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STATE OF NORTH CAROLINA
COUNTY OF DAREALVA G. WISE
REGISTER OF DEEDS
DARE COUNTY, N.C.DECLARATION OF CONDOMINIUM
FOR
ADMIRAL'S VIEW CONDOMINIUM
PURSUANT TO CHAPTER 47 A
OF THE
NORTH CAROLINA GENERAL STATUTES

KNOW ALL MEN BY THESE PRESENTS, That this Declaration is made on the date hereinafter set forth by Hidden Ridge Development Corporation hereinafter called the "Declarant" and/or Developer and/or Grantor, a North Carolina corporation, pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, as amended, entitled the "Unit Ownership Act."

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of real property and buildings and improvements thereon which property is located in Dare County, North Carolina, which is more particularly described in Exhibit "I" attached hereto and incorporated herein by this reference (hereinafter referred to as the "property"); and

WHEREAS, Declarant desires to submit the property to the provisions of Chapter 47A of the North Carolina General Statutes as amended (hereinafter sometimes referred to as the Act) hereby creating a Condominium known as Admiral's View Condominiums; and

WHEREAS, Declarant desires to publish a plan for the individual ownership of the several condominium units and the ownership of individual interests in that real property hereinafter defined as "Common Areas and Facilities"; and

WHEREAS, Declarant desires to convey the property pursuant and subject to certain protective covenants, conditions, restrictions, reservations, liens, and charges hereinafter set forth;

NOW, THEREFORE, Declarant hereby submits the property to the provisions of Chapter 47A of the North Carolina General Statutes, as amended, and hereby publishes its plan as to the division of the property, the imposition of covenants, conditions, restrictions, reservations, liens and charges thereon and the individual ownership thereof, and Declarant hereby specifies that this Declaration shall constitute covenants, conditions, reservations and restrictions, which shall run with the property and shall bind and inure to the benefit of Declarant, its successors and assigns, and all subsequent owners of any interest in the property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

ARTICLE I
DEFINITIONS.

Definitions. As used in this Declaration and By-Laws and Exhibits attached hereto, and all Amendments thereof, unless the context otherwise requires, the following definitions shall prevail:

(a) Assessment, means a share of the funds required for the payment of common expenses or other expenses which, from time to time, are assessed against some or all of the unit owners.

(b) Building, means a structure containing in the aggregate one of the twelve units comprising a part of the property.

(c) By-Laws, means the By-Laws of the Unit Owners Association specified below, as they exist from time to time.

(d) Common Elements, means and includes all of the property of the Admiral's View Condominium excluding the twelve condominium units and includes general common elements and limited common elements, if any.

(e) Common Expenses, means and includes (1) all expenses incident to the administration, maintenance, repair and replacement of the common elements, after excluding therefrom any and all expenses which are the responsibility of a unit owner as set forth in Sections B and C of Article XIV hereof; (2) expenses determined by the Unit Owners Association to be Common Expenses; and (3) expenses declared by the Act to be Common Expenses.

(f) Common Surplus, means the excess of all receipts of the Unit Owners Association of Admiral's View Condominium, including, but not limited to, assessments, rents, profits and revenues on account of the common elements over and above the amount of common expenses of Admiral's View Condominium and not otherwise reserved or designated for specific use.

(g) Condominium Unit or Unit, means an individual condominium unit that is delineated in the Survey annexed to this Declaration as Exhibit "II", together with its share of the common elements as described and determined herein and in the Exhibits hereto. The physical boundaries of each unit are as delineated in the Survey aforescribed and as described herein.

(h) Co-Owner or Unit Owner, means any person or persons, including developer, owning a condominium unit or units; the term Co-Owner or Unit Owner shall not refer to any mortgagee, as herein defined, unless such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(i) Unit Owners Association, means all of the Co-Owners.

(j) Developer, means the North Carolina Corporation whose name appears at the end of this declaration as "Developer", its successors and assigns.

(k) Documents, means this Declaration and all Exhibits annexed hereto, the By-Laws of the Association, and the Management Agreement, as one or more of them may be amended from time to time.

(l) The Act, means, and refers to Chapter 47A of the Statutes of North Carolina, as amended. It is the intent of the grantor that the provisions of this Act shall control the creation of the Condominium. Should there be any conflict between the Act and this Declaration, the Act shall control.

(m) Institutional Mortgagee, means a Bank, Savings and Loan Association, Insurance Company or Union Pension Fund authorized to do business in the United States of America, an Agency of the United States Government, a real estate or mortgage investment trust, or a lender generally recognized in the community as an Institutional type lender having a lien on the property or any part hereof or any other corporation lending money to purchasers of the units.

(n) Limited Common Elements, means and includes those common elements which are agreed upon by the Co-Owners to be reserved for the use of a certain number of units to the exclusion of the other units and also includes those common elements designated herein and in the Exhibits hereto as limited common elements, if any.

(o) Management Agreement, means and refers to that certain Agreement attached to this Declaration and made part hereof, which provides for the management of the Admiral's View Condominium.

(p) Management Firm, means and refers to the entity identified as the Management Firm in the Management Agreement attached to this Declaration, its successors and assigns. The Management Firm shall be responsible for the management of the Admiral's View Condominium as described in the Management Agreement attached to this Declaration and made a part thereof.

(q) Declaration, means this Declaration establishing and recording the property of the Admiral's View Condominium.

(r) Occupant, means any person or persons in possession of a beach cottage.

(s) Person, means an individual, firm, or corporation, partnership, association, trust or other legal entity, or any combination thereof.

(t) Property, means and includes the land, whether leasehold or in fee simple, the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, whether or not contiguous, intended for use in connection with the Admiral's View Condominium.

(u) Beach Cottage, means a part of the property intended for residential use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a building, and with direct exit to a public street or highway, or to a common area leading to such street or highway and is synonymous to the word "Unit" in the Act.

ARTICLE II ADMIRAL'S VIEW CONDOMINIUM ASSOCIATION OF UNIT OWNERS

Section 1. Responsibility for Administration: The administration of the Admiral's View Condominium and the maintenance, repairs, replacement and operation of the Common Elements as herein provided, and those acts required of the Association of Unit Owners by the Declaration shall be the responsibility of the Association. Such administration shall be in strict accordance with the provisions of the Act, this Declaration and

the By-Laws of the Association of Unit Owners.

Section 2. Agreements: The Association shall be and hereby is authorized to enter into such agreements, including without limitation, a Management Agreement, as it may deem necessary or desirable for the administration and operation of the Condominium project. Each Unit Owner, by acquiring or holding an interest in any Condominium Unit, thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Administrators on behalf of the Association. A copy of all such agreements shall be made available at the office of the Association for review by each Unit Owner.

Section 3. Voting Rights: For each Condominium Unit owned one person shall be designated and known (and is hereinafter referred to) as a "Voting Member". If a unit is owned by more than one person the owners of said unit shall designate one of them as a Voting Member, or in the case of a Corporate Owner, an officer or employee thereof shall be the Voting Member. In any case, the designation of the Voting Member shall be made as provided by and subject to the provisions and restrictions set forth in the By-Laws of the Association. Any Interval Ownership owned by more than one person (or owned by a corporation) shall be treated in like manner.

ARTICLE III PROPERTY RIGHTS

Section 1. Identification of Units: ADMIRAL'S VIEW CONDOMINIUM consists essentially of all beach units and other improvements as set forth in Exhibit "I" attached hereto, and for the purpose of identification, all beach cottages in said Admiral's View Condominium are identified by number and are delineated on the Survey Exhibits, collectively identified as "Exhibit II", hereto attached and made a part of this Declaration. No condominium unit bears the same identifying number as does any other. The said Exhibit "II" also contains a survey of the land, graphic description of the improvements showing where the units are located, and a plot plan and, together with this Declaration, they are in sufficient detail to identify the location, dimensions and size of the common elements, and of each unit as evidenced by the Certificate of the Registered Engineer hereto attached. The legend and notes contained within the said Exhibit are incorporated herein and made a part hereof by reference.

The aforesaid units and improvements were constructed substantially in accordance with the Plans and Specifications and any modifications thereof are on file.

Section 2. Common Elements:

(a) Each of the unit owners shall own an undivided interest in the common elements, and such undivided interest, stated as percentage of such ownership in the said common elements, shall be as set forth in the owners deed.

(b) The fee title to each Condominium Unit shall include both beach cottage and the above respective undivided interest in the common elements, said undivided interest in the common elements to be deemed to be conveyed or encumbered as part of each respective Condominium unit. Any attempt to separate the fee title elements to a beach cottage from the undivided interest in the common elements shall be null and void. The term "common elements" when used throughout this Declaration shall mean both general common elements and limited common elements, if applicable, unless the context otherwise specifically requires.

Section 4. Use of Common Elements: The Association, its members, the Developer and its successors and assigns and all parties who own an interest in and to the aforesaid common elements agree that they shall not have any right to bring any action for partition or division of the real property that constitutes said common elements and said parties do hereby waive said rights of partition and division of said common elements. The initial Rules and Regulations, and all amendments thereof and revisions thereof pertaining to use of the common elements shall be posted in conspicuous places upon the common elements. The unit owners hereby covenant and agree to be bound by all of such Rules and Regulations and said parties shall obey same and be responsible for their being obeyed by the said unit owners, their family, guests, invitees, servants, and any other occupants. Should a unit owner fail to pay an assessment for common expenses, as required under the terms of this Declaration for the period of time specified herein whereby said assessment

becomes delinquent, the Association may deny the unit owner and/or the authorized user of the common elements the use and enjoyment of the same until such time as all assessments are paid. The Association shall further have the right in its sole discretion to suspend any unit owner and/or authorized user of said common elements from the use of same for a period not to exceed thirty (30) days for any infraction of the promulgated Rules and Regulations pertaining to said common elements. Should the unit owner and/or the authorized user of said common elements rights to use same be suspended, there shall be no reduction in the assessments due and payable by said unit owner or authorized user.

Any person who is a unit owner of a Condominium, together with spouse and other members of said owner's immediate family who are in residence in the Condominium, as provided herein, may use the common elements. Where a corporation is an owner, the use of said common elements shall be limited at any one time to such officer, director, employee or guest of said corporation who is in actual residence and such individual shall be deemed to be the Condominium owner for the purposes of this paragraph. Where a party owns one Condominium unit and leases same, the lessee shall be entitled to the use of the facilities and said lessee's rights thereto shall be the same as though said lessee were the unit owner and during the terms of said lease, the unit owner and his family shall not be entitled to the use of the common elements.

