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OCEAN GABLES I,
A CONDOMINIUM

DECLARATION

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RECITAL OF DECLARANTS AND INTENT

Clarence A. Rawls, III, Patricia E. Rawls, Jeryl S. Rawls, and Carol M. Rawls, being the owners of the real property located in Dare County, North Carolina hereinafter described, and desiring to subject the same to certain conditions, restrictions, easements and protective covenants, all being hereinafter provided, and to create a condominium pursuant to the provisions of the North Carolina Condominium Act, N.C.G.S. Chapter 47C (the "Act"), do hereby make, impose, dedicate, subject and declare the same by their execution of this Declaration. Said parties are from place to place hereinafter referred to as "Declarants", and this instrument is from place to place hereinafter referred to as the "Declaration". The name of the condominium hereby created and established is "Ocean Gables I, A Condominium."

Article I

Effective Date

This Declaration is dated as of the 25th day of May, 1988, and its terms and provisions become binding and effective as of the time and date that it is recorded in the Register of Deeds Office of Dare County, North Carolina. (The "Effective Date").

Article II

Property Subject to This Declaration

2.01 The real property which is subject to the terms and provisions of this Declaration is located in the Town of Nags Head, Dare County, North Carolina, and is more particularly described as follows:

Beginning at an iron pipe in the Eastern right of way line of U. S. 158 Business (Virginia Dare Trail), which said beginning point may be located by starting at the point of intersection of the Eastern right of way line of said U. S. 158 Business with the Southern right of way line of said U. S. Street and proceeding thence from said point of intersection with the Eastern right of way line of U. S. 158 Business in a Southwardly direction 1,405.7 feet to a concrete monument, and proceeding thence still with the Eastern right of way line of U. S. 158 Business South 16 degrees East 80.84 feet to an iron pipe, the point of beginning; running thence from said point of beginning, so located, North 74 degrees East 265.83 feet to an iron pipe ("Point I"); running thence the same course continued approximately 76 feet to the high water mark of the Atlantic Ocean; running thence with the high water mark of the Atlantic Ocean in the Southward direction to the point where the high water mark of the Atlantic Ocean is intersected by the Southern boundary of this tract, which said point may be located by starting at Point I and proceeding South 15 degrees 51 minutes 39 seconds East 80.84 feet to an iron pipe ("Point II"), and proceeding thence North 74 degrees East approximately 74 feet to said point in the high water mark of the Atlantic Ocean; thence leaving the high water mark of the Atlantic

Ocean and running South 74 degrees West approximately 74 feet to Point II; running thence the same course continued 265.63 feet to an iron pipe set in the Eastern right of way line of U. S. 158 Business; running thence with the Eastern right of way line of U. S. 158 Business North 16 degrees West 80.84 feet to an iron pipe, the point of beginning, containing 0.61 acres more or less.

Said real property is shown upon a map titled "Ocean Gables I, A Condominium, Units A, B, Common Elements, and Easements" by C. P. Lewis, Registered Surveyor, dated May 24, 1988, and recorded in Plat Cabinet Unit Owners File No 4, ^{Page} slide 30831 of the Dare County Register of Deeds Office. Said map is from place to place hereinafter referred to as the "Map" and the real property above described is from place to place hereinafter referred to as the "Property". The Property, together with improvements thereof planned or in place as shown on the Map or Floor Plans is from place to place hereinafter referred to as "Ocean Gables I" or the "Condominium."

2.02. Unit Boundaries. Units A and B are respectively delineated on the Map, and are hereby declared for the purpose of further and more completely describing the same, to consist of elements and to have respective boundaries, the vertical and horizontal planes of which are (i) the surfaces of the exterior walls, including all paint, shingles, windows, screens, shutters, doors, exterior siding or decorative material, including the exterior surfaces of all porches and components thereof; and (ii) the exterior surfaces of the bottom story flooring and joists, including porch flooring and posts and the exterior surfaces of the posts, piers or piles extending into the earth and serving as foundation or support members for the remainder of the respective

