

## **ARCHITECTURAL GUIDELINES FOR GULLS FLIGHT**

The developers of **Gulls Flight**, with the intention of creating and maintaining an atmosphere that embraces creativity and individuality of architecture, do hereby set forth the following guidelines for structures and landscaping in the subdivision. These guidelines are established to promote the general character of the community and to protect value for all homeowners.

These guidelines address construction standards, house location and landscaping at the individual site for each **Gulls Flight** home and will be used by the Architectural Review Committee in evaluating all submissions for both new houses and additions to existing homes.

Individuality is an important consideration in **Gulls Flight** for personal expression; building form, roof lines, exterior details and deck systems provide a means to establish uniqueness. It is these guidelines that will set standards of acceptable good taste and provide the basic formula for architectural design and choice of building products.

**Home plans:** The interior of each plan will only be revised in terms of its influence on the exterior character of the home in determining the exterior elevations. The Architectural Review Committee will reserve the right to refuse any plan solely on its lack of architectural integrity and quality of products specified for construction. In this respect, it is the intention of the committee to maintain and insure high value of resale throughout the development, and it may at any time reject a proposed plan upon purely aesthetic values.

**Square footage:** Oceanfront homes must have a minimum of 1600 square feet of heated living area for any one or one and one-half story home and a minimum of 1700 square feet of heated living area for any two story home. All other homes must have a minimum of 1450 square feet of heated living area for a one or one and one-half story home and a minimum of 1550 square feet for a two story home. Total square footage of living area will be calculated excluding decks, porches, storage areas and utility rooms.

**Setbacks:** All homes must be a minimum of 25 feet from the front property line, a minimum of 10 feet from the sidelines of the property and no closer than 25 feet, or 20% of the lot depth, from the rear property line.

**Exterior:** Roof lines should be unique and varied in design. Special attention should be paid to the mass and volume of each roof and interworking relationships with the total structure. The extension of the overhang should be in balance with both the size of the roof and the volume of the home. Each design will be reviewed according to the overall effect and volume of the structure in relationship to the length of overhang. It is also suggested that, because of strong blowing winds and heavy rainfall, an overhang be considered on eaves for control of runoff. Roof slopes on the main portion of the structure should be a minimum of 6 to 12 to insure the balance of volume between structure and roofline. Dormer rooms and secondary sheds may vary with a minimum of slope of 4 to 12. Flat roofs may be acceptable for architectural creativity and uniqueness, and will be considered in respect to the overall design of the structure.

**Roofing:** Cedar shingles or shakes are a highly recommended roofing product, however, any architectural grade product with weight of 250 lb. per square or greater will be acceptable. A sample of asphalt shingles must be submitted with the plan application for approval by the Architectural Review Committee.

Penetration of the roof by exposed chimney stacks, exhaust fans and plumbing vents shall be located for minimum visibility. Chimneys above the roofline shall be enclosed with wood siding, cedar shake shingles or the chimney should be of masonry construction.

**Siding:** Cedar shingles, cedar lap siding, cedar channel rustic siding, cypress lap siding, cypress channel rustic siding and redwood lap siding are the acceptable siding for all homes. Corner boards must be used with all horizontal siding. Textured plywood siding (i.e., texture 1-11) is not permitted. Masonry or stuccoed exteriors shall be acceptable for appropriate homes built on masonry foundations and placed in a setting conducive to that type of exterior. All foundation masonry shall be of a type of brick or stuccoed block (painted to an acceptable color), either of which shall be submitted for approval prior to construction.

**Exterior Finish:** All siding must be stained, painted or a wood preservative applied within one year of the beginning of construction of the home. A copy of the siding stain or color must be submitted to the Architectural Review Committee at the time of the plan review.

**Railings:** Many designs are acceptable and will be considered according to safety and coordination of overall design. Detailed drawings must be submitted with plans.