Section 5. Limited Common Elements: Those areas which are or will be reserved for the use of certain unit owners or a certain unit owner, to the exclusion of other unit owners, are designated as "limited common elements" and, if any, will be shown and located on the surveys and/or descriptions annexed hereto as Exhibit "II", or any amendments thereto. Any expense for the maintenance, repair or replacement relating to limited common elements shall be treated as and paid for as part of the common expenses of the Association unless otherwise specifically provided in this Declaration and Exhibits attached hereto. Should said maintenance, repair or replacement be caused by the negligence or misuse by a unit owner, his family, guests, servants or invitees, he shall be responsible therefor, and the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association, shall have the right to levy an assessment against such unit owner, which assessment shall have the same force and effect as all other special assessments. The cost and expense of the maintenance, care and preservation, including painting and the like, where applicable, of patios, decks, balconies and exterior stairs shall be a common expense of the Association; the applicable provisions in Article XIV as to patios, decks and balconies, as well as the stairs, shall be deemed to be repeated and realleged herein.

All parking spaces are and shall be, limited common elements. The parking spaces are uncovered and each shall be numbered and each space so numbered shall be considered to be within the limited common elements; however, the assignment of parking spaces to one or more unit owners, as part of the limited common elements shall not presently be made and need not be recorded in the public records of Dare County, North Carolina. Each condominium unit shall, however, be entitled to the use of at least two parking spaces and such other additional parking spaces as is determined by the Management Firm as long as the Management Agreement remains in effect, and thereafter the Association. Once the parking space or spaces (not to exceed two) have been assigned to a unit, said parking spaces shall become the limited common elements for that unit and may not be changed or taken away from said unit and the owner or owners thereof or his/their heirs, successors or assigns. Parking spaces shall be assigned by the Management Firm as long as the Management Agreement remains in effect and thereafter, by the Association. A register of the assignment of parking spaces shall at all times be maintained in the office of the Association and/or the office of the Management Firm. All parking spaces shall be used as determined by and pursuant to the rules and regulations adopted by the Management Firm and thereafter, the Association. Residual rights to parking spaces are limited to two spaces per condominium unit. The assignment or use of additional spaces will be temporary in nature.

ARTICLE IV.

ARCHITECTURAL CONTROL

Section 1. Approval Required For Changes: To preserve the original architectural appearance of Admiral's View Condominiums after

purchase of the Condominium units from the Developer, its successors or assigns, no exterior construction of any nature whatsoever, except as specified in this Declaration or Exhibits hereto, shall be commenced or maintained upon any building, common area, or limited common area, and all such additions as are herein specified shall be architecturally compatible with existing structures. No Unit Owner shall paint, decorate, or change the color of any exterior surface, gate, fence or roof, nor shall any Unit Owner change the design or color of the exterior lights, nor shall any Unit Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever, nor shall any exterior addition or change, including, without limiting the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures, by the Board of Administrators of the Association of Co-Owners or by an architectural committee composed of three or more representatives appointed by the Board of Administrators. Failure of the Board of Administrators, or its designated committee, to approve or disapprove such plans and specifications within sixty (60) days after their being submitted to it shall constitute approval.

ARTICLE V

COMMON EXPENSES AND COMMON SURPLUS

The common expenses of the Admiral's View Condominium, including obligation of each Unit Owner under the Management Agreement attached to this Declaration, shall be shared by the unit owners, as specified and set forth in Exhibit "III". The foregoing ratio of sharing common expenses and assessments shall remain, regardless of the purchase price of the condominium, its location, or the building square footage included in each Condominium unit.

Any common surplus of the Association of Co-Owners shall be owned by each of the Unit Owners in the same proportion as their percentage ownership interest in the common elements - any common surplus being the excess of all receipts of the Association of Co-Owners, including but not limited to, assessments, rents, profits and revenues on account of the common elements of the Association, over the amount of the common expenses of the Association.

ARTICLE VI

METHOD OF AMENDMENT OF DECLARATION

This Declaration may be amended at any regular or special meeting of the Co-Owners, called and convened in accordance with the By-Laws, by the affirmative vote of Voting Members casting not less than Two-Thirds (2/3) of the total vote of the members of the Association of Co-Owners.

All Amendments shall be recorded and certified as required by the Act. No Amendment shall change any Condominium unit, nor a Condominium unit's proportionate share of the common expenses or common surplus, nor the voting rights appurtenant to any unit, unless the record owner(s) thereof, and all record owners of mortgages or other voluntarily placed liens thereon, shall join in the execution of the Amendment. No Amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgagee or change the provisions of this Declaration with respect to Institutional Mortgages without the written approval of all Institutional Mortgagees of record, nor shall the provisions of Article XIII of this Declaration be changed without the written approval of all affected Institutional Mortgagees of record.

No Amendment shall change the rights and privileges of the Developer and/or the Management Firm without the applicable party's written approval.

Notwithstanding the foregoing paragraphs of this Article VIII, the Developer reserves the right to change the Interior design and arrangement of all units and to alter the boundaries between units, as long as the Developer owns the units so altered; however, no such change shall increase the number of units nor alter the boundaries of the common elements, except the party wall between any units, without Amendment of this Declaration in the manner hereinabove set forth. If the Developer shall make any changes in units, as provided in this paragraph, such changes shall be reflected by an Amendment of this Declaration with a

Survey attached, reflecting such authorized alteration of units and said Amendments need only be executed and acknowledged by the Developer and any holders of Institutional Mortgages encumbering the said altered units. The survey shall be certified in the manner required by the Act.

Notwithstanding the foregoing paragraph of this Article VIII, it is understood and agreed that as of the time this Declaration is dated and recorded in the Public Records of Dare County, North Carolina, all of the improvements and/or units which may be parts of Phase II will not be completed; however, said improvements and units will be completed within the time periods hereinabove prescribed; provided, however, that said periods shall be extended by virtue of delays caused by acts of God, acts of governmental authority or authorities, floods, hurricanes, strikes, labor conditions beyond Developer's control, or any other causes not within Developer's control.

ARTICLE VII
BY-LAWS

The operation of the Admiral's View Condominium shall be governed by the By-Laws of the Association of Co-Owners which are set forth in a document which is annexed to this Declaration, marked Exhibit IV and made a part hereof.

No modification of or Amendment to the By-Laws of said Association of Co-Owners shall be valid unless set forth in or annexed to a duly recorded Amendment to this Declaration. The By-Laws may be amended in the manner provided for therein, but no Amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Condominium unit, or which would change the provision of the By-Laws with respect to Institutional mortgages without the written approval of all Institutional Mortgagees of record. No Amendment shall change the rights and privileges of the Developer and/or the Management Firm without the applicable party's written approval. Any Amendment to the By-Laws, as provided herein, shall be executed by the parties and recorded in the Public Records of Dare County, North Carolina.

ARTICLE VIII
THE OPERATING ENTITY

The operating entity of Admiral's View Condominium shall be the Association of Co-Owners which is responsible for the operations specified in Article II hereinabove, said Association of Co-Owners being organized and existing pursuant to the Act. The said Association of Co-Owners shall have all of the powers and duties set forth in the Act, as well as all of the powers and duties granted to or imposed upon it by this Declaration, the By-Laws of the Association of Co-Owners and its Articles of Association, a copy of said Articles of Association being annexed hereto marked Exhibit "v", and made a part hereof, and all of the powers and duties necessary to operate the Condominium, as set forth in this Declaration and the By-Laws, and as they may be amended from time to time.

Every unit owner, whether he has acquired his ownership by purchase, by gift, conveyance or transfer by operation of law, or otherwise, shall be bound by the By-Laws and Rules of the said Association of Co-Owners, the provisions of this Declaration, the Management Agreement, all conditions, covenants and restrictions of record.

ARTICLE IX
ASSESSMENTS

The Association of Co-Owners, through its Board of Administrators, has delegated to the Management Firm the Power of the Association of Co-Owners to fix and to provide for the common expenses of Admiral's View Condominium, other sums as are specifically provided for in this Declaration and the By-Laws, and Exhibits attached hereto, for such period of time as provided in the Management Agreement, and thereafter, the Association of Co-Owners shall have such power. The Association of Co-Owners, through its Board of Administrators, shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the common expenses of ADMIRAL'S VIEW CONDOMINIUMS and such other assessments as are specifically provided for in this Declaration and Exhibits attached hereto, where said power has not been or is no longer delegated to the Management Firm. The procedure for the determination of all such assessments shall be as set forth in the By-Laws of the Association of Co-Owners and this Declaration, and the Exhibits attached hereto.

Assessments and installments that are unpaid for over ten (10) days after due date shall bear interest at the rate of eight percent (8%) per annum from due date until paid, and at the sole discretion of the Management Firm and/or the Board of Administrators, a late charge of Five (\$5.00) Dollars shall also be due and payable. Regular assessments shall be due and payable monthly on the first of each month and monthly bills for the same need not be mailed or delivered to Unit Owners. Maintenance fees for units committed to Interval Ownership shall be due and payable monthly on the first of each month.

The Association of Co-Owners and the Management Firm, as long as the Management Agreement remains in effect, shall have a lien on each Condominium unit for unpaid assessments, together with interest thereon, and against the unit owner(s) thereof, together with a lien on all tangible personal property located within said unit. In any case, such lien against any unit owner upon the aforesaid property shall be subordinate to prior bona fide liens of record. Reasonable attorney's fees incurred by the Association of Co-Owners and Management Firm incident to the collection of such assessments or the enforcement of such liens, together with all sums advanced and paid by the Association of Co-Owners or the Management Firm for taxes and payments on account of superior mortgage liens or encumbrances which may be required to be advanced by the Association of Co-Owners or Management Firm, in order to preserve and protect its lien, shall be payable by the Unit Owner and secured by such lien. The Management Firm, for as long as the Management Agreement remains in effect, and thereafter, the Board of Administrators, may take such action as it deems necessary to collect assessments, by a personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in its best interests. Said lien shall be effective as and in the manner provided for by the Act, and shall have the priorities established by said Act. The Management Firm, as long as the Management Agreement remains in effect, and the Association of Co-Owners, shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid, all sums due, as provided herein, covered by the lien enforced. In case of such foreclosure, the unit owner shall be required to pay a reasonable rental for the Condominium unit for the period of time said unit is occupied by the unit owner or anyone by, through or under said unit owner, and Plaintiff in such foreclosure shall be entitled to the appointment of a Receiver to collect same from the Unit Owner and/or occupant.