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Unit, and including as part of each respective Unit the steps and the lattice or screening attached to such foundation or support members; and (iii) the topmost exterior surfaces, including shingles, paint, boards and all siding or decorative material of the roof and gables of each respective Unit; and the centerline of the vertical wall separating Unit A and Unit B, as shown on the Map and Floor Plans; and (iv) including all spaces, interior partitions, wires, pipes, ducts, conduit, fixtures, appliances and improvements within such boundaries. It is hereby declared that it is the intention of Declarants to describe, constitute, create and bound as Units, respectively, each half of the entire structure as divided by the centerline of the vertical wall separating Unit A and Unit B as shown on the Map and Floor Plans. The Units are shown on "Floor Plans" entitled "Ocean Gables I, A Condominium - Floor Plans" and recorded in Plat Cabinet *Unit Deeds File No 32-35*, of the Dare County, North Carolina, Register of Deeds Office.

Units A and B may from place to place hereinafter be referred to jointly as the "Homes", and severally, respectively, as a "Home", but, irrespective of such designation, shall be and exist as herein described and as defined in N.C.G.S. Section 47C-1-103 (25).

The Condominium includes only two Homes, Homes A and B, and the Declarants do not reserve the right to construct or create any additional units on the property.

2.03. Common Elements. The balance of the Property subject to this Declaration, excepting the Homes, and including the privacy fences, outside showers, free standing area lights,

entry accent pylons, walks, decks, drives, septic tank, sewer and water lines to the Unit boundary, comprise the "Common Elements".

The Common Elements are denoted on the Map and Floor Plans. The Map also locates and denotes certain easements to which the Common Elements are made subject.

2.04. Encumbrances. The liens, defects and encumbrances on the property to which the rights of Home owners and title to the Homes and Common Elements is subject are set forth on Exhibit A.

2.05. Limited Common Elements. "Limited Common Elements" are Common Elements which are designated or limited by easement or limited by restriction or location and function to or for the exclusive use and benefit of one Home and are hereby allocated to such Home. Limited Common Elements of the Condominium are:

- (1) All items so defined or designated by section 47C-2-102 of the Act; except as same may be described by Section 2.02 hereof as part of a Unit.
- (2) The outside showers serving each Home; and
- (3) The landscape or privacy fence behind each Home; and
- (4) The refuse receptacle bins or fences serving each Home; and
- (5) The areas subject to the Easements described in Article V A. hereof which respectively serve each Home, to wit:
 - (a) The areas subject to the respective Ocean Access Easements.

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- (b) The areas subject to the respective Rear Access Easements.
- (c) The areas subject to the respective Parking Easements.
- (d) The areas subject to the respective Landscape Easements.

Article III

Title To Homes

3.01. Subject to Declaration. Title to Homes A and B, respectively, is held by Declarants, and is hereby declared to be held subject to the terms, conditions and restrictions which are imposed by this Declaration. Homes A and B, or either of them, may be conveyed by Declarants, their heirs, successors and assigns, in fee, to any persons or entities whatsoever, and their respective heirs and assigns, but subject always, nevertheless, to this Declaration.

3.02. Easements Appurtenant. The respective Easements hereinafter provided and granted in Article V A. are appurtenant to and inure to the benefit of, and run with the title to Homes A and B, respectively.

3.03. Delegation of Use. The owner of any Home may delegate or assign, in accordance herewith and with the By-Laws, his right of enjoyment to the Common Elements to the members of his household, his guests, his tenants, or contract purchasers of the Home.

Article IV

Title To Common Elements

4.01. Subject to Declaration. Title to the Common Elements is held by Declarants, and is hereby declared to be held subject to the terms, conditions and restrictions which are imposed by this Declaration. Declarants will sell and convey, subject to this Declaration, an one-half undivided interest in and to the Common Elements, at the time, and to the same grantee, when and as title to any Home is sold or conveyed by Declarants. Such one-half undivided interest in the Common Elements is hereby respectively allocated to each Home, and shall henceforth run with the title to each Home. The Common Elements may not be partitioned.