**Foundation screening:** Screening between the support pilings from the ground to floor level is required. Salt-treated 1" x 4", seven inches on center (maximum) applied horizontally is the accepted standard, but variations (basketweave and grid) will be considered if spaced intermittently in a manner that does not detract from the design of the entire structure.

**Siting:** The siting of the house will be staggered on every other lot to provide each homeowner with a view. Observing all building setbacks of front, side or rear yards, the placement shall enhance the view from each individual structure while being compatible with the established adjacent homes.

Oceanfront homes should be sited behind the tow of the dune line; decks and walkways may overhang the dune line if care is taken not to disturb the vegetation.

**Driveway:** Driveways should be planned for minimum area of paving or crushed rock, concrete or river rock. It is mandatory for each house to have a turn around and space for two cars to park. Parking under the structure is also desirable.

No driveway shall be permitted with egress to state road 1200. A construction driveway is required and shall be installed before construction begins on each home; this will consist of a clay base from the road to the building site. No construction vehicles will be allowed to park on the roads and shoulder during the construction of any home.

**Windows:** The placement of windows and the uniqueness of window design is an excellent way to help enhance the character of the home. Due to the severe weather conditions along the coastline, a well-made wood or vinyl clad window (like Andersen and Pella brands or comparable) is recommended. Aluminum windows will be accepted, if they have anodized bronze or white baked on enamel finish. All aluminum windows shall have a 1" x 3" wood trim around the frame of the window. The trim should be in keeping with the surrounding siding and corner boards in both color and type of wood.

**Landscaping:** The site should remain as natural as possible with a minimum area cleared of vegetation for the proposed homesite, drive and septic field. Outside of the construction area, all vegetation and dunes should remain undisturbed, unless the homeowner wishes to extensively landscape the entire lot. In such cases, landscaping plans and any position of any proposed walk shall be submitted with the building plans at the time of architectural review. If clearing is approved, restabilization of disturbed areas must be completed within 30 days of issuance of occupancy permit. In the interim, the landowner shall be responsible for erosion caused by land and vegetation disturbances.

**Misc. Site Features:** Garbage can racks should be located under the house and screened from view or kept in a uniformly designed wooden rack which will be adjacent to the front street. Natural screen planting is encouraged around racks. Any mail boxes within the subdivision shall be uniform in design.

Screening is mandatory for fuel tanks, air conditioning units, water tanks, recreational facilities, related visual obstructions and attractive nuisances, and landscape design plans for such natural screening shall be submitted to the Architectural Review Committee prior to construction.

Antennas, receivers or senders, and similar devices shall only be located within the main structure and not visible on the exterior.

**Lighting:** Security types, mercury vapor, sodium vapor, yard lights and offensive bright distractions are expressly prohibited. All exterior lighting fixtures other than soffit lights shall be submitted for approval. No area lighting shall encroach across property lines.

**Fencing:** Perimeter yard fencing to establish boundaries and define areas for animals or children is expressly prohibited. Sand fencing to contain sand and steady erosion is acceptable if placed in a random pattern and if it does not block or interfere with adjacent homes - for both visual desirability and protection from the elements.

**Signs:** All "for rent" signs must be attached to the main structure and shall not be larger than 6 square feet or the current County ordinance.

#### **Architectural Review Procedure:**

1. Two completed sets of plans and specifications, foundation, floor plan, four directional elevations; schedule of proposed exterior color (and samples thereof) grade and weight of roof shingles; site plan showing home, parking, septic drainfield and completion date.
2. Above shall be submitted no earlier than six months before construction begins and approval shall be null and void if construction does not begin within eight months of approval date.
3. Approval will be made in writing no more than 30 days after submitted.
4. Design proposal shall be mailed to:

