, if two Units are combined, the Owner of the combined Unit shall pay the equivalent of two Unit assessments) under this Declaration and under the Master Declaration.

3) Partitioning. The interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately from said Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's allocated interests in the Common Elements unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying number assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing Ownership of any Unit and its allocated interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or any other form by law permitted.

Section 10.6 Conveyance or Encumbrance of Common Elements. While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances of or security interests or liens of any nature shall arise or be created against the Common Elements without the prior written consent of at least eighty percent (80%) of all Owners. Every agreement for the performance of labor or the furnishing of materials to the Common Elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material finished is subordinated to this Declaration and to the lien of assessments for Common Expenses

provided for in Section 9.2 of this Declaration. Nothing in this Section 10.6 shall be construed to limit the right of any Owner to convey or to encumber his or her allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his or her Unit.

Section 10.7 Nature of Interest in Unit. Every Unit, together with its allocated interest in the Common Elements, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property. The Owner of each Unit shall be entitled to the exclusive fee simple Ownership and possession of his or her Unit subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules and regulations set forth in the Condominium Documents, or adopted by the Executive Board of the Association.

Section 10.8 No Light, Air and View Easement. No Owner shall have an easement for light, air or view over the Unit of another Owner and no diminution of light, air or view by any Building or improvement now existing or hereafter erected shall entitle the Owner or any other Person to claim any easement for light, air or view within the Property.

ARTICLE XI ASSESSMENTS

Section 11.1 Taxes. Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his or her individual Unit, provided, however, if the Units should not be separately taxed for any calendar year, the Association shall pay such tax bill and shall assess the Owners for their respective portions of such bill as annual assessments.

Section 11.2 Assessments for Common Expenses. The Association shall assess the Owners for all of the Common Expenses incurred by the Association, all in accordance with the definition of "Common Expenses" set forth in Section 1.7 above, the Bylaws, and the provisions of the Act. The share of Common Expenses allocable to the Units shall be divided among the Units in accordance with each Unit's Common Elements Interest. Due dates for payment of such assessments shall be established by the Association and shall be collected monthly. Assessments for all Units shall begin on a date established by the Association.

The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of ten percent (10%) per annum until such delinquent assessment or installment thereof, and all

interest due thereon, has been paid in full to Association. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, shall be subject to such reasonable late charge per month for each monthly assessment in arrears as the Executive Board may from time to time fix. All monies owing to the Association shall be due and payable at the main office of Association in the State of North Carolina.

The Unit Owner(s) of each Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Unit while such party or parties are Unit Owner(s). In the event that any Unit Owner(s) are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner(s) shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all late charges and costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

No Unit Owner may exempt himself from liability for any assessment levied against him or his Unit by waiver of the use of enjoyment of any of the Common Elements, or by abandonment of the Unit or in any other way.

In order to help insure that the Association will have sufficient monies available to meet unforeseen expenditures, to purchase any additional equipment or services or for long-term capital improvements and repairs to the Condominium, the Association has established a working capital fund. At the time of the closing of the first sale of each Unit to a purchaser other than Declarant, the purchaser thereof shall pay into such fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association. No such payments made into the working capital fund shall be considered advance or current payment of regular assessments. The working capital fund shall be maintained by the Association as a segregated fund. The working capital fund shall not be available for use by Declarant to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association. All monies paid into the working capital fund shall be held and administered by the Association in accordance with the terms of this Declaration and the Bylaws. All monies paid into the working capital fund shall be held and administered by the Association in accordance with the terms of this Declaration and the Bylaws.

Section 11.3 Common Surplus. The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source, over the amount of Common Expenses. The Common Surplus shall be owned by the Owners in the same proportion as their respective shares of Common Expenses, as provided in Section 11.2; provided, however, that the Common Surplus shall be held by the

Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restriction upon the use and distribution thereof. Except for distribution of any insurance proceeds or upon termination of the Beacon Quarters at Corolla Light Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners in proportion to their respective shares of Common Expenses.

Section 11.4 Special Assessments. In addition to the periodic assessment authorized by this Article, the Executive Board may levy in any assessment period a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Elements including the necessary fixtures and personal property related thereto, or for any other purposes deemed appropriate by the Association. The due date of any special assessment under this Article shall be fixed in a resolution of the Executive Board authorizing such assessment.

Section 11.5 Individual Assessments. The Association may levy an individual assessment payable in a manner as specified by the Association if an Owner should fail to maintain a Limited Common Element appurtenant to such Owner's Unit in accordance with Section 6.4 herein, or for non-payment of late fees or fines.