4.02. Easements Appurtenant. The Easements hereinafter provided and granted in Article V B. are appurtenant to, inure to the benefit of, and run with the title to the Common Elements.

Article V

Easements

A. Easements Serving or in Favor of the Homes.

5.01. Property is Servient. Certain easements serve Homes A and B respectively, are established and dedicated for the benefit of the respective Homes, are appurtenant to the respective Homes and shall run with the title to the respective Homes. Title to the Common Elements is subject to those Easements, and use of the Common Elements is servient to said Easements. The location and dimensions of the Easements hereby established and dedicated are shown on the Map.

For the purposes of determining Home Assessments by the Association, the areas subject to these Easements are described in Section 2.05 hereof as Limited Common Elements and are respectively allocated to the respective Homes which they serve or benefit.

5.02. Ocean Access Easements. There are hereby granted and dedicated for the exclusive use and benefit of Homes A and B, respectively, Ocean Access Easements for each Home. The Ocean Access Easements are granted for the purpose of providing access to and egress from the beach and ocean from and to each Home, to provide a clear and unobstructed view of the beach and ocean from each Home, and to serve as areas for viewing the beach and the ocean while reposing on the easements. The Ocean Access Easements are perpetual and exclusive. The owner of Home A has no right to go upon the Ocean Access Easement appurtenant to Home B, and vice versa. Persons entitled to the use of a respective Ocean Access Easement may use same on foot only, except that conveyances designed to transport infants or handicapped persons may be used for such purposes. Permanent structures may not be constructed or installed on the Ocean Access Easements other than seawalls, jetties, and replacements or repairs of the Common Elements shown upon the Map and Floor Plans. No vegetation may be planted upon the Ocean Access Easements except vegetation native to beachside dunes of the immediate area. Lawn furnishings of a functional but not decorative nature, e.g. chairs and lounges, may be used upon the Ocean Access Easements.

The Ocean Access Easement granted and dedicated to and for Home A is described in Exhibit B hereto.

The Ocean Access Easement granted and dedicated to and for Home B is described in Exhibit C hereto.

5.03. Rear Access Easements. There are hereby granted and dedicated for the exclusive use and benefit of Homes A and B, respectively, Rear Access Easements for each Home. The Rear Access Easements are granted for the purpose of providing access to and egress from the public highway, U. S. 158 Business, to and from each Home, and to and from the Ocean Access Easements, and to provide areas of repose for the occupants of each Home, and to provide clear and unobstructed views of Jockey's Ridge State Park from each Home. The Rear Access Easements are perpetual and exclusive. The owner of Home A has no right to go upon or to use the Rear Access Easement appurtenant to Home B, and vice versa. Persons entitled to the use of a respective Rear Access Easement may use same on foot only, except that conveyances for the transport of infants or handicapped persons may be so used. Permanent structures may not be constructed or installed on the Rear Access Easements except replacements or repairs of the water and septic systems and Common Elements shown on the Map and Floor Plans. No vegetation may be planted upon the Rear Access Easements except vegetation native to beachside dunes of the immediate area. Lawn furnishings of a functional but not decorative nature, e. g. chairs and lounges, may be used upon the Rear Access Easements.

The Rear Access Easement granted and dedicated to and for Home A is described in Exhibit D hereto.

The Rear Access Easement granted and dedicated to and for Home B is described in Exhibit E hereto.

5.04. Parking Easements. There are hereby granted and dedicated for the exclusive use and benefit of Homes A and B, respectively, Parking Easements for each Home. The Parking Easements are granted for the purpose of providing parking for vehicles of each Home owner, family members and guests. The Parking Easements are perpetual and exclusive. The owner of Home A has no right to go upon or use the Parking Easement appurtenant to Home B, and vice versa. No vegetation may be planted upon the Parking Easements and permanent structures may not be constructed or installed thereon other than driveway surfacing and curbs.

The Parking Easement granted and dedicated to and for Home A is described in Exhibit F hereto.

The Parking Easement granted and dedicated to and for Home B is described in Exhibit G hereto.

