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**DECLARATION AMENDMENT
(The Oceans Condominiums)**

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NORTH CAROLINA
DARE COUNTY

THIS AMENDED AND RESTATED DECLARATION OF THE OCEANS
CONDOMINIUMS, is effective as of April 28, 2018, by and between and OCEANS
HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (hereinafter
the "Association").

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RECITALS

A. By Declaration of Unit Ownership dated July 21, 1983 and recorded in Book 348, Page 744, Dare County Registry, Coastal Development Group (the "Declarant") created a condominium known as "The Oceans Condominiums" (the "Condominium"), pursuant to the North Carolina Unit Ownership Act, Chapter 47A of the North Carolina General Statutes (the "Unit Ownership Act"). The Condominium is located in the Town of Nags Head, Nags Head Township, Dare County, North Carolina. The Condominium consists of nine (9) Units.

B. Attached to the Declaration as **Exhibit B** is a copy of the Bylaws for the Association (the "Bylaws").

C. At a meeting of the Members of the Association held on April 29, 2017, at which all of the Members of the Association were present in person or by proxy, a resolution was adopted by the unanimous consent of all of the Unit Owners of the Condominium to approve certain amendments to the Declaration and to the Bylaws, which resulted in the recordation of an Amended and Restated Declaration and Bylaws in Book 2174, Page 626, Dare County Registry.

D. At a meeting of the Members of the Association held on **April 28, 2018**, at which a quorum of the Members of the Association were present in person or by proxy, and there being no existing Eligible Mortgagees in the Condominium, a resolution was adopted by the unanimous vote of those Unit Owners of the Condominium present in person or by proxy who represented **88.5624%** of the total votes in the Association, to approve certain amendments to the Declaration and to the Bylaws.

NOW, THEREFORE, and pursuant to (i) Section 16 of the Declaration, and (ii) Article VIII of the Bylaws, and based on the resolution duly approved by the unanimous consent of all of the members of the Association (i.e. one hundred percent of the votes in the Association), the Association does hereby amend and restate the Declaration of The Oceans Condominiums and the Bylaws of the Oceans Homeowners Association, Inc., and by doing so hereby declares that all of the property described in this Declaration shall be held, transferred, conveyed, occupied and used subject to the following easements, covenants, conditions, restrictions, liens and charges which shall run with the title to the real property and which shall be binding upon and inure to the benefit of all of the parties having any right, title or interest in the above described properties, their heirs, successors and assigns.

Section 1. Statement of Purpose; Statement of Submission; Applicable Law.

A. Statement of Purpose. This Amended and Restated Declaration shall replace in their entirety (i) the Declaration of Unit Ownership of the Condominium dated July 21, 1983 and recorded in Book 348, Page 744, Dare County Registry, and (ii) the Amended and Restated Declaration and Bylaws recorded in Book 2174, Page 626, Dare County Registry.

B. Statement of Submission. The legal description of the land which was previously submitted to Condominium ownership is located in the Town of Nags Head, Nags Head Township, Dare County, North Carolina and more particularly described on the **Exhibit A** attached hereto and incorporated herein as if more fully set forth.

C. Applicable Law.

1. The Unit Ownership Act continues to apply to the Condominium except as provided otherwise by the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes (the "Condominium Act"), the North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes (the "Nonprofit Corporation Act"), other provisions of North Carolina law, or this Declaration.

2. As provided by Section 47C-1-102(a) of the Condominium Act, Sections 47C-1-105 (Separate Titles and Taxation), 47C-1-106 (Applicability of Local Ordinances, Regulations, and Building Codes), 47C-1-107 (Eminent Domain), 47C-2-103 (Construction and Validity of Declaration and Bylaws), 47C-2-104 (Description of Units), 47C-2-121 (Merger or Consolidation of Condominiums), 47C-3-102(a)(1) through (6) and (11) through (16) (Powers of Unit Owners' Association), 47C-3-103 (Executive board members and officers), 47C-3-107.1 (Procedures for fines and suspension of condominium privileges or services), 47C-3-108 (Meetings), 47C-3-111 (Tort and Contract Liability), 47C