ARTICLE XII INSURANCE

Section 12.1 Property Insurance. The Association shall cause to be obtained and maintain at all times a policy of property insurance on the Buildings and all improvements on the Property owned either by the Association or the Owners which were originally provided by the Declarant at the time of the initial conveyance of the Unit (except such personal property as may be owned by the Owners and exclusive of improvements or betterments installed in any Unit) without deduction or allowance for depreciation (as determined annually by the Executive Board with the assistance of the insurance company) in an amount not less than one hundred percent (100%) of the replacement cost of the Buildings at the time such insurance is purchased and at the time of each renewal thereof, with a commercially reasonable deductible. The policy shall be issued by an insurance company properly licensed to do business in the State of North Carolina, with a general policyholder's rating of at least "A-" in the most recent edition of the Best's Key Rating Guide. The policy shall be for the interest of the Association or the Board, all Mortgagees, as their interests may appear. The policy shall further provide that each Owner is an insured person with respect to his or her Unit and his or her allocated interest in the Common Elements. The policy shall contain an inflation guard endorsement, if available, and an "agreed amount endorsement" or its equivalent if available (provided these two endorsements are commonly available and required by prudent institutional mortgage investors in the area in which the Condominium is located,

as well as a special condominium endorsement providing as follows: for waiver of subrogation against any Owner, and any Owner's employees or agents; that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and all insured, including all Owners and Mortgagees; that no act or omission by any Owner will preclude recovery upon such policy; and that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss shall be made by the Association as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

Section 12.2 Liability Insurance. The Association shall cause to be obtained and maintain a policy of commercial general liability insurance in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, Ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds, including all Owners and Mortgagees. The Executive Board shall review such limits annually.

Section 12.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.

Section 12.4 Other Insurance Policies. The Association shall be authorized to obtain such other insurance coverage, including worker's compensation or employee liability insurance, as the Association shall determine from time to time desirable or necessary.

Section 12.5 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as a Common Expense.

Section 12.6 Distribution of Insurance Proceeds. All insurance policies procured by the Association shall provide that all losses shall be adjusted with and all proceeds

shall be payable to the Association as insurance trustee. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

- 1) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his or her Mortgagee, if any, each Owner's share to be the same as such Owner's allocated Common Elements Interest;
- 2) Proceeds on account of damage to Units shall be held in the following undivided shares:
 - a) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Association.
 - b) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's allocated Common Elements Interest;
- 3) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear;
- 4) Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:
 - a) if it is determined, as provided in Article XII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,
 - b) the proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;
 - i. the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, in proportion to their respective Common Elements Interests; and

ii. the remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their respective Common Elements Interests.

c) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

Section 12.7 Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force additional fire and casualty and extended coverage insurance upon his or her personal property. Each Owner shall obtain and maintain public liability insurance coverage in the amount of at least \$100,000.00 for bodily injury, including deaths of persons and property damage, arising out of a single occurrence.

Section 12.8 Master Insurance Program. Notwithstanding anything to the contrary contained in this Declaration, for so long as the Declarant controls the Executive Board, the Declarant reserves the right to include the insurance obligations of the Association within a master insurance program controlled by the Declarant and upon doing so, the insurance obligations provided for under this Declaration shall be deemed satisfied.

ARTICLE XIII DUTY TO REPAIR OR RECONSTRUCT

Section 13.1 Reconstruction and Repair. In the event of damage to or destruction of the Buildings as a result of fire or other casualty, the Association shall arrange for the prompt restoration and replacement of the Buildings unless (1) the Condominium is terminated in accordance with the provisions of Article XVI below, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Owners decide not to rebuild by a one hundred percent (100%) vote, including one hundred percent (100%) of Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding three conditions occurs, the Association shall arrange for the prompt repair and restoration of the Buildings, not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in which event the Association shall repair or replace such damaged property), and the Association shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 12.6(4)(b) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plans. If the

Owners vote not to rebuild any Unit, that Unit's allocated Common Elements Interest shall be automatically reallocated upon the vote as if the Unit had been condemned under NCGS § 47C-1-107(a).

Section 13.2 Obligations of Owners. Each Owner will, at his or her sole cost and expense, keep and maintain his or her Unit in good order and repair in accordance with the Plans, and will make no structural addition, alteration or improvement to his or her Unit without the prior written consent of the Association, except as specifically permitted by this Declaration or authorized under NCGS § 47C-2-111. Upon the failure of an Owner to so maintain his or her Unit, the Association shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

Section 13.3 Notice of Alleged Defects. Each Unit Owner shall promptly report to the Executive Board or its agent any defect or need for repairs or replacement the responsibility for which is that of the Association. No Unit Owner shall cause to be retained an expert for the purpose of inspecting the design or construction of any structures or improvements within Property in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant has first been notified in writing and given an opportunity to meet with the Owner and conduct an inspection.