5.05. Landscape Easements. There are hereby granted and dedicated for the exclusive use and benefit of Homes A and B, respectively, Landscape Easements for each Home. The Landscape Easements are granted for the purpose of providing areas within which the respective Home owners may garden or establish decorative plantings. The Landscape Easements are perpetual and exclusive. The owner of Home A has no right to go upon or to use the Landscape Easement appurtenant to Home B, and vice versa.

Permanent structures may not be constructed by the respective Home owners or installed on the Landscape Easements.

The Landscape Easement granted and dedicated to and for Home A is described in Exhibit H hereto.

The Landscape Easement granted and dedicated to and for Home B is described in Exhibit I hereto.

5.06. Common Wall Easements. There are hereby granted and dedicated to and in favor of the owner of each Home, vis a vis the other Home owner, respective cross easements for the purpose of permitting the repair or replacement of the vertical wall between Home A and Home B, or of any component thereof or of any pipe, wire, duct or fixture therein. Such easements shall include the right to enter either Home and temporarily remove or alter such wall or components thereof for the purpose of effecting such repairs or replacement.

B. Easements Serving or in Favor of the Association or Common Elements.

5.07. Dominant Rights and Easements of Association. Any provision of this Declaration to the contrary notwithstanding, the Association, its successors and assigns, by and through its duly authorized Board, officers, agents, committees, employees, and contractors, shall have and is hereby granted the right to go upon the Common Elements, including portions thereof subject to the easements granted in Article V A., for the purpose of inspecting, protecting, maintaining, cleaning, repairing and replacing the Common Elements.

5.08. Easements through Homes to Repair, Maintain, Restore, and Reconstruct. There are hereby granted and dedicated to and in favor of the Association, its successors and assigns, by and through its duly authorized Board, officers, agents, committees, employees, and contractors, the perpetual right and easement to enter upon a Home or the Common Elements to repair, maintain, restore, or reconstruct all or any part of a Home or the Common Elements whenever by this Declaration or the Bylaws such action is authorized.

5.09. Declarants' Easement. Declarants hereby reserve such easements through the Common Elements as may be reasonably necessary for the purpose of discharging their obligations and completing the construction of Ocean Gables I, which easements shall exist as long as reasonably necessary for such purposes.

5.10. Easements which run with land. The easements and rights granted and dedicated by Sections 5.07 and 5.08 of this Article V B. shall run with the title to the Common Elements and be binding upon the owners of the Homes, their successors and assigns.

Article VI

Special Declarant Rights

Any provision hereof to the contrary notwithstanding, Declarants reserve the rights

(1) to complete the improvements to the Property shown on the Map and the Floor Plans, and to use any unsold Home as a sales office or sales model, and to erect on the Limited Common

Elements of any such Home, or display thereon, signs advertising the Condominium; and

(2) to elect the entire membership of the Board.

The rights hereby reserved shall terminate when Declarants have sold and conveyed each Home, or upon the expiration of two years next after the effective date hereof, whichever may first occur.

ARTICLE VII

Allocations

The allocations to each Home of the percentage of undivided interest in the Common Elements, of votes in the Association, and of the percentage of the Common Expenses are as follow and reflect the area of each Home as compared with the total area of all Homes, with votes being equally allocated:

	<u>Home A</u>	<u>Home B</u>
Percentage Undivided Interest		
In Common Elements:	50%	50%
Percentage of Common Expenses	50%	50%
Votes	One	One

Article VIII

The Association, Restrictions, Conditions and Covenants

8.01. Association Established, Compliance with Declaration, Bylaws, etc.. Declarants have caused to be

established an unincorporated association, to wit, Ocean Gables I Owners Association (the "Association"). Copies of the Charter and the Bylaws of the Association are attached as Exhibits J and K respectively.

The owners and occupants of each Home shall comply with all applicable provisions of the Act, this Declaration, the Bylaws, the Charter of the Association (the "Charter"), and rules and regulations promulgated by the Board of the Association. Failure to comply shall be grounds for an action by the Association or an aggrieved Home owner, for injunction or other relief.