**Gulls Flight Architectural Review Committee**  
12300 Blakely Court  
Silver Spring, MD 20904

## REVIEW PROCESS FOR SUBMISSION OF PLANS TO ARCHITECTURAL REVIEW COMMITTEE

1. Owner or Builder (not both) submits two (2) sets of complete plans to the Gulls Flight Review Committee. Plans must include:
  - 2 Sets of Plans
    - foundation
    - floor plan
    - elevations
  - Specifications
  - Exterior Color Sample
  - Roof Shingle Sample
  - Site Plan
    - house
    - parking
    - septic and drainfield
    - landscaping
  - Completion Date
2. Owner is encouraged to submit preliminary sketches of proposed beach house to the Gulls Flight Architectural Review Committee for preliminary approval to save the cost of altering completed plans.
3. Plans which are not complete or do not conform to guidelines will be immediately returned for resubmission with appropriate comments.
4. Response to all submittals will be within a 30 day period.
5. When the Chairman of the Gulls Flight Architectural Review Committee determines that, in his opinion, plan submission meets criteria of guidelines, submission will be routed to all Architectural Review Committee members for final approval.
6. The Chairman of the Architectural Review Committee will record this final approval and notify owner (or builder) that construction may begin.

BYLAWS OF  
GULL'S FLIGHT HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

In construing these bylaws, and the government of development, the provisions of Chapter 55A of the General Statutes of North Carolina pertaining to the government of nonprofit business corporations, shall be controlling; the owners being considered the members of the association.

Section 1. Personal Application. All present and future owners, tenants and future tenants, and their employees, and any other person that may at any time use the facilities of the subdivision in any manner are subject to the regulations set forth in these bylaws.

ARTICLE II

THE OWNERS

Section 1. Owners. The subdivision lots are owned by the owners of the lot, each of whom shall be entitled to a percentage vote for each lot owned by him. The vote percentage shall be one vote for each lot. No lessee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with respect to the affairs of the association.

Section 2. Annual Meetings. The association shall hold each year, commencing with the year 1988, an annual meeting of the owners for the election of directors and the transaction of any business within the powers of the association, on the first Saturday of May. Any business of the association may be transacted at an annual meeting without being specifically required by statute, by the declaration or these bylaws to be stated in the notice. Failure to hold an annual meeting at the designated time shall not, however, invalidate the association's existence or affect its otherwise valid acts.

Section 3. Special Meetings. At any time in the interval between annual meetings, special meetings of the association may be called by the president or by a majority of the board of directors by vote at a meeting or in writing with or without a meeting, or by one-third (1/3) of the record owners of association units.

Section 4. Place of Meeting. All meetings of owners shall be held at the office of the association in Duck, Kitty Hawk, North Carolina, except in cases in which the notice thereof designates some other place, but all such meetings shall be held within the State of North Carolina.

Section 5. Notice of Meetings. Not less than ten (10) days nor more than ninety (90) days before the date of every owners' meeting, the secretary shall give to each owner entitled to vote at such meeting, written or printed notice stating the time and place of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or



usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the owner at his post office address as it appears on the records of the association, with postage thereon prepaid. Notwithstanding the foregoing provision, a waiver of notice in writing signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of owners, annual or special, may adjourn from time to time to reconvene at the same or some other permitted place, and no notice need to be given of any such adjourned meeting other than by announcement.

Section 6. Quorum. At any meeting of owners, the presence in person or by proxy of owners entitled to cast a majority of the votes shall constitute a quorum; but this section shall not affect any requirement under statute or under the declaration of the association for the vote necessary for the adoption of any measure. In the absence of a quorum, the owners present in person or by proxy, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

Section 7. Votes Required. A majority of the votes cast at a meeting of owners, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or by the declaration.

Section 8. Proxies. An owner may vote either in person or by proxy executed in writing by the owner or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. Every proxy shall be in writing, subscribed by the owner or his duly authorized attorney, and dated, but need not be sealed, witnessed or acknowledged.

Section 9. List of Owners. At each meeting of owners, a full, true and complete list in alphabetical order of all owners entitled to vote at such meeting shall be furnished by the secretary.

Section 10. Voting. In all elections for directors every owner shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected. At all meetings of owners, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting. Unless demanded or ordered by a majority of owners present, no vote need be by ballot, and voting need not be conducted by inspectors.