ARTICLE XIV

UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, and occupants of the Units shall be subject to and shall comply with the provisions of the Master Declaration, this Declaration, the Bylaws, and any rules and regulations as may be adopted, as all of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Master Declaration, this Declaration, the Bylaws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XV

AMENDMENT TO AND SUPPLEMENT TO DECLARATION

Except as is otherwise specifically authorized herein, this Declaration may be amended only by the vote of not less than sixty-seven percent (67%) of the total votes in the Association, and, with respect to any amendments of a material adverse nature, the

approval of Mortgagees holding Mortgages encumbering Units to which at least fifty-one percent (51%) of the votes of the Association are allocated, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Notwithstanding anything to the contrary set forth herein, Declarant may amend this Declaration without the consent of any other Owner to correct any typographical error, to correct an omission or to make amendments of a nonmaterial nature, herein defined as amendments which do not impair or prejudice any rights of any Owner. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose and recorded in the office of the Register of Deeds of Currituck County, North Carolina. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the written consent of such Mortgagee. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice any rights reserved by or granted to Declarant hereunder, including without limitation any easements reserved by or granted to Declarant, any Special Declarant Rights and the right to subject additional Units to this Declaration, without the written consent of Declarant. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant. With respect to any amendment to this Declaration which requires the consent of any Mortgagee, Declarant or the Association (as applicable) shall request the consent of such Mortgagee in writing and the notice shall be delivered by certified or registered mail, with a "return receipt" requested. If such Mortgagee does not respond to said written request within sixty (60) days, the consent of such Mortgagee shall be deemed obtained.

Declarant shall have the right to file amendments to this Declaration pursuant to Article 5 hereof, without the consent or joinder of any Unit Owner(s) or their mortgagees.

ARTICLE XVI TERMINATION

The Condominium may be terminated and the Property removed from the provisions of the North Carolina Condominium Act only by the vote of Owners of Units to which not less than one hundred percent (100%) of votes in the Association are allocated, and the approval of Mortgagees holding Mortgages encumbering Units to which at least one hundred percent (100%) of the votes of the Association are allocated, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, and as evidenced by execution of a termination agreement, or ratification thereof, by the requisite number of Owners and Mortgagees. The termination shall comply with the requirements of NCGS § 47C-2-118, and must be recorded in the Office of the Register of Deeds for Currituck County before it becomes effective. Following the recordation of the termination agreement, the interests of the Owners and Mortgagees in the Property shall be as provided in NCGS § 47C-2-118.

ARTICLE XVII

MORTGAGEE PROTECTION

Section 17.1 General Provisions. This Article XVII establishes certain standards and covenants for the benefit of Mortgagees. This Article XVII is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the event of any conflict between the provisions of the Condominium Documents and the provisions of this Article XVII, the provisions of this Article XVII shall control.

Section 17.2 Percentage of Mortgagees. Wherever in the Condominium Documents the approval or consent of a specified percentage of Mortgagees is required, it shall mean the approval or consent of Mortgagees holding Mortgages on Units which have allocated to them that specified percentage of votes in the Association, as compared to the total votes in the Association allocated to all Units then subject to Mortgages held by Mortgagees.

Section 17.3 Rights to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year. If any Mortgagee requests, and agrees to pay the cost of the audit, the financial statement shall be audited by an independent certified public accountant.

Section 17.4 Mortgagee's Rights to Notice. Any Mortgagee (including, for purposes of this Section 17.4, any insurer or guarantor of a loan secured by a Mortgage that has notified the Association in writing of its name and address, and that it insures or guarantees a Mortgage) shall have the right to receive from the Association prompt written notice of the following:

- 1) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such Mortgagee, which default remains uncured for a period of sixty (60) days;
- 2) Any loss or damage to or condemnation or taking of a material portion of the Property or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee;
- 3) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

4) Any proposed action by the Association, the Executive Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Mortgagees.

Section 17.5 Consent and Notice Required. Notwithstanding any other provision of this Declaration or the Condominium Documents, no amendment of any material provision of the Condominium Documents described in this Section 17.5 shall be effective without notice to all Mortgagees, as required by Section 17.4, the vote of not less than sixty-seven percent (67%) of the total votes in the Association (or any greater percentage required by the terms of the Condominium Documents), and the approval of Mortgagees holding Mortgages encumbering Units to which at least fifty-one percent (51%) of the votes of the Association are allocated (or any greater percentage required by the terms of the Condominium Documents). Furthermore, no action to terminate the legal status of the Condominium after the occurrence of substantial destruction or condemnation or for other reasons shall be effective without the approval of Mortgagees holding Mortgages encumbering Units to which at least fifty-one percent (51%) of the votes of the Association are allocated (or any greater percentage required by the terms of the Condominium Documents).