Where the Mortgagee of an Institutional First Mortgage of record, or other purchaser of a Condominium unit or an Interval Ownership therein, obtains title to a Condominium unit as a result of foreclosure of the First Mortgage, such acquirer of title, its successors and assigns, shall not be liable for the shares of common expenses or assessments by the Management Firm or the Association of Co-Owners pertaining to such Condominium unit or chargeable to the former unit owner, which became due prior to acquisition of title as a result of the foreclosure. Such unpaid share of common expenses or assessment shall be deemed to be common expenses collectible from all of the unit owners, including such acquirer, his successors and assigns.

Any person who acquires an interest in a unit, except through foreclosure by a First Mortgagee of record, shall not be entitled to occupancy of the unit or enjoyment of the common elements until such time as all unpaid assessments due and owing by the former owners have been paid. The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, acting through its Board of Administrators, shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Developer, or to any unit owner or group of unit owners; or to any third party.

ARTICLE X

INSURANCE PROVISIONS

A. Liability Insurance:

The Management Firm, as long as the Management Agreement remains in effect and thereafter, the Board of Administrators of the Association of Co-Owners, shall obtain Public Liability and Property Damage Insurance covering all of the common elements of the Condominium project and insuring the Association of Co-Owners, the Unit Owners and

the Management Firm as long as the Management Agreement remains in effect, as its and their interests appear, in such amounts and providing such coverage as the Management Firm, as long as the Management Agreement remains in effect and thereafter, the Board of Administrators of the Association of Co-Owners, may determine from time to time. Premiums for the payment of such insurance shall be paid by the Management Firm, as long as the Management Agreement remains in effect and, thereafter, by the Board of Administrators of the Association of Co-Owners, and such premiums shall be charged as a common expense.

B. Casualty Insurance:

1. Purchase of Insurance: The Management Firm, as long as the Management Agreement remains in effect and, thereafter, the Association Co-Owners, shall obtain Fire, Flood and Extended Coverage Insurance and vandalism and Malicious Mischief Insurance, insuring all of the insurable improvements within Admiral's View Condominium, including personal property owned by the Association of Co-Owners, or included in the common elements, in and for the interest of the Association of Co-Owners, all Unit Owners and their mortgagees, as their interest may appear, from a company acceptable to the standards set by the Management Firm, as long as the Management Agreement remains in effect and, thereafter, by the Board of Administrators of the Association of Co-Owners, in an amount equal to the maximum insurable replacement value of the personal property owned by the Association of Co-Owners or included in the common elements, as determined annually by the Management Firm, as long as the Management Agreement remains in effect, and, thereafter, by the Board of Administrators of the Association of Co-Owners. The premium shall be paid by the Management Firm, as long as the Management Agreement remains in effect and, thereafter, by the Association of Co-Owners, and shall be charged as a common expense.

First Mortgagees owning and holding mortgages encumbering Condominium units having an unpaid dollar indebtedness of \$5,000.00 or more shall have the right to approve the Policies and the company or companies who are the insurers under the insurance placed by the Management Firm, and thereafter, by the Association of Co-Owners as herein provided, and the amount thereof. In the absence of the action of said Mortgagees, then the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, shall have the right without qualification.

2. Loss Payable Provisions: All policies purchased by the Management Firm, and thereafter, by the Association of Co-Owners, shall be for the benefit of and made payable to the Association of Co-Owners and all Unit Owners, and their mortgagees, as their interests may appear.

All First Mortgagees who own and hold a First Mortgage on a Condominium Unit shall have a right to receive a certified copy of the Insurance Policy(s) which are obtained pursuant to this Article XII and the party responsible for obtaining said Policy(s) shall cause certified copies of said Policy(s) to be delivered to such First Mortgagees immediately upon written request by said Mortgagee(s).

(a) **Common Elements:** - Proceeds on account of damage to common elements - an undivided share for each unit owner, such share being the same as his undivided share in the common elements.

(b) **Beach Cottages (Condominium Units):** Proceeds on account of Beach Cottages shall be in the following undivided shares:

(i) **Partial Destruction** - When Beach Cottages are to be repaired and restored - for the owners of the damaged Beach Cottages, in proportion to the costs of repairing the damage suffered by each Beach Cottage.

(ii) **Total Destruction** of Condominium Improvements, or where "very substantial" damage occurs and the Condominium Improvements are not to be restored, as provided hereinafter in this Article - for the Unit Owners of all Beach Cottages - each Unit Owner's share shall be in proportion to his share in the common elements.

(c) **Mortgages:** In the event a Mortgagee Endorsement has been issued as to a unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owners as their interests may appear, provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

3. Distribution of Proceeds: Proceeds of Insurance Policies shall be distributed to or for the benefit of the beneficial owners, and expended or disbursed in the following manner:-

(a) Reconstruction or Repair:- If the damage for which the proceeds were paid is to be repaired and restored, the remaining proceeds shall be paid to defray the cost thereof, as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners - all remittance to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by said mortgagee. Said remittances shall be made solely to a First Mortgagee when requested by such First Mortgagee whose mortgage provides that it has the right to require application of the insurance proceeds to the payment of reduction of its mortgage debt.

(b) Failure to Reconstruct or Repair: If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be repaired and restored, the proceeds shall be disbursed to the beneficial owners; remittance to unit owners and their mortgagees being paid jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee. Said remittances shall be made solely to a First Mortgagee when requested by such First Mortgagee whose mortgage provides that it has the right to require the application of the insurance proceeds to the payment of its mortgage debt. In the event of loss or damage to personal property belonging to the Association of Co-Owners, and should the Board of Administrators of the Association of Co-Owners determine not to replace such personal property as may be lost or damaged, the proceeds shall be disbursed to the beneficial owners as surplus, in the manner elsewhere stated herein.

4. Loss Within a Single Unit: If loss shall occur within a single beach cottage, without damage to the common elements and/or the party wall between beach cottages, the provisions of this Article XII B.5 below shall apply.

5. Loss Less Than "Very Substantial":- Where a loss or damage occurs within the beach cottage or beach cottages, or to the common elements or to any beach cottage and the common elements, but said loss is less than "very substantial", (as hereinafter defined) it shall be obligatory upon the Association of Co-Owners and the unit owner(s) to repair, restore, and rebuild the damage caused by said loss. Where such loss or damage is less than "very substantial":-

(a) The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners shall promptly obtain reliable and detailed estimates of the cost of repairing and restoration.

(b) If the damage or loss is limited to the common elements with no, or minimum, damage or loss to any individual beach cottage and if such damage or loss to the common elements is less than \$3,000.00, the Association shall thereafter promptly contract for the repair and restoration of the damage.

(c) If the damage or loss involves individual beach cottages encumbered by First Mortgages, as well as the common elements, or if the damage is limited to the common elements alone, but it is in excess of \$3,000.00 the insurance proceeds shall be disbursed for the repair and restoration of the property upon the written direction and approval of the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, provided however, that upon the request of a First Mortgagee, the written approval shall also be required of the First Mortgagee(s) owning and holding first mortgages encumbering Condominium units where the unpaid balances due on said mortgages to said First Mortgagees are equal to \$5,000.00 or more.

All payees shall deliver paid bills and waivers of mechanic's liens to the Management Firm, and execute any Affidavit required by law or by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, or by the aforesaid First Mortgagees. In addition to the foregoing, the First Mortgagees whose approval may be required, as aforesaid, shall have the right to require the Management Firm, and thereafter, the Association of Co-Owners, to obtain a Completion, Performance and Payment Bond, in such form and amount, and with a Bonding Company authorized to

do business in the State of North Carolina, as are acceptable to the said Mortgagees.

(d) Subject to the foregoing, the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Board of Administrators of the Association of Co-Owners, shall have the right and obligation to negotiate and contract for the repair and restoration of the premises.

(e) If the net proceeds of the insurance are insufficient to pay for the estimated cost of restoration and repair (or for the actual cost thereof if the work has actually been done), the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, shall promptly, upon determination of the deficiency, levy a special assessment against all unit owners in proportion to the unit owner's share in the common elements, for that portion of the deficiency as is attributable to the cost of restoration of the common elements, and against the individual unit owners for that portion of the deficiency as is attributable to his individual unit (or his interest therein); provided, however, that if the Management Firm, so long as the Management Agreement remains in effect, and thereafter, the Board of Administrators of the Association of Co-Owners, finds that it cannot determine with reasonable certainty the portion of the deficiency attributable to a specific individual damaged unit(s), then the Management Firm, as long as the Management Agreement remains in effect, acting on behalf of the Board of Administrators and thereafter the Board of Administrators of the Association of Co-Owners, shall levy an assessment for the total deficiency against all of the unit owners in proportion to the unit owners' shares in the common elements, just as though all of said damage had occurred in the common elements.

(f) No mortgagee shall have the right to require the application of insurance proceeds to the payment of its loan other than as herein provided.

6. "Very Substantial" Damage: As used in this Declaration, the term "very substantial" damage, shall mean loss or damage whereby two-thirds (2/3) of the total beach cottage space in ADMIRAL'S VIEW CONDOMINIUM is rendered untenable or two-thirds (2/3) of the entire property is destroyed or damage whereby Sixty-Six and 2/3 (66 2/3%) percent or more of the total amount of insurance coverage (placed as per this Article XII.B.1.) become payable. Should such "very substantial" damage occur, then:

(a) The Management Firm, as long as the Management Agreement remains in effect, acting on behalf of the Board of Administrators of the Association of Co-Owners, shall promptly obtain reliable and detailed estimates of the cost of repair and restoration thereof.

(b) The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Board of Administrators of the Association of Co-Owners, shall ascertain as promptly as possible the net amount of insurance proceeds available for restoration and repair. No mortgagee shall have the right to require the application of insurance proceeds to the payment of its loan.

(c) Thereupon, a membership meeting shall be called by the Management Firm, or by the Board of Administrators of the Association of Co-Owners to be held no later than sixty (60) days after the casualty, to determine the wishes of the membership with reference to the termination of ADMIRAL'S VIEW CONDOMINIUM, subject to the following:

(i) If the net insurance proceeds available for restoration and repair are sufficient to cover the cost thereof, so that no special assessment is required, then the property shall be restored and repaired upon unanimous agreement of the voting members of the Association of Co-Owners. In the event there is not unanimous consent, then the property shall be removed from the provisions of law by the recording of an instrument terminating ADMIRAL'S VIEW CONDOMINIUM in the public records of Dare County, which said instrument shall further set forth the facts effecting the termination, certified by the Association of Co-Owners and executed by its President and Secretary. The termination of ADMIRAL'S VIEW CONDOMINIUM shall become effective upon the recording of said instrument, and all unit owners shall thereupon become owners as tenants in common of the property, and their undivided interests in the property shall be the same as their undivided interests in the common elements of ADMIRAL'S VIEW CONDOMINIUM, prior to its termination and all mortgages and liens upon the Condominium units shall become mortgages and liens

upon the undivided interests of such tenants in common, with the same priority as existed prior to the termination of this Declaration. In such event the insurance proceeds received shall be distributed to the unit owners in the same percentage as their ownership in the common elements upon termination.