The restrictions, conditions and covenants of this Declaration, of the Act, of the Charter and of the Bylaws shall be deemed to be covenants running with the land, and shall bind every person having any interest in the Property, and shall inure to the benefit of the owner of each Home.

8.02. Management of Condominium. Ocean Gables I shall be managed and maintained in accordance with the provisions of the Act, this Declaration, the Charter and the Bylaws.

Furthermore, reasonable rules and regulations not in conflict with this Declaration, the Charter, or the Bylaws, may be promulgated from time to time by the Board or the Association as provided in the Bylaws.

8.03. Use of Property. The Homes shall be used and occupied for residential purposes only, and the Common Elements shall be used for purposes consistent with the use and enjoyment of the Homes for such purposes only. Provided, nevertheless, Declarants may, in connection with their ownership of either

Home, exercise the Special Declarant Rights provided in Article VI hereof. Except as permitted by Article VI hereof no "For Sale" or "For Rent" signs or window displays or advertising shall be maintained or permitted on any part of the Property without the prior written approval of the Board.

8.04. Hazardous Use and Waste. Nothing shall be done or kept in any Home or upon the Common Elements that will increase any rate of insurance maintained with respect to the Condominium without the prior written approval of the Board. The owners and occupants of the Homes shall not permit anything to be done that will result in the cancellation of insurance maintained with respect to the Condominium, or that would violate any law, or would result in damage or abuse to or the destruction of a Home or Common Elements.

8.05. Alteration of Common Elements. The Home owners and occupants shall not alter, construct anything upon, or remove anything from, the Common Elements, or paint, decorate, landscape (except as provided by the Easements), or adorn any portion of the Common Elements, without the prior written approval of the Board. Provided, nevertheless, Declarants may in connection with their ownership of either Home, exercise the Special Declarant Rights provided in Article VI hereof.

8.06. Architectural Restrictions. The Home Owners and occupants shall not repair, replace, paint or otherwise alter the exterior finish, materials or texture of either or both Homes, and appurtenant Common Elements in any manner such that the color scheme or appearance, or both, of either or both Homes and/or

appurtenant Common Elements is caused to vary or depart from the color scheme or appearance of the Homes and appurtenant Common Elements as upon the Effective Date, except upon the unanimous vote of the Association.

ARTICLE IX

ASSESSMENTS

9.01. Liens. The Board has the power to levy assessments against the Homes for Common Expenses. Such assessments shall be a lien on the Homes against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Home sold, or a money judgement obtained against the persons liable therefor.

9.02. Personal Liability of Transferees; Statement; Liability of Mortgagee.

(a) The personal obligation for assessments which are delinquent at the time of transfer of a Home shall not pass to the transferee of said Home unless said delinquent assessments are expressly assumed by said transferee.

(b) Any transferee referred to in (a) above shall be entitled to a statement from the Board of the amount of assessments due and such transferee's Home shall not be subject to a lien for any unpaid assessments against such Home in excess of the amount therein set forth.

(c) Where a mortgagee, or other person claiming through a trustee or mortgage, pursuant to the remedies provided in a deed of trust or mortgage, or by foreclosure, or by deed or assignment in lieu of foreclosure, obtains title to a Home, the

liability of such mortgagee or such other person for assessments shall be only for the assessments, or installments thereof, that would become delinquent, if not paid, after acquisition of title. For purposes hereof, title to a Home shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.

(d) Without releasing the transferor from any liability therefor, any unpaid portion of assessments which is not a lien under (b) above or, resulting, as provided in (c) above, from the exercise of remedies in a deed of trust, or by foreclosure thereof or by deed, or assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Home Owners, including the transferee under (b) above and the mortgagee or such other person under (c) above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

9.03. Prohibition of Exemption from Liability for Contribution Toward Common Expenses. No Home owner may exempt himself from liability for his share of the Common Expenses assessed by the Association by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Home or otherwise.