The failure of any Mortgagee to respond within sixty (60) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of an addition or amendment to the Condominium Documents wherever Mortgagee approval is required shall constitute an implied approval by that Mortgagee of the proposed addition or amendment.

Section 17.6 Other Mortgagee Rights. Notwithstanding any other provision of this Declaration or the Bylaws, the Association may not change the period for collection of regularly budgeted Common Expenses to other than quarterly without the consent of all Mortgagees. Any representative of a Mortgagee may attend and address any meeting that an Owner may attend.

Section 17.7 Enforcement. The provisions of this Article XVII are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

Section 17.8 Unpaid dues. Any Mortgagee who acquires title to or comes into possession of a Unit pursuant to exercise of remedies provided for in the Mortgage, including foreclosure by judicial action or exercise of a power of sale, and any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against the Unit which have accrued prior to the time such Mortgagee or purchaser acquires title to or comes into possession of the Unit; provided, however, this exception shall not be applicable to any claim for assessments or charges levied by the Association against all Units for the purpose of recovering any revenue lost by reason of

the nonpayment of past due assessments upon such Unit; and provided further, that except as otherwise provided in this Section, all of the limitations, restrictions, covenants, conditions, easements, liens, charges, assessments, and equitable servitudes contained herein shall be binding upon any Owner whose title is derived through foreclosure sale, trustee's sale or otherwise. Except as provided above, the sale, transfer or conveyance of title to a Unit shall not relieve a selling Owner from personal liability for any assessments which became due and payable prior to such sale, transfer or conveyance, nor relieve such Unit from a duly recorded lien for any such prior unpaid assessment.

ARTICLE XVIII CONDEMNATION

If all or any part of the Property is taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in NCGS § 47C-1-107.

ARTICLE XIX MISCELLANEOUS PROVISIONS

Section 19.1 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 19.2 Waiver. No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 19.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 19.4 Law Controlling. This Declaration and the Condominium Documents shall be construed and controlled by and under the laws of the State of North Carolina.

Section 19.5 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium Ownership as provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

ARTICLE XX
ENFORCEMENT

Section 20.1 Actions by the Association. In addition to and not in lieu of the other remedies for default provided in this Declaration and the other Condominium Documents, the Executive Board may bring a civil action against any Owner to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.

Section 20.2 Actions by Owners. Any Owner may also bring a civil action against any other Owner, or against the Association, or against the Executive Board, or any one or more of them to enforce any obligation, covenant or restriction set forth in this Declaration or in the other Condominium Documents.

ARTICLE XXI
DISCLAIMERS

Section 21.1 Noise Disclaimer. Each Owner, by acceptance of a deed to his or her Unit, acknowledges and agrees that sound transmission in a multi-story building, such as a condominium, is very difficult to control, and that noises from adjoining or nearby Units or mechanical equipment, can often be heard in another unit. The Declarant does not make, and specifically disclaims, any representation or warranty as to the level of sound transmission between and among the Units and other portions of the Property. By acceptance of a deed, each Unit Owner will be deemed to have expressly released Declarant from any loss, claim, liability or damage now or hereafter arising from or related to noise in the building.

Section 22.2 Construction Inconveniences. Each Owner, by acceptance of a deed to his or her Unit, acknowledges and agrees that during a period of construction within the Condominium, if the construction of the Unit is completed prior to the completion of the construction of other units in the Condominium, there may be certain inconveniences to the Owner until all construction within the Condominium is complete. Inconveniences may include noise, dust, odors and debris associated with construction, interference with access and temporary interruptions of utility services. In acceptance of a deed to his or her Unit, each Owner acknowledges and agrees that the Declarant shall have no liability or responsibility for any such inconvenience.

IN WITNESS WHEREOF, _____
This the _____ day of _____ 2019.

DECLARANT:

FLORIDA OBX #13, LLC

By: _____
Dave A. Maso, Manager

STATE OF NORTH CAROLINA
COUNTY OF _____

I, _____, certify that
_____ personally came before me this day and acknowledged that
s/he is a member of Florida OBX #13, LLC, a Florida limited liability company, and that
s/he, as Member, being authorized to do so, executed the foregoing on behalf of the
limited liability company.

WITNESS my hand this the _____ day of _____ 2019.

Printed Name: _____