Section 11. Informal Action by Owners. Any action required or permitted may be taken without a meeting, if a consent in writing,

setting forth such action, is signed by all of the owners entitled to vote on the subject matter thereof, provided said consent is filed with the records of the association.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. Powers. The business and affairs of the association shall be managed by its board of directors. The board of directors may exercise all powers of the association except such as are by statute or the declaration or the bylaws conferred upon or reserved to the owners. In particular, but not by way of limitation, the board of directors shall be responsible for, and have all necessary powers in connection with, the care, upkeep, and surveillance of the building and other facilities of the association, including its general and limited common elements, services, and association-owned property, designation, hiring, and dismissal of the personnel necessary for the good working order of the buildings and to provide services for the buildings. The board of directors may delegate any of such responsibilities, or all and the expenses therefor shall be a common expense. The board of directors or any officer or officers to whom such power may be delegated, shall have power to take any action necessary or appropriate to enforce payment of all sums, including assessments against others, due the association, including the power to enforce any lien for the same.

Section 2. Number of Directors. The numbers of directors of the association shall be three (3).

Section 3. Election of Directors. At the first annual meeting of owners after control of the association is delivered to the unit owners, the owners shall elect three (3) directors, one (1) to serve for one (1) year, one (1) to serve for two (2) years, and one (1) to serve for three (3) years. Thereafter, directors shall be elected for three (3) year terms or until their successors are elected and qualify (or for a shorter term to fill a vacancy arising for an uncompleted term), one (1) director being elected at each annual meeting to succeed the director whose term is expiring. At any meeting of owners, duly called and at which a quorum is present, the owners may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any director or directors from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

Section 4. Vacancies. Any vacancy occurring in the board of directors for any cause may be filled by a unanimous vote of the remaining members of the board of directors. A director elected by the board of directors to fill a vacancy shall be elected to hold office until the next annual meeting of owners and until his successor is elected and qualifies.

Section 5. Regular Meeting. After each meeting of owners at which a board of directors shall have been elected, the board of directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as



may be designated by the owners at such meeting; and in the event that no other time is designated by the owners, the board of directors shall meet at 4:00 p.m. on the day of such meeting of the owners, if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or legal holiday. Such first meeting shall be held at such place within the State of North Carolina as may be designated by the owners, or in default of such designation, at the office of the association in Duck, Kitty Hawk, North Carolina. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the board of directors shall be held on such dates and at such places within the State of North Carolina as may be designated from time to time by the board of directors.

Section 6. Special Meeting. Special meetings of the board of directors may be called at any time by the president or by the board of directors by a vote at a meeting, or by a majority of the directors in writing with or without a meeting. Such special meetings shall be held at such place or places within the State of North Carolina as may be designated from time to time by the board of directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the call.

Section 7. Notice of Meeting. Except as provided in Section 5 of this article, notice of the place, day and hour of every regular and special meeting shall be given to each director two (2) days (or more) before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, or by leaving the same at his residence or usual place of business, or in the alternative, by mailing such notice five (5) days (or more) before the meeting, postage prepaid, and addressed to him at his last known post office address, according to the records of the association. Unless required by these bylaws or by resolution of the board of directors, no notice of any meeting of the board of directors need state the business to be transacted. No notice of any meeting of the board of directors need be given to any director who attends, or to any director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the board of directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 8. Quorum. At all meetings of the board of directors, two (2) directors shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the declaration, or by the bylaws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to direct and pass any measure. At any adjourned meeting at which a quorum shall be present, any business may be transacted at the meeting as originally notified.

Section 9. Compensation. By resolution of the board of directors, expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the board of directors or of committees thereof, but directors as such shall not



receive any compensation for their services except such as may be authorized or permitted by vote of the owners. A director who serves the association in any other capacity, however, may receive compensation therefor without such vote of the owners.