(ii) If the net insurance proceeds available for restoration and repair are not sufficient to cover the costs thereof, so that a special assessment will be required, and in the event there is not unanimous approval of such special assessment and restoration and repair of the damaged property, then ADMIRAL'S VIEW CONDOMINIUMS shall terminate and the property removed from the provisions of the law as set forth in Paragraph 6(c)(1) above, and the unit owners shall be tenants in common in the property and their undivided interests in the property shall be the same as their undivided interests in the common elements of ADMIRAL'S VIEW CONDOMINIUMS prior to its termination and all mortgages and liens upon the Condominium units shall encumber the undivided interests of such tenants in common, as is provided in Paragraph 6(c)(1) above. The insurance proceeds available shall be distributed in like manner. In the event there is a unanimous vote of the voting members of the Association of Co-Owners in favor of special assessments, the Management Firm, as long as the Management Agreement remains in effect, acting on behalf of the Association of Co-Owners, shall immediately levy such assessment and, thereupon, the Management Firm, as long as the Management Agreement remains in effect and thereafter, the Association of Co-Owners, shall proceed to negotiate and contract for such repairs and restoration, subject to the provisions of Paragraph 5.(c) and (d) above. The special assessment funds shall be added to the proceeds available for the restoration and repair of the property. The proceeds shall then be disbursed for the repair and restoration of the property, as provided in Paragraph 5.(c) above.

(d) In the event any dispute shall arise as to whether or not "very substantial" damage has occurred, it is agreed that such a finding made by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, by the Board of Administrators of the Association of Co-Owners, shall be binding upon all unit owners.

7. Surplus: It shall be presumed that the first monies disbursed in payment of costs of repair and restoration shall be from the Insurance proceeds; and if there is a balance in the funds after the payment of all costs of the repair and restoration, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere provided herein.

8. Plans and Specifications: Any repair and restoration must be substantially in accordance with the Plans and Specifications for the original buildings, or as the buildings were last constructed, or according to the plans approved by the Management Firm and the Board of Administrators of the Association of Co-Owners, which approval shall not be unreasonably withheld. If any material or substantial change is contemplated, the approval of all First Mortgagees shall also be required.

9. Association of Co-Owners' Power to Compromise Claim:- The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, is hereby irrevocably appointed Agent for each unit owner, for the purposes of compromising and settling claims arising under Insurance Policies purchased under the Management Firm, and thereafter, by the Association of Co-Owners, and to execute and deliver Releases therefor, upon the payment of claims.

10. Institutional Mortgagee's Right to Advance Premiums:- Should the Association of Co-Owners fail to comply with other insurance requirements of the Institutional Mortgagee(s) holding the greatest dollar volume of unit mortgages, said Institutional Mortgagee(s) shall have the right, as its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, said mortgagee(s) shall be subrogated to the assessment and lien rights of the Association of Co-Owners as against the individual unit owners for the payment of such item of common expense. However, any such lien may not be enforced against Interval Owners except as hereinabove provided.

C. Workmen's Compensation Insurance: Workmen's Compensation Insurance will be obtained by the Management Firm, so long as the Management Agreement remains in effect and thereafter, the Association of Co-Owners in sufficient amounts as are required by law.

D. Other Insurance: Such other insurance as the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Board of Administrators of the Association of Co-Owners, shall determine from time to time to be desirable shall be obtained. The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Board of Administrators of the Association of Co-Owners, may obtain insurance policies as provided under Article XII which contain such deductible clauses and amounts as the Management Firm and thereafter, the Board of Administrators determines.

E. Subrogation: If available, and where applicable, the Management Firm, and thereafter, the Association of Co-Owners, shall endeavor to obtain policies which provide that the Insurer waives its right of subrogation as to any claims against unit owners, the Association of Co-Owners, their respective servants, agents and guests, and the Management Firm. Insurance Companies authorized to do business in the State of North Carolina shall be affirmatively presumed to be good and responsible companies and the Management Firm and the Board of Administrators of the Association of Co-Owners shall not be responsible for the quality or financial responsibility of the insurance companies provided same are licensed to do business in the State of North Carolina.

F. Zoning: If the zoning laws in effect at the time the Admiral's View Condominiums are damaged or destroyed prevent or prohibit the rebuilding or repair of the unit or units, then the provisions of Article XII 6(i) shall apply as, "In the event there is not unanimous consent . . ."

ARTICLE X USE AND OCCUPANCY

The owner of a unit shall occupy and use his unit as a single family private dwelling for himself and the members of his family, his social guests and Lessees and for no other purpose. Notwithstanding the foregoing, nothing in this Declaration shall be construed to restrict the Developer, or any successor in interest to the developer, from selling and/or conveying any unit under a plan of Interval Ownership, or any person, group of persons, corporation, partnership, or other entity, from selling, reconveying, or in any way, transferring same at any time under said plan of Interval Ownership.

The unit owner shall not permit or suffer anything to be done or kept in or about his beach cottage which will increase the rate of insurance of the property, or which will obstruct or interfere with the rights of other unit owners, or annoy them by creating unreasonable noises, or otherwise, nor shall the unit owners commit or permit any nuisance, or illegal acts in and about the property.

No animals or pets of any kind shall be kept in any beach cottage or on any property of Admiral's View Condominium except as and if permitted by the Rules and Regulations adopted by the Management Firm for the keeping of said pets as long as the Management Agreement remains in effect, and thereafter the Board of Administrators of the Association of Co-Owners; provided, that they may not be kept or maintained for any commercial purposes and further provided that such house pets causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the property subject to these restrictions upon three (3) days' written notice from the Management Firm or the Board of Administrators of the Association of Co-Owners.

The unit owner shall not cause anything to be affixed or attached to, hung, displayed, or placed, on the exterior walls, doors, or windows of the beach cottages nor the common elements nor shall they cause any type of ground coverage to be installed nor shall they grow any type of plant, shrubbery, flower, vine or grass outside their beach cottage, nor shall they cause awnings or storm shutters, screens, enclosures and the like to be affixed or attached to any beach cottage, buildings, or common elements; nor shall they place any furniture or equipment outside their beach cottage except with the prior written consent of the Management Firm, as long as the Management Agreement remains in effect, and thereafter, of the Board of Administrators of the Association of Co-Owners, and further, when approved, subject to the Rules and Regulations adopted by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, by the Board of Administrators of the Association of Co-Owners. The unit owners may not screen in or enclose any exterior patio which abuts his beach cottage, where applicable, nor

may the unit owners screen in or enclose any exterior deck and/or balcony which abuts his townhouse where applicable, with any type of material without the prior written consent of the Management Firm, and thereafter, the Association of Co-Owners; However, the Developer shall have the right to screen in or enclose the foregoing as it determines in its sole discretion until December 31, 1980, or sooner, as determined by the Developer.

No person shall use the common elements, or any part thereof, or a beach cottage, or the property, or any part thereof, in any manner contrary to or not in accordance with such Rules and Regulations pertaining thereto, as from time to time promulgated by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, by the Association of Co-Owners.

ARTICLE XII MAINTENANCE AND ALTERATIONS

A. Management Company: The Board of Administrators of the Association of Co-Owners may enter into a Contract with any firm, persons, or corporation, or may join with other Condominium Projects and entities in contracting for the maintenance and repair of Admiral's View Condominium and other type properties, and may contract for or may join with other Associations of Co-Owners in contracting for the management of its property(s) and other type properties, and may delegate to the Contractor or Manager all powers and duties of the Associations of Co-Owners, except such as are specifically required by this Declaration, or by the By-Laws, to have approval of the Board of Administrators or the membership of the Association of Co-Owners. The contractor or Manager may be authorized to determine the budget, make assessments for common expenses and collect assessments, as provided by this Declaration, By-Laws, and Exhibits to the Declaration. The Association of Co-Owners, through its Board of Administrators, has entered into a Management Agreement, attached hereto as Exhibit III, which encompasses the provisions of this paragraph.

B. Alterations and Additions: There shall be no alterations or additions to the common elements of Admiral's View Condominium where the cost is in excess of \$4,000.00, except as authorized by the Management Firm, as long as the Management Agreement remains in effect, and the Board of Administrators and approved by not less than seventy-five percent (75%) of the total vote of the unit owners, provided the aforesaid alterations or additions do not prejudice the rights of any unit owner, unless his consent has been obtained. The cost of the foregoing shall be assessed as common expenses. Where alteration or additions to the common elements are exclusively or substantially exclusively for the benefit of unit owner(s) requesting same, then the cost of such alterations or additions shall be assessed against and collected solely from the unit owner(s) exclusively or substantially benefiting, and the assessment shall be levied in such proportion as may be determined as fair and equitable by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, by the Board of Administrators of the Association of Co-Owners. Where such alterations or additions exclusively or substantially exclusively benefit unit owners requesting same, said alterations or additions shall only be made when authorized by the Management Firm, as long as the Management Agreement remains in effect, and the Board of Administrators, and approved by not less than seventy-five percent (75%) of the total vote of the unit owners exclusively or substantially exclusively benefiting therefrom, and where said unit owners are ten (10) or less, the approval of all but one shall be required. In the case of a condominium unit committed to interval ownership, approval by Interval Owners of at least forty (40) unit weeks in said unit shall constitute approval "of the unit owners" of that unit for the purpose outlined above.

Where the approval of unit owners for alterations to the common elements is required in this Declaration and Exhibits attached hereto, the approval of First Mortgagees whose mortgages encumber Condominium units representing not less than seventy percent (70%) of the total unpaid dollar indebtedness as to principal on said units at said time shall also be required.