9.04. Availability of Condominium Documents, Books, Records and Financial Statements. The Association shall, upon request and during normal business hours, make available for inspection by Home owners and the mortgagees and the insurers and guarantors of a mortgage on any Home, current copies of the

Declaration, the Bylaws, other rules and regulations governing the Condominium and the books, records, and financial statements of the Association. The Association shall provide a financial statement for the preceding fiscal year if requested in writing by a mortgagee or insurer or guarantor of a mortgage. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of Homes, current copies of the Declaration, Charter, Bylaws, other rules and regulations governing the Condominium, and the most recent annual financial statement (if one is prepared).

9.05. Assessments. Assessments shall be due and payable at least annually beginning on the first day of June of each year, but may be made to become due more frequently if the Association shall so elect. Declarants shall pay all accrued expenses of the Condominium until assessments are levied against the Homes. An assessment shall be deemed levied against a Home upon the giving of notice by the Board to a member of the Association who is an owner of that Home. Home owners shall have no obligation to pay monthly assessments until an assessment is levied. Assessments will begin at such time as the Board elects.

ARTICLE X

Management, Maintenance, Repairs,
Replacements, Alterations and Improvements
10.01. Common Elements.

(a) By the Association. The management, replacement, maintenance, repair, alteration and improvement of the Common

Elements shall be the responsibility of the Association, and, subject to the provisions of Section 10.02 hereof, the cost thereof shall be a Common Expense to the extent not paid by Home owners pursuant to Section 10.01 (b) hereof. All damage caused to a Home by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(b) By Home Owners. Each Home owner shall pay all costs to repair and replace all portions of any Home or of the Common Elements that may become damaged or destroyed by reason of his intentional acts or negligence or the intentional acts or negligence of any occupant of his Home but only to the extent that such costs are not compensated by insurance carried by the Association. Such payment shall be made upon demand made by the Association or the other Home owner as the case may be.

10.02. Repair and Upkeep of Limited Common Elements.
Each Home Owner shall maintain the Limited Common Elements attached to his Home in a good, clean, neat and attractive condition in order that it shall not detract from the appearance and desirability of the other Home. Such repairs, maintenance and replacement shall be procured or performed and paid for by the Home owner and the obligation to do so shall be coextensive with a like obligation inuring to the Association pursuant to the Act. Provided, nevertheless, if the Association performs such repair, maintenance, replacement, or other needed work pursuant to Section 10.05 hereof then the cost of such work shall be

assessed against the Home to which such Limited Common Element was allocated at the time the expense was incurred.

Any provision hereof to the contrary notwithstanding, if a Home Owner shall fail to maintain the Limited Common Elements as required by this Section, and if the Association shall fail to do so as provided by Section 10.05 hereof, then the owner of the other Home in the Condominium may bring civil action for injunctive or other relief as may be appropriate against such defaulting Home owner.

10.03. Repair and Upkeep of Homes. Each Home Owner shall maintain his Home at all times in a good and clean condition, and maintain the exterior thereof in a neat and attractive condition in order that it shall not detract from the appearance and desirability of the other Home; and he shall perform his responsibilities in such manner as not to unreasonably disturb other occupants; shall promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association; and, to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Home that has been damaged or destroyed by reason of his own acts or omissions, or the acts of omissions of any occupant of his Home. Such payment shall be made upon demand by the Home owner of such other Home. Nothing herein contained shall modify any waiver by insurance companies of right of subrogation.

Any provision hereof to the contrary notwithstanding, if a Home owner shall fail to maintain his Home as required by this Section, and if the Association shall fail to so maintain such a Home as provided by Section 10.05 hereof, then the owner of the other Home in the Condominium may bring civil action for injunctive or other relief as may be appropriate against such defaulting Home owner.

10.04. Right of Entry.

(a) By the Association. The Association, and any person authorized by the Association, may enter any Home or any of the Limited Common Elements in case of any emergency or dangerous condition or situation originating in or threatening that Home or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Home owner or occupant, may enter that Home or any of the Limited Common Elements for the purposes of performing any of the Association's duties or obligations or exercising any of the Association's powers under the Act, this Declaration, the Charter or the Bylaws with respect to that or any other Home, any Limited Common Elements, or the Common Elements. The Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Home, and the cost thereof shall be made and done so as to cause as little inconvenience as possible to the Home owner and occupant of the entered Home or any portion of the Limited Common Elements allocated to the Home owner.