Section 10. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the board or such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board of directors or committee.

Section 11. Committees. The board of directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the board of directors.

Section 12. Indemnification. Every director and every officer of the association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with a court proceeding to which he may become involved, by reason of his being or having been a director or officer of the association, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of malfeasance or negligence in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the board of directors approves such settlement and reimbursement as being in the best interest of the association. The foregoing right of indemnification shall be in addition to and not exclusive of all rights of indemnification to which such director or officer may be entitled.

Section 13. Budget.

A. The board of directors shall adopt a budget for each fiscal year (with the fiscal year being from January 1 to December 31 each year) which shall contain estimates of the costs of performing the functions of the association including, but not limited to:

1. COMMON EXPENSES OF THE ASSOCIATION

- (a) maintenance and upkeep of common areas and elements;
- (b) maintenance and upkeep of association-owned real property and personal property;
- (c) staff payroll, supplies and office expenses;
- (d) managers salary or fees;
- (e) insurance;

- (f) common utilities;
- (g) service contracts;
- (h) fees and permits.

## 2. CAPITAL IMPROVEMENTS RESERVE

## 3. ANTICIPATED SPECIAL ASSESSMENTS

A. Copies of the proposed budget shall be transmitted to each member or lot owner on or before one month prior to the annual meeting for the fiscal year for which the budget is made. If the budget is subsequently amended, then a copy of the amended budget shall be furnished immediately to each lot owner.

B. Accounting shall be on a cash basis and conform to generally accepted accounting principals.

## ARTICLE IV

### OFFICERS

Section 1. Executive Officers. The board of directors shall choose a president and vice-president from among the directors, and a secretary and a treasurer who need not be directors. Any two (2) of the above-mentioned officers, except that of president and vice-president, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one (1) capacity if such instrument be required by statute, by the bylaws or by resolution of the board of directors to be executed, acknowledged or verified by any two (2) or more officers. Each such officer shall hold office until the first meeting of the board of directors after the annual meeting of owners next succeeding his election, and until his successor shall have been duly chosen and qualified, or until he shall have resigned or shall have been removed. Any vacancy in any of the above officers may be filled for the unexpired portion of the term by the board of directors at any regular or special meeting.

Section 2. President. The term of office for the president shall be for three years. The president shall preside at all meetings of the owners and of the board of directors at which he shall be present; he shall have general charge and supervision of the business of the association; he may sign and execute, in the name of the association, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer or agent of the association; and, in general, he shall perform all duties incident to the office of president, and such other duties as from time to time may be assigned to him by the board of directors.

Section 3. Vice-President. The term of office for the vice-president shall be for two years. The vice-president, at the request of the president, or in his absence, or during his inability to act, shall perform the duties and exercise the functions of the president, and when so acting, shall have the powers and perform such

other duties as may be assigned to him by the board of directors or the president.

Section 4. Secretary. The term of office for the secretary shall be for two years. The secretary shall keep the minutes of the meetings of the owners and of the board of directors in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of the bylaws or as required by law; he shall be custodian of the records of the association; and in general, he shall perform all duties incident to the office of secretary, and such other duties as from time to time may be assigned to him by the board of directors or the president. This office may be combined with the following office of treasurer with the same term, by election of the board of directors.

Section 5. Treasurer. The treasurer shall have charge and be responsible for all funds, securities, receipts and disbursements of the association, and shall deposit, or cause to be deposited, in the name of the association, all monies or other valuable effects in such banks, trust companies or other depositories as shall from time to time be selected by the board of directors; he shall render to the president and to the board of directors, whenever requested, an account of the financial condition of the association, and in general, he shall perform all duties as may be assigned to him by the board of directors or the president. This office may be combined with the prior office by election of the board of directors.

Section 6. Removal. Any officer or agent of the association may be removed by the board of directors whenever, in its judgment, the best interest of the association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

Section 7. Loans to Officers and Directors. No loans shall be made by the association to any of its directors or officers.