C. Each unit owner of a unit agrees as follows:

(1) To maintain in good condition and repair his beach cottage and all interior surfaces within his beach cottage and the entire interior

of his beach cottage, and to maintain and repair the fixtures and equipment therein, which includes but is not limited to the following, where applicable - air conditioning and heating units including condensers and all appurtenances thereto wherever situated, and hot water heater, refrigerator, range and oven, and all other appliances, drains, plumbing fixtures and connections, sinks, all plumbing and water lines within the beach cottage, electric panels, electric wiring and electric outlets and fixtures within the beach cottage; interior doors, windows, screening and glass; all exterior doors, (except the painting of the exterior doors shall be a common expense of the Association of Co-Owners.) and pay for his electricity and telephone. Water, sewage, and waste fees, if applicable, shall be a part of the common expenses if billed to the Association of Co-Owners, if individual bills are sent to each unit by the party furnishing said service, each unit owner shall pay said bill for his unit individually. Where a beach cottage is carpeted, the costs of maintaining and replacing the carpeting shall be borne by the owner. Each unit owner shall maintain, care for and preserve portions of the limited common elements, as provided in Article III, Section 5 of this Declaration. Where there is a light fixture or fixtures attached to the exterior wall or walls of a beach cottage, the unit owner thereof shall replace same by the same color and bulb wattage at his cost and expense unless the Management Firm, and thereafter, the Association of Co-Owners, decide to replace same as a common expense of Admiral's View Condominium. The aforesaid lights may be tied to the electric meter for the beach cottage which is responsible for replacing said light bulbs and, in such case, the electric cost for same shall be borne by said unit owner. The door(s) to the storage room(s), which said storage room(s) are a part of a condominium unit, shall be deemed an exterior door(s) of the beach cottage of that unit, except the painting of the exterior of said door(s) shall be deemed a common expense.

(2) Not to make or cause to be made any structure, addition or alteration to his beach cottage or to the common element(s) or any part(s) thereof.

Alterations within a beach cottage may be made with the prior written consent of the Management Firm, so long as the Management Agreement remains in effect, and thereafter, of the Association of Co-Owners, and any First Mortgagee holding a mortgage on that unit.

(3) To make no alterations, decoration, repair, replacement, or change of the common elements, or any part thereof, or to any outside or exterior portion of the buildings whether within a beach cottage or part of the limited common elements without the prior written consent of the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners. Unit owners may use such contractors and sub-contractor(s) as are approved by the Management Firm, and thereafter, the Association of Co-Owners, and said parties shall comply with all Rules and Regulations adopted by the Management Firm, and thereafter, the Board of Administrators. The unit owner shall be liable for all damages to another unit or the Common elements of the property caused by the unit owner's contractor, subcontractor, or employee whether said damages be caused by negligence, accident or otherwise.

(4) To allow the Management Firm, the Board of Directors, or the agents or employees of the Management Firm or the Association of Co-Owners, to enter into any beach cottage for the purposes of maintenance, inspection, repair, replacement of the improvements within the beach cottage and/or common elements, or to determine, in case of emergency, circumstances threatening beach cottages and/or common elements, or to determine compliance with the provisions of this Declaration and the By-Laws of the Association of Co-Owners.

(5) To show no signs, advertisements or notices of any kind on the common elements, or beach cottages or buildings containing the same, and to erect no exterior antenna or arials, except as consented to by the Management Firm, as long as the Management Agreement remains in effect and thereafter, by the Board of Administrators of the Association of Co-Owners.

D. Failure To Maintain: In the event a unit owner fails to maintain his unit and the parts thereof, as required herein, or makes any alterations or additions without the required written consent or otherwise violates the provisions hereof, the Association of Co-Owners, or the Management Firm on behalf of the Co-Owners and on its own behalf, shall have the right to proceed in a Court of Equity for an injunction to

seek compliance with the provisions hereof. In lieu thereof and in addition thereto, the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, shall have the right to levy an assessment against such unit owner and the unit for such necessary sums to remove any unauthorized addition or alteration and to restore the property to good condition and repair.

Said assessment shall have the same force and effect as all other special assessments. The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, shall have the right to have its employees or agents, or any subcontractors appointed by it, enter a beach cottage at all reasonable times to do such work as is deemed necessary by the Management Firm, as long as the Management Agreement remains in effect, and thereafter, by the Board of Administrators of the Association of Co-Owners, to enforce compliance with the provisions hereof.

E. Color Scheme: The Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, shall determine the exterior color scheme of the buildings and all exteriors, and interior color schemes of the common elements, and shall be responsible for the maintenance thereof, and no unit owner shall paint an exterior wall, door, window, or any exterior surface, or replace anything thereon or affixed thereto, without the written consent of the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners.

F. Maintenance of Common Elements: The Association of Co-Owners shall be responsible for the maintenance, repair, and replacement of common elements, and all portions of the property not required to be maintained, repaired, and/or replaced by the unit owner(s); however, said responsibility has been undertaken by the Management Firm, as long as the Management Agreement remains in effect, as provided in the Management Agreement attached hereto as Exhibit V. Notwithstanding the unit owner's duty of maintenance, repair, replacement, and other responsibilities as to his unit, as is provided in this Declaration and Exhibits attached hereto, the Management Firm, as long as the Management Agreement remains in effect, and thereafter, the Association of Co-Owners, may enter into an agreement with such firms or companies as it may determine from time to time, to provide certain services and/or maintenances for and on behalf of the unit owners whereby maintenance and service are provided on a regularly scheduled basis, such as for air conditioning maintenance and service, exterminating services and other types of maintenance and services as said Management Firm, and thereafter the Association of Co-Owners, deems advisable and for such period of time and on such basis as it determines. Said agreements shall be on the behalf of all unit owners and the monthly assessment due from each unit owner for common expenses shall be increased by such sum as the Management Firm, and thereafter, the Association of Co-Owners, deems fair and equitable under the circumstances in relation to the monthly charge for said maintenance or service. Each unit owner shall be deemed a party to said agreement with the same force and effect as though said unit owner had executed said agreement and it is understood and agreed that the Management Firm, and thereafter the Association of Co-Owners, shall execute said agreements as the agent for the unit owners. The aforesaid assessment shall be deemed to be an assessment under the provisions of Article XI of this Declaration.

ARTICLE XIII TERMINATION

Admiral's View Condominium may be voluntarily terminated at any time upon the following terms. When there has been "very substantial" damage as defined in Article XII B.6 above, Admiral's View Condominium shall be subject to termination as provided in Article XII B.6. In addition, the Condominium may voluntarily be terminated if the proposed voluntary termination is submitted to a meeting of the membership of the Association of Co-Owners pursuant to notice and is approved in writing within sixty (60) days of said meeting by all of the total vote of the unit owners composing the Association of Co-Owners. In addition, before the condominium may be terminated, all creditors of unit owner(s) holding liens of record on any condominium unit or units (including, but limited to, any institutional mortgagee, other mortgagee or lien holder of record) must agree in writing to accept as security the undivided portion

of the property owned by the debtor(s) of each. If such conditions are fulfilled, the condominium shall forthwith be terminated and all unit owners shall become tenants in common in the real property and improvements constituting the beach cottages and common elements owned by the unit owners. The ownership of each unit owner upon such termination as tenant in common, shall be the same percentage as provided in said owners deed.

ARTICLE XIV
MANAGEMENT AGREEMENT

A. Powers Delegated to the Management Firm: The Association of Co-Owners has entered into a Management Agreement, a copy of which is annexed hereto as Exhibit "v" and made a part hereof.

The Association of Co-Owners has delegated to the Management Firm, the power of the Association of Co-Owners, through its Board of Administrators to determine the budget, make assessments for common expenses and maintenance fees and collect all assessments. Each unit owner, his heirs, successors and assigns, shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

- (1) Adopting, ratifying, confirming and consenting to the execution of said Management Agreement by the Association of Co-Owners.
- (2) Covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by unit owners in the cases provided therefore in said Management Agreement.
- (3) Ratifying, confirming and approving each and every provision of the Management Agreement, and acknowledging that all the terms and provisions thereof are reasonable.
- (4) Agreeing that persons acting as Administrators or officers at Association of Co-Owners entering into such an Agreement have not breached any of their duties or obligations to the Association of Co-Owners.

(5) It is specifically recognized that some or all of the persons comprising the original Board of Administrators of the Association of Co-Owners, are or may be shareholders, officers and/or directors of the Management Firm, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association of Co-Owners, nor as possible grounds to invalidate such Management Agreement, in whole or in part.

(6) The acts of the Board of Administrators and Officers of the Association of Co-Owners in entering into the Management Agreement be, and the same are, hereby ratified, approved, confirmed, and adopted.

The Association of Co-Owners, and unit owners further agree that the monthly assessments to be paid by unit owners for common expenses may also include such special assessments incurred by a unit owner for charges for guests and invitees of said unit owner, or temporary residents of said unit as to the use of facilities, and for any special service and charges.

B. Assignment of Rights: The Association of Co-Owners shall be responsible for the operation of Admiral's View Condominiums, but may assign its rights as provided herein under this Article XVI to such party as it determines and the Association of Co-Owners, by virtue of its execution of this Declaration and the Management Agreement attached to this Declaration as Exhibit III, shall be deemed to have assigned its rights under this Article XVI to the Management Firm under said Management Agreement.

ARTICLE XV
MISCELLANEOUS PROVISIONS

A. Ownership of Exterior and Common Walls: The owners of the respective Condominium units shall not be deemed to own the undecorated and/or unfurnished surfaces of the perimeter walls, Floors, and ceilings surrounding their respective beach cottage nor shall the unit owner be deemed to own pipes, wires, conduits, or other public utility lines running through said respective beach cottage which are utilized for or serve more than one Condominium unit, which items are, by these presents, hereby made a part of the common elements. Said unit owner, however, shall be deemed to own the walls and partitions which are contained in said unit owner's beach cottage, and shall also be deemed to own the inner decorated and/or furnished surfaces of the perimeter walls, floors, and ceilings, including plaster, paint, wall paper, etc.; however, all

load bearing walls and, where applicable, the floor between the first ground floor and second floor located within a beach cottage, are a part of the common elements to the unfinished surfaces of said walls and floors.

B. Basements and Encroachments: The owners of the respective Condominium units agree that if any portion of a beach cottage encroaches upon any portion of the common elements or another beach cottage or if any part of the common elements encroaches upon any beach cottage and take up a valid easement of the encroachment and maintenance of the same, so long as it stands, shall and does exist. In the event a Condominium building or buildings are partially or totally destroyed and then rebuilt, the owners of the Condominium units agree that encroachments on parts of the common elements or beach cottages, as aforescribed, due to construction, shall be permitted, and that a valid easement for said encroachments and the maintenance thereof shall exist.

C. Exemption from Liability: No owner of a Condominium unit may exempt himself from liability for his contribution toward the common expenses or the maintenance fee, by waiver of the use and enjoyment of any of the common elements or the recreation facilities thereof, or by the abandonment of his Condominium unit.

For the purposes of ad valorem taxation, the interest of the owner of a Condominium unit in his beach cottage and in the common elements, shall be considered a unit. The value of said unit shall be equal to the percentage of the value of the entire Admiral's View Condominium, including land and improvements, as has been assigned to said Unit and as set forth in this Declaration. The total of all said percentages equals 100% of the value of all of the land and improvements thereon.