(b) By Home Owners. Each Home owner and occupant shall allow other Home owners and occupants, and their representatives, to enter his Home, or Limited Common Elements allocated to his Home, when reasonably necessary for the purpose of altering, maintaining, repairing or replacing the Home of, or performing the duties and obligations under the Act, this Declaration or the Bylaws of, the Home owner or occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Home owner or occupant whose Home or Limited Common Element is to be entered. In case of an emergency or dangerous condition or situation, such right of entry shall be immediate. The person making such entry shall be responsible for repair of any damage caused by such person to the entered Home or Limited Common Element.

10.05. Association to Act to Enforce Home Owners' Obligations to Maintain Homes and Limited Common Elements. In the event that a Home owner shall fail to maintain his Home and the Limited Common Elements allocated thereto as required by Sections 10.02 and 10.03 hereof, then the Association may perform or cause to be performed such maintenance and repairs. The cost of such maintenance and repairs shall be assessed against the Home upon which the repairs or maintenance was performed or to which to Limited Common Elements repaired or maintained are allocated.

10.06. Common Wall Conditions. In the event that repairs to or replacement of the vertical wall, the centerline of which is the common boundary between Home A and Home B, are necessary,

and the costs of same are not recompensable by insurance in favor of the Association or either Home Owner, then the costs of such repairs or replacement shall be apportioned between the owners of Home A and Home B according to the benefits thereby derived. Any such repairs or replacement primarily benefitting the Home of one owner shall be performed so as to leave or restore the wall, with respect to its utility and appearance respecting the other Home, in as good condition as before such repairs or replacement became necessary.

Any provision of this Section 10.06 to the contrary notwithstanding, the provisions of Section 10.01 (b) shall apply with respect to repairs of replacement of said wall required on account of certain negligence or intentional acts.

ARTICLE XI

Insurance

11.01. The Association shall maintain, to the extent available:

- (1) Property insurance on the Common Elements and the Homes insuring against all risks of direct physical loss commonly insured against including flood, fire and extended coverage perils. Such insurance shall be in an amount equal to not less than the full insurable value of the Property on a replacement cost basis; and
- (2) Liability insurance for the benefit of the Home owners, occupants, the Association, the Board, the manager, if any, the Declarants and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be

determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000) per occurrence for death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

Insurance policies carried pursuant to this Section 11.01 must provide that:

(1) Each Home owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association.

(2) The insurer waives its right to subrogation under the policy against any Home owner or lawful occupant.

(3) No act or omission by any Home owner or lawful occupant will preclude recovery under the policy.

(4) If, at the time of a loss under the policy, there is other insurance in the name of the Home owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

11.02. Other Insurance. The Association may procure such other insurance, including worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Home owners.

11.03. Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

11.04. Individual Policy for Home owners. Each Home owner may obtain insurance, at his own expense, affording personal property, additional living expense, condominium assessment, personal liability, and any other coverage obtainable, to the extent and in the amounts such Home owner deems necessary to protect his own interests; provided that any such insurance shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of insurance purchased by a Home owner under this Section, such Home owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction to the Association upon demand, and assign the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE XII

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced, and proceeds of insurance shall be used and applied in accordance with the provisions of N.C.G.S. Section 47C-3-113(h).

ARTICLE XIII

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the same shall be repaired or restored, and/or the awards paid on

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account thereof shall be used and applied in accordance with N.C.G.S. Section 47C-1-107.

ARTICLE XIV

Termination

The Condominium may be terminated only in strict compliance with N.C.G.S. Section 47C-2-118.

ARTICLE XV

Amendment

This Declaration may be amended only in strict compliance with the Act, including, without limitation, N.C.G.S. Section 47C-2-117, except that no amendment altering or impairing the Special Declarant Rights provided in Article VI hereof may be made without the written consent of Declarants.

ARTICLE XVI

General Provisions

16.01. Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant,

restriction, condition, limitation, provision, paragraph or clause to any other person or circumstances.