## ARTICLE V

### OBLIGATIONS OF THE OWNERS

Section 1. Assessments. Each owner is obligated to pay the assessments imposed upon him by the association to meet general common element expenses, which shall include a liability insurance policy premium and may include other insurance if necessary for the insurance of the common properties of the association. The assessments shall be made prorata according to the percentage interest owned as stipulated in the declaration. Such assessments levied upon the owner of a lot shall become a lien on said lot at the time assessed and until paid in full. Each regular assessment levied shall be due and payable yearly, within thirty (30) days after the date of assessment, which said date of assessment shall be the first day of January. 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

enforcement of said lien.



C. Such insurance as will protect the manager or agent, 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 in the association 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. It is intended that the insurance described in this subparagraph (c) 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 sublet work, landlord-tenant liability, and contractual liability. Further, the insurance shall cover the liability of one or more co-owners, as parties insured. Such public liability insurances shall be in the limits of at least \$100,000.00 for injuries or damages sustained by any one person, \$300,000.00 for injuries or damages sustained by two or more persons in any one accident, and \$10,000.00 for 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 1 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 way serve to reduce, abate or 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 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the board of directors.

E. The association shall indemnify and hold harmless the individual lot owners from any liability on matters where such liability would appropriately be borne by the association. In the event that liability for any matter or act arising out of the ownership of the property subject to this declaration or the common properties *appurtenant thereto, other than intentional or malicious* acts which are so adjudicated, shall be adjudicated by final decree against any one or more owners and in the further event that the liability for such act or *event* exceeds the policy limits of insurance or in the event



## Section 2. Maintenance and Repair.

A. Every owner must perform all maintenance and repair work within his own lot which, if omitted, would affect the general or limited common elements, or any other lot, 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 lot such as water, light, power, telephones, cable television, doors, windows, lamps and all other accessories belonging to the lot area shall be at the owner's expense.

C. An owner shall reimburse the association 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.

## 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 or mutual insurance companies licensed to do business in the State of North Carolina, to the extent obtainable, as follows:

A. If by decision of the board of directors it is deemed necessary, a policy or policies insuring the common properties of the association against loss, damage or destruction by fire or other casualty, including lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicle, falling object, smoke, malicious mischief, vandalism, collapse through weight of snow, ice or sleet, water, flood, and other similar casualties, in an aggregate amount equal to the full insurable replacement value of the improvements, without regard to depreciation. 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 of the association, as shall give substantially equal or greater protection to the co-owners, as their interest may appear.

B. Such insurance as will protect the owners, and each of them, from claims under workmen's compensation acts and other employee benefit acts, where necessary.

that the insurance does not provide coverage for such events of liability, the owners of all of the lots in the subdivision, shall indemnify and hold harmless the parties so adjudicated to be liable, in proportion to the interests held by each of them to the total lots in the subdivision, and such indemnity shall extend to and include the damages, cost of defense including attorney fees, judgment award and all other similar costs. Such indemnity shall take the form of an assessment or assessments and shall constitute a lien in the same manner as other common expenses of the association. The provisions of this paragraph are not to be construed so as to imply that any individual owner is liable directly for the acts or responsibilities of the association or to otherwise change the liability of any party as it would stand if not for the provisions hereof, except as stated herein.

Nothing provided in this Article VI shall prejudice the right of any owner to insure himself against liability to others.

Section 2. 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 association, shall be signed by officers, agents or manager of the association, 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 association, including a balance sheet and a financial statement of operations for the preceeding fiscal year, which shall be distributed to the owners and filed at the principal office of the association.

Section 3. Fiscal Year. The fiscal year of the association shall be from January 1 to December 31 of each year, unless otherwise provided by the board of directors.

## ARTICLE VIII

### AMENDMENTS

Section 1. Bylaws. These bylaws may be amended by the 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 (2/3) of the owners; subject, however, to the restrictions set forth in Article II, Section 1, of

the bylaws. 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.