D. Covenants Running With The Land: All provisions of this Declaration and Exhibits attached hereto, and amendments hereof, shall be construed as covenants running with the land, and every part thereof and interest therein, including, but not limited to, every unit (and, in the case of a unit so committed, to every Interval Ownership therein) and the appurtenances thereto, and every unit owner and occupant of the property, or any part thereof, or of any interest therein, and his heirs, executors, successors and assigns, shall be bound by all of the provisions of said Declaration and Exhibits annexed hereto and any amendments thereof.

E. Validity of Agreement: If any of the provisions of this Declaration, or of the By-Laws, the Articles of Association of the Association of Co-Owners, the Management Agreement, or of the Act, or any section, clause, phrase, word, or the application thereof, in any circumstances, is held invalid, the validity of the remainder of the Declaration, the By-Laws, Articles of Association and Management Agreement, or the Act, and of the application of any such provision, action, sentence, clause, phrase or word, in other circumstances, shall not be affected thereby.

F. Notices: When notices are required to be sent hereunder, the same may be delivered to unit owners either personally or by mail, addressed to such owners at their last known residence designated in writing to the Association of Co-Owners. Notices to the Association of Co-Owners shall be delivered by mail to the Management Firm. The change of the mailing address of any party as specified herein shall not require an Amendment to this Declaration.

Notices to the Developer shall be delivered by mail at:

Hidden Ridge Development Corporation
Norfleet Street
Lewiston, North Carolina 27849

Notices to the Management Firm shall be delivered by mail at:

Seacoast Real Estate Corp.
P. O. Box 728

Mags Head, North Carolina 27959

All notices shall be deemed and considered sent when mailed.

Any party may change his or its mailing address by written notice, duly receipted for. Notices required to be given the personal representative of a deceased unit owner or a devisee of such deceased unit owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the Court wherein the Estate of such deceased owner is being administered.

H. Developer's Right of Use: The developer shall have the right to use a portion of the common elements of the property for the purpose of aiding in the sales of Condominium units including the right to use portions of the property for parking for prospective purchasers

and such other parties as the Developer determines. The foregoing right shall mean and include the right to display and erect signs, billboards, and placecards and store, keep and exhibit same and distribute audio and visual promotional materials upon the common elements of the property. Further, the Developer shall have the paramount right in its sole discretion to use any Condominium Unit (or Beach Cottage) which it owns as a sales office until December 31, 1981.

I. Gender: Whenever the context so requires, the use of any gender shall be deemed to include all genders and the use of the singular shall include the plural, and plural shall include the singular. The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a condominium project.

J. Captions: The captions used in this Declaration and Exhibits annexed hereto are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text of this Declaration or Exhibits hereto annexed.

K. Mortgages: Where a First Mortgage, by some circumstance, fails to be a First Mortgage, but it is evident that it is intended to be a First Mortgage, it shall, nevertheless, for the purpose of this Declaration and Exhibits annexed, be deemed to be a First Mortgage.

L. Invalidity of Part of the Agreement: If any term, covenant, provision, phrase or other element of this Declaration and Exhibits annexed are held invalid or unenforceable for any reason whatsoever, such holding shall not be deemed to affect, alter, modify or impair in any manner whatsoever any other term, provision, element or covenant of the Declaration documents.

M. Warranties and Guarantees: THE DEVELOPER SPECIFICALLY DISCLAIMS ANY INTENT TO HAVE MADE ANY WARRANTY(S) OR REPRESENTATION(S) IN CONNECTION WITH THE PROPERTY (INCLUDING ANY WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) OR THE DECLARATION DOCUMENTS, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, AND NO PERSON SHALL RELY UPON ANY WARRANTY OR REPRESENTATION NOT SO SPECIFICALLY MADE HEREIN. Maintenance fees, common expenses, taxes, or other charges are estimates only and no warranty, guaranty or representation is made or intended to be made, nor may one be relied upon that any amount stated will not increase.

The Developer shall not be responsible for conditions resulting from condensation on, or expansion or contraction of materials, paint over walls, both exterior and interior, loss or injury caused in any way by the elements; the water tightness of windows and doors, defects which are the result of characteristics common to the materials used, and damage due to ordinary wear and tear or abusive use, collection of water within buildings or on any portion of the property nor anything of any type or nature except such items as are specifically delineated and agreed to in writing between the Developer and the individual unit owner and it shall be understood and agreed that the Developer shall bear no responsibility in any way as to the matters provided in this paragraph to the Association of Co-Owners and unit owners.

N. Approval of Covenants, Terms and Conditions: The Association of Co-Owners, by its execution of this Declaration and Master Deed, approves the foregoing and all of the covenants, terms and conditions, duties and obligations of this Declaration and Exhibits attached hereto. The unit owners, by virtue of their acceptance of the Deed of Conveyance as to their Condominium unit or the use of said Condominium and other parties by virtue of their occupancy of units hereby approve the foregoing and all of the terms and conditions, duties and obligations of this Declaration and Exhibits attached thereto.

O. Action For Partition Waived: No unit owner shall bring, or have any right to bring any action for partition or division of the Condominium property, nor shall any interval owner of unit weeks within any condominium unit committed to Interval Ownership have any right to bring such action with reference to other interval owners of unit weeks in such Condominium unit.

P. Restrictions on Real Property: The real property submitted to Condominium ownership herewith is subject to conditions, limitations, restrictions, reservations, and all matters of record, including, but not limited to, all recorded covenants and restrictions, easements for ingress and egress for pedestrian and vehicular purposes, easements for utility service and drainage now existing or hereafter granted by the

Developer for the benefit of such persons as the Developer designated, and the said Developer shall have the right to grant such easements and designate the beneficiaries thereof for such time as it determines in its sole discretion, and thereafter, the Association of Co-Owners shall be empowered to grant such easements on behalf of its members. During the period of time that the Developer has the right to grant the foregoing easements, the consent and approval of the Association of Co-Owners and its members shall not be required. The right to grant the foregoing easements shall be subject to said easements not structurally weakening the buildings and improvements upon the property not unreasonably interfering with the enjoyment of the property by the Association of Co-Owners members.

Q. Easements: The Association of Co-Owners and its members, the Developer, its successors and assigns and designees, by virtue of the execution of this Declaration and Exhibits attached hereto, are hereby granted an easement over, through and across the roadway areas of the common elements, other than the parking spaces specifically assigned for vehicular and pedestrian easement purposes. The aforesaid parties are further granted a pedestrian easement over and across the common elements of the property other than limited common elements. The aforesaid easements shall also be for the benefit of all owners of a portion of the real property and persons resident upon the lands or portions of the lands which are more fully described in Exhibit I attached hereto. The paved areas of the common elements which are subject to the easements hereinabove granted may be designated by Exhibit I as a roadway areas, streets, driveway, access easement or ingress and egress easement.

No right shall ever accrue to the public from the above described easements and said easements shall endure to January 1, 2000, and thereafter for successive periods of five (5) years unless sooner terminated by a recorded document duly executed and recorded by the persons required in the Public Records of Dare County, North Carolina. Said easements may be terminated in whole or in part prior to January 1, 2000, and thereafter, upon the joint consent of the Developer, its successors and assigns, and the owners of all the lands which are entitled to the use of said easements.

R. Notwithstanding the fact the present provisions of the Act are incorporated by reference and included thereby, the provisions of this Declaration and Exhibits attached hereto shall be paramount to the Act as to those provisions where permissive variances are permitted; otherwise, the provisions of said Act shall prevail and shall be deemed incorporated herein.

ARTICLE XVI

Each and every unit owner shall be a member of and shall be bound by the terms, provisions, restrictions, covenants, and conditions of record affecting this property.

ARTICLE XVII

PERSON TO RECEIVE SERVICE OF PROCESS

Stephen R. Burch is hereby designated to receive Service of Process in any Action which may be brought against or in relation to this Condominium. Said person's residence address or place of business is 203 Dundee Street, Windsor, North Carolina 27983.

ARTICLE XVIII

AMENDMENTS

This Declaration may be amended by the affirmative vote of two-thirds (2/3) of the total votes of the property ownership, as herein provided, at any regular meeting or duly called special meeting of the Association's membership; provided, however, that no Amendment shall change the rights and privileges of the Developer or the Management Firm without the written approval of the one affected by said change.

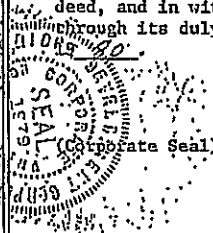
IN WITNESS WHEREOF, the Grantor, on behalf of itself and to bind itself and all of the Co-Owners who shall comprise the Association of Co-Owners (which shall be known as the Admiral's View Condominium Association of Co-Owners) has executed this DECLARATION as its act and deed, and in witness whereof, it has set its hand and seal, by and through its duly authorized officers, this 27 day of May, 1990.

HIDDEN RIDGE DEVELOPMENT CORPORATION

By: Robert S. Houghton
President

Attest: Linda L. Houghton
Secretary

PRITCHETT, BURNETT
& BURNETT
ATTORNEYS AT LAW
WINDSOR, N. C.



STATE OF NORTH CAROLINA
COUNTY OF BERTIE

Before me, the undersigned Notary Public in the County and State last aforesaid, personally appeared Wanda D. Sammons to me known and known to be the Secretary of HIDDEN RIDGE DEV. CORPORATION and acknowledged before me that she executed the above and foregoing instrument pursuant to the authority duly given, and that the seal affixed to said instrument is the Corporate Seal of said Corporation, and she further acknowledged said writing to be the act and deed of said Corporation.

Witness my hand and notarial seal in the County and State aforesaid, this the 27 day of May, 1980.

Julia A. Hughes
Notary Public
My Com. Expires: 8-19-81
(Notary Seal)

NORTH CAROLINA
BERTIE COUNTY

The foregoing certificate of Julia A. Hughes of Bertie Co. N.C. Notar(y) (ies) Public is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 590, Page 965.

This the 14th day of August, 1980, at 2:21 o'clock PM.

Alvin H. White
Register of Deeds

8-15-80

By: Barbara A. Kidgett
Asst. Register of Deeds

EXHIBIT I-
DESCRIPTION OF PROPERTY
OF
ADMIRAL'S VIEW CONDOMINIUM

That certain parcel of land in Nags Head Township, Dare County, North Carolina, situate on the Atlantic Ocean, more particularly described as follows: BEGINNING at a cement marker in the eastern edge of Business U. S. 158, which marker is located South 17 degrees 13 minutes East 1780 feet from Egret Street in the Town of Nags Head; thence from the beginning South 17 degrees 13 minutes East 150 feet along the eastern edge of U. S. Business 158 to a new c.m.; thence left and running North 66 degrees 43 minutes East 403.91 feet, plus or minus to the High Water line of the Atlantic Ocean; thence right and parallel to the road North 17 degrees 13 minutes West 150 feet to a corner; thence right and South 66 degrees 43 minutes West 402.91 feet, plus or minus to the place of beginning, being more particularly shown and described on plat of same drawn by William R. Clark, R.L.S., dated August 11, 1970, and on plat by Triangle Engineers, dated October 17, 1978, File # B-518.