16.02. Interpretation of Declaration. Whenever appropriate singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

16.03. Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

16.04. Exhibits. Exhibits attached hereto are hereby made a part hereof.

ARTICLE XVII

JOINDER OF MORTGAGEE

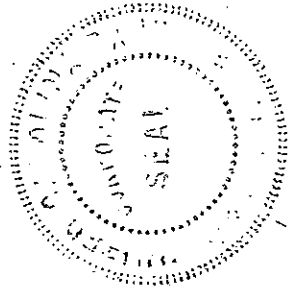
John S. Moore, II as Trustee, and United Carolina Bank as Beneficiary under the terms of Deeds of Trust which are liens against the Property respectively dated December 30, 1986, recorded in Book 490, at Page 854, and dated June 17, 1987 and recorded in Book 515, Page 348, of the Dare County Register of Deeds Office (the "Deeds of Trust"), respectively join in the execution of this Declaration for the purpose of subjecting and subordinating the liens of the Deeds of Trust to the terms of this Declaration, and for the purpose of consenting to the terms, conditions, and covenants of this Declaration, the Charter, and the Bylaws, and they respectively agree that the liens of the Deeds of Trust and the interests of the Trustee and Beneficiary

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therein are subject to the terms, conditions, and covenants of the Declaration.

The said Trustee and Beneficiary hereby acknowledge the receipt of valuable considerations upon their execution of this Declaration.

IN TESTIMONY WHEREOF, this Declaration is executed, and the individuals so acting adopt as their respective seals the typewritten word "SEAL" appearing by their respective signatures.



ATTEST: Kim E. Stone
CHANCELLER SECRETARY

Clarence A. Rawls, III (SEAL)
CLARENCE A. RAWLS, III

Patricia E. Rawls (SEAL)
PATRICIA E. RAWLS

Jeryl S. Rawls (SEAL)
JERYL S. RAWLS

Carol M. Rawls (SEAL)
CAROL M. RAWLS

UNITED CAROLINA BANK

BY: *John S. Moore*
PRESIDENT

John S. Moore (SEAL)
JOHN S. MOORE, II, TRUSTEE

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally appeared Clarence A. Rawls, II, and he acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this 25 day of May, 1988.

Reggie B. Jefferson
NOTARY PUBLIC

My commission expires: 7/14/89

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally appeared Patricia E. Rawls, II, and she acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this 25 day of May, 1988.

Reggie B. Jefferson
NOTARY PUBLIC

My commission expires: 7/14/89

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally appeared Jeryl S. Rawls, II, and he acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this 25 day of May, 1988.

Reggie B. Jefferson
NOTARY PUBLIC

My commission expires: 7/14/89

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STATE OF NORTH CAROLINA

COUNTY OF BEAUFORT

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally appeared Carol M. Rawls, II, and she acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial seal, this 25 day of July, 1988.

My commission expires: 7/14/89
Peggy B. Jefferson
NOTARY PUBLIC

STATE OF NORTH CAROLINA

COUNTY OF Beaufort

This 25 day of May 1988, personally came before me, the undersigned Notary Public in and for the State and County aforesaid, John S. Moore II, who being by me duly sworn says that he is President of United Carolina Bank, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that said writing was duly signed and sealed by him on behalf of said corporation by its authority duly given. And the said John S. Moore II acknowledged the writing to be the act and deed of said corporation.

WITNESS my hand and Notarial Seal.

My commission expires: 7/14/89
Peggy B. Jefferson
NOTARY PUBLIC

STATE OF NORTH CAROLINA

COUNTY OF Beaufort

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally appeared John S. Moore, II Trustee, and he acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial seal, this 25 day of May, 1988.

My commission expires: 7/14/89
Peggy B. Jefferson
NOTARY PUBLIC

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DARE COUNTY NORTH CAROLINA

The foregoing Certificate of Peggy B. Jefferson a Notary Public of Beaufort County is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By Borris A. Fry Register of Deeds for Date County
Peggy B. Jefferson Assistant Register of Deeds