Exhibit II

BOOK 297 PAGE 986

Atlantic Ocean

159.5
High Water Line

116.11

Newham

N-17-13-20
Circ line 150'

16.652
N-15-13-20

Newham

DUNE LINE

Plot Showing
Parcel Surveyed for
conveyance to
Jackson Rutledge
from South Nags
Head Realty Corp.
Town of Nags Head
Nags Head Township
Dare Co. NC.

7-15-15-13

5-05-45-14

50.0'

Newham

overhead Power Lines Bound property

5-17-13-E 150.0' Newham

U.S. BUSINESS 158 60' R/W (ZONE C.R.)



I, WILLIAM F. CLARK III, CERTIFY THAT UNDER MY DIRECTION AND SUPERVISION THIS PLAT WAS DRAWN FROM AN ACTUAL FIELD LAND SURVEY THAT THE ERROR OF CLOSURE AS CALCULATED BY LATITUDES AND DEPARTURES IS 1:50,000 THAT THE AREA IS DETERMINED BY THE D. M. D. METHOD THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G. S. 47-30 AS AMENDED.

WITNESS MY HAND AND SEAL THIS 12th DAY OF JULY 2012
W. F. Clark III
LAND SURVEYOR

Approved N.C.
Aug. 11, 2012

0 1 2 3 4 5 6 7 12 THE INCH

FLEXIBLE RULER-302 AWB

12 11 10 9 8 7 6 5

EXHIBIT II (Continued)

Admiral's View Condominium is one building three stories tall that sits on piling containing twelve condominium units and is primarily constructed of wood and glass.

The first floor units are identified beginning from the North as Unit 1A, 1B, 1C and 1D; the second floor units are identified beginning with the Northernmost unit as 2A, 2B, 2C and 2D; the third floor units are identified beginning with the Northernmost units as 3A, 3B, 3C and 3D, the latter being the Southernmost unit on the third floor.

Each unit contains two bedrooms, two bathrooms, a living room, kitchen and a deck area and has access to the common areas including parking lot, swimming pool and beach with each unit owner owning that proportionate interest in the common areas as set forth herein.

EXHIBIT III

All Unit Owners own, in addition to their beach cottage, an interest in the common elements of the property which percentage ownership has been determined and computed by taking as a basis the value of the individual condominium unit in relation to the value of the property as a whole. This percentage interest in the common elements of each unit owner shall be one-half undivided interest and each owner shall have a 1/12 vote which stated as a percentage is as follows:

Unit 1A = 8.34
 Unit 1B = 8.34
 Unit 1C = 8.34
 Unit 1D = 8.34
 Unit 2A = 8.33
 Unit 2B = 8.33
 Unit 2C = 8.33
 Unit 2D = 8.33
 Unit 3A = 8.33
 Unit 3B = 8.33
 Unit 3C = 8.33
 Unit 3D = 8.33

EXHIBIT "IV"
BY-LAWS
 OF
 THE ASSOCIATION OF CO-OWNERS
 OF
 ADMIRAL'S VIEW CONDOMINIUMS
 AN ASSOCIATION NOT FOR PROFIT

ARTICLE I - Name.

The name of this association shall be the Association of Co-Owners of Admiral's View Condominiums (The "Condominiums").

ARTICLE II - Purpose.

The purpose of this association shall be to provide a collective association of the Unit Owners (as hereinafter defined) of the Condominium to manage and control the Condominium and the activities of the owners therein and all things appurtenant to or related thereto and to carry out all activities and promulgate all rules and regulations and to have all responsibilities and purposes as are given to the Association of Co-Owners of the Condominium in the DECLARATION of the Condominium which is recorded in the Register of Deeds Office for Dare County in North Carolina, in Deed Book 297, at Page 915.

ARTICLE III - Definitions.

Whenever used herein, the following terms shall have the following definitions:

(a) Board - means the Board of Administrators of the Association of Co-Owners of the Condominium.

(b) By-Laws - mean the By-Laws of the Association of Co-Owners of the Condominium.

(c) Common area - means the common area as defined in the said DECLARATION of the Condominium.

(d) Association of Co-Owners - means all of the owners (as hereinafter defined) of the condominium.

(e) Condominiums - means Admiral's View Condominiums as is defined in the DECLARATION of Admiral's View Condominiums.

(f) Declaration - means the DECLARATION of Admiral's View Condominiums which is recorded in the office of the Register of Deeds for Dare County, North Carolina, in Deed Book _____, page _____, and Plat Book _____, Page _____.

(g) Development - means Admiral's View Condominiums as the same may be shown on maps or plats which are attached as exhibits to the DECLARATION or which may be recorded from time to time.

(h) Improvements - means and includes all buildings, out-buildings, streets, roads, driveways, parking areas, fences, retaining and other walls, landscaping, poles, antennae, and any other structure facility of any type or kind located within Admiral's View Condominiums.

(i) Vacation Home or Condominium Home - means any beach cottage or living unit located within the Condominiums.

(j) Owner - means any person or legal entity who holds title to a condominium unit and any person or legal entity who has a contract to purchase a condominium unit pursuant to written agreement (in which case, the seller under said agreement shall cease to be the owner of said condominium unit while said agreement is in effect) and any person or entity owning an interest in any of the real property and/or any improvements thereon located within the Condominium.

(k) Mortgagee or First Mortgagee - is hereby defined as having the same definition as is given the same in the DECLARATION.

(l) Plat - means any map or plats of the Condominium or any part or parts thereon that may be recorded from time to time.

ARTICLE IV - Submission to Condominium Ownership.

That Admiral's View Condominium is hereby submitted to the provisions of the North Carolina Unit Ownership Act and all amendments thereto and provision of said act, in all instances where said acts supply, are hereby expressly made a part of these By-Laws.

ARTICLE V - Personal Application.

All present or future owners, tenants, future tenants, or their employees or any other person that might use the facilities of the Condominium in any manner are subject to all matters, rules and regulations set forth in these By-Laws and to all rules and regulations hereinafter

promulgated by the Association of Co-Owners and/or Management Firm.

The mere acquisition or rental of a beach cottage or any unit week herein or the mere fact of occupancy of any said units whatsoever, will signify that these By-Laws and all the rules and regulations and all provisions of the Condominiums are accepted, ratified, and will be complied with.

ARTICLE VI - Voting Majority of Owners, Quorum and Proxies.

Section 1 - Voting. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled, is the percentage assigned to his interest in the DECLARATION and Exhibits thereto.

Section 2 - Majority. As used in these By-Laws, the term "majority of owners" shall mean those owners holding fifty-one (51%) percent of the vote in accordance with the percentages assigned in the Act. A majority of voters shall be required to adopt any decisions affecting same.

Section 3 - Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of owners as defined in Section 2 of this Article, shall constitute a quorum.

Section 4 - Proxies. Votes may be cast in person or by proxy. Proxy shall be in the form as determined by the Board and must be filed with the Secretary at least fifteen (15) days before the appointed time of a regular meeting or at least one (1) day before the appointed time of a special meeting.

ARTICLE VII - Association of Co-Owners. The owners of the units who constitute the Association of Co-Owners (hereinafter referred to as the Association) which will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project, pursuant to the agreement containing provisions relating to the duties, obligations, removal and compensation of the Management Firm. All such duties may, however, unless expressly prohibited by the Act of the DECLARATION, be assigned to the Management Firm by Association. Except as otherwise provided, decisions and resolutions of the Association shall require approval of a majority of owners.

Section 2 - Place of Meeting. Meetings of the Association shall be held at the office of the Management Firm within the Condominiums or such other suitable place convenient to the owners as may be designated by the Board.

Section 3 - Annual Meeting. The first annual meeting of the Association shall be held on November 30, 1979, thereafter, the annual meetings of the Association shall be held on the second Tuesday in November of each succeeding year. At such meetings, there shall be elected by ballot of the owners, a Board of Administrators in accordance with the requirements as hereinafter set forth in these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

Section 4 - Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board, or upon a petition signed by a majority of the owners and having presented same to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the Notice unless by consent of four-fifths (4/5th's) of the owners present, either in person or by proxy.

Section 5 - Notice of Meeting - It shall be the duty of the Secretary to mail a notice of the annual meeting or special meeting stating the purpose thereof as well as the time and place where it is to be held, to each owner on record. Notices of annual meetings shall be mailed at least thirty (30) days, but not more than forty (40) days prior to such meetings. Notices of special meetings shall be mailed at least five (5) days but not more than ten (10) days prior to such meetings. The mailing of a notice in this manner shall be considered "notice served".

Section 6 - Adjournment of Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or in proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7 - Order of Business. The order of business of all meetings of the owners of units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of previous meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New Business.

ARTICLE VIII - Board of Directors.

Section 1 - Number and qualifications. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be owners as hereinabove stated.

Section 2 - Powers and Duties. - The Board shall manage and control the affairs of the Association, adopt reasonable rules of order for the conduct of the meetings of the Association, and with references thereto, have sole determination upon procedural questions upon which no rules have been adopted, and select the officers of the Association. The Board may also establish committees of the Association and appoint members thereof. It may assign to such committee such responsibilities and duties not inconsistent with the provisions of these By-Laws or with law as it may deem appropriate. The Board may further issue and promulgate its rules and regulations as it deems necessary or proper to carry out the duties and responsibilities of itself and the Association as the same are determined and defined in the DECLARATION.

Section 3 - Other Duties. In the event there is no Management Agreement with a management firm, in addition to duties imposed upon these By-Laws by resolution of the Association, the Board shall further be responsible for the care, upkeep and surveillance of the Condominiums, and the common areas and facilities thereof. Collection of monthly assessments and maintenance fees from the owners and designation of the Condominium, the common areas and facilities thereof.

Section 4 - Election and term of office. At the first annual meeting of the association, the term of office of three (3) of the Administrators shall be fixed at two (2) years and the term of two (2) directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective director, his successors shall be elected to serve a term of two (2) years. The directors shall hold office until their successors have been elected, and hold their first meeting. At the first annual meeting of those nominated, the three persons receiving the greatest plurality of votes shall be elected for a term of two (2) years and the two (2) persons receiving the next highest plurality of votes shall be elected for a term of one (1) year. The number of Administrators shall be elected to equal the number of vacancies then existing. There shall be no cumulative voting allowed.

Section 5 - Qualification of Directors. Administrators shall be twenty-one (21) years of age or older and must be an owner and/or member of the Association.

Section 6 - Meetings.

(1) The first meeting of a newly elected board of Administrators shall be held within ten (10) days following the first annual meeting of the Association and at such place and at such time as shall be fixed by the Administrators at the meeting in which they were elected and no notice shall be necessary to the newly elected Administrators in order legally to constitute such a meeting, provided a majority of the whole Board shall be present.

(2) Regular meetings of the Board of Administrators may be held at such time and place as shall be determined from time to time by a majority of the Administrators. At least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Administrators shall be given to each director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such a meeting.

(3) Special meetings of the Board of Administrators may be called by the President on three (3) days notice to each administrator personally or by mail, telephone or telegraph, which notices shall state the time, place and purpose of the meeting. Special meetings of the Board of Administrators shall be called by the President or Secretary in like manner and on like notice at the written request of at least three (3) Administrators.

(4) Before, or at any meeting of the Board, any Administrator may, in writing, waive notices of such meeting and such waiver will be deemed equivalent to the giving of such notice. Attendance by an Administrator at any meeting of the Board shall be a waiver of notice by him at the time and place thereof. If all the Administrators present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

(5) Unless prohibited by law, any action which may be taken at a meeting of the Board, may be taken without a meeting if authorized in writing and signed by all the Administrators who have been entitled to vote on said action at a meeting and filed with the Secretary of the Association.

Section 7 - Quorum. Four (4) of the Administrators shall constitute a quorum to transact business of the Board and the act of the majority of the Administrators present at any meeting shall be deemed to be the act of the board.

Section 8 - Vacancies. If any vacancy exist on the Board, such vacancy shall be filled by the remaining Administrators, even though those remaining administrators might be less than a quorum. Any person or persons so elected shall serve out the expired term of the Administrator or Administrators who have been replaced.

Section 9 - Removal of Administrators. Any one of the administrators may be removed with cause at any time by a vote of the members holding majority of the votes at any special meeting called for that purpose.

Section 10 - Fidelity Bonds. The Board shall require that officers of the Association handling or responsible for Association funds furnish a fidelity bond. Premiums on such bonds shall be paid by the Association.

ARTICLE IX - Officers.

Section 1 - Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board. The Administrators may appoint assistant treasurers and assistant secretaries and such other officers as in their judgment may be necessary. No two may be held by the same person.

Section 2 - Election of officers. The officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board.

Section 3 - Removal of Officers. Upon the vote of a majority of the officers, any officer may be removed either with or without cause and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4 - President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Association and Board; he shall have all the general powers and duties which are usually vested in the office of the President of such an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the association.

Section 5 - Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. When neither the President or the Vice-President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform the other duties as shall from time to time be imposed upon him by the Board.

Section 6 - Secretary. The Secretary shall keep the minutes of all the meetings of the Board and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board may direct. He shall, in general perform all the duties incident to the office of secretary.

Section 7 - Treasurer. The Treasurer shall have the responsibility for the Association funds and the securities which shall come directly into the hands of the Association, and shall be responsible for full keeping of accurate accounts of all receipts and disbursements and books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated

by the Board. He shall also be responsible for delivering to the Management Firm, any and all funds of the Association which, by agreement, are to be received by the Management Firm.

ARTICLE X - Obligation of the Owners.

All owners are obligated to pay all monthly assessments and charges levied and imposed by the Association and/or by the Management Firm for such purposes as are enumerated in the DECLARATION or for which the Management Firm is given the power to assess under the Management Agreement and the DECLARATION. Such charges or assessments so levied shall be paid on or before dates affixed by resolution of the Board. Written notice of the charge and the date of payment shall be sent to each owner at the address given such owner to the Association. All common assessments shall be prorata depending upon each owner's percentage or ownership as is determined in the DECLARATION and Exhibits thereto. Such assessment shall include monthly payments to a general operating reserve in a reserve fund for replacements and all other things as required or set forth in the DECLARATION and Exhibits and as provided for in the Management Agreement, if there be one.

Section 2 - Collection and lien. The amount of assessment levied by the Association shall be paid on or before the date affixed by resolution of the Board. If not so paid, the amount of such assessment, plus any other charges thereon, including interest at the maximum limit provided by law per annum from the date delinquency and costs of collection, including attorney's fees, shall constitute and become a lien on the vacation home (or the unit weeks therein) so assessed, when the Board causes it to be recorded in the office of the Register of Deeds for Dare County, North Carolina. Such lien rights shall be as provided for in accordance with the terms and provisions of the DECLARATION and Exhibits thereto. A notice of assessments, which shall state the amount of the assessment and such other charges and description of the vacation home (or unit weeks therein) which have been assessed, shall be mailed to the owner. Such notice shall be signed either by the Secretary of the Association or by a duly authorized agent of the Management Firm. Upon payment of said assessment and charges or other satisfaction thereof, the Board shall, within reasonable time, cause to be recorded a notice stating the satisfaction and release of said lien.

Section 3 - Priority of lien. The priority of lien hereinabove set forth shall be as provided in the DECLARATION.

Section 4 - Enforcement. The lien provided for herein may be foreclosed by suit of the Association in like manner as a mortgage and in such event the Association may be a bidder at a foreclosure sale. The Association or its duly authorized agent may also pursue any other remedy against any owner owing money to it which is available to it by law, or equity for the collection of debt.

Section 5 - Proof of payment. Upon request, the Association shall furnish statements certifying that all assessments then due have been paid or indicating the amount then due.

Section 6 - Suspension. The Association or the Management Firm, if there be one, shall suspend any owner not paying assessments when due and such owner shall be refused entrance into the Condominium and use of the facilities thereof until all assessments and penalties to which the owner is subject have been paid.

Section 7 - Maintenance and Repair. Each and every owner shall perform promptly all maintenance and repair work required of individual owners by the DECLARATION and Exhibits thereto, or which, if within his own unit, if omitted, would effect the Condominiums in its entirety or in a part belonging to other owners. The Association or the Management Firm, if there be one, shall be responsible for all maintenance and repair work required of the Association in the DECLARATION. An owner shall reimburse the Association or Management Firm if there be one, for any expenditures incurred in repairing or replacing any common areas or facilities damaged by such unit owner, his family, guests or lessees.

Section 8 - Abuse of Family Units.

- (1) All units shall be utilized for residential purposes only.
- (2) An owner shall not make any structural modifications or alterations in his unit or located therein without approval of the

Association, or if so delegated, the Management Firm. Should the Association or the Management Firm not answer such notification within fifteen (15) days, such will be construed to mean there is no objection to the proposed modification or alteration.

Section 9 - Use of common areas and facilities and restricted common areas and facilities. An owner shall not place or cause to be placed in any common area furniture, packages or objects of any kind. Such areas shall be used for no purpose other than normal transit through them or normal use of the facilities provided.

Section 10 - Right of entry.

(a) An owner shall grant the right of entry to the Management Firm or to any other person authorized by the Board or the Association to enter his unit on a regular recurring basis as the same is provided in the DECLARATION for routine maintenance and upkeep.

(b) An owner shall grant the right of entry to the Management Firm or to any other person authorized by the Board or the Association to enter his unit in the case of any emergency originating in or threatening the unit, whether the owner is present at the time or not.

Section 11 - Occupancy and Use. If any owner shall own less than all the unit weeks of his condominium unit, he shall occupy and use said unit and the common areas and facilities of the Condominium only during his unit weeks (less, however, the maintenance period) only during the times contained within his unit weeks and shall have no right of entry occupancy or use of his unit or any other part of the Condominium at any other time.

Section 12 - Rules of Conduct. No resident shall post any advertisement or posters of any kind on or in the project except as authorized by the Association or as is permitted in the DECLARATION.

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

(b) It is prohibited to hang garments, rugs, etc. from the windows or from any of the sides or from any of the buildings or parts thereof.

(c) It is prohibited to throw garbage or trash outside the disposal installation provided for such purpose in the service area.

(d) It is prohibited to dust rugs, etc. from the windows or to clean rugs, etc. by being on the exterior part of any of the building.

(e) No owner, resident or leasee shall have installed or install wiring for electrical or telephone installation, television antennae, machines or air conditioning units, etc. on the exterior of the building or that protrude through the walls or roof of any building except as authorized by the Board or the Management Firm.

(f) Nothing herein contained shall limit in any manner the power of the Association, the Board, and/or the Management Firm, to issue and promulgate such additional rules and regulations as are deemed necessary or desirable for the use, occupancy, and enjoyments of the Condominiums by the owners thereof. Such rules and regulations shall be binding upon and enforceable upon the owners, their families, guests and/or leasees.

ARTICLE XI - Mortgagees.

Section 1 - Any owner who mortgages his unit or his interest therein shall notify the Association through the Management firm or the President of the Board in the event there is no Management Firm, of the name and address of his mortgagee and the Association and/or Management Firm shall maintain such information in a book entitled "Mortgagees of Units".

Section 2 - Notice of Unpaid assessments. The Association of the Management Firm shall, at the request of a Mortgagee of a unit, report any unpaid assessments due from the owner of the unit.

Section 3 - Any and all first mortgagees shall have first rights and powers granted to them by the DECLARATION and nothing herein contained shall supersede such rights and powers. In the event any right or duty or power herein delegated or granted to the Association by these By-Laws is given to a first mortgagee by the DECLARATION, or should said first mortgagee, by reason of the DECLARATION, have any voice in such decisions, then such first mortgagee is given such rights and powers and vote in such decisions as are granted in the DECLARATION.

ARTICLE XII - Compliance.

These By-Laws are set forth to comply with the requirements of the Act. In case any of these By-Laws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of the statutes will apply.

ARTICLE XIII - Amendments.

These By-Laws may be amended by the vote of the Co-Owners representing two-thirds of the total value of the property. The percentages set forth in the Declaration and the Exhibits thereto are based upon the value of each condominium unit in relation to the entire Condominium project and therefore, two-thirds of the vote of the voting members shall be sufficient to amend these By-Laws. Any such amendment shall not become operative unless set forth in an amendment to the Declaration duly recorded. All unit owners shall be bound to abide by any amendment upon the same being passed and duly set forth in such amendment to the Declaration, duly recorded.

These By-Laws are hereby adopted, accepted and fully ratified as the By-Laws of the Association of Co-Owners of Admiral's View Condominiums, the 27 day of May, 1980.

Robert E. Harty Jr.
President and Duly Authorized
Agent

Attest: Linda B. Lawrence
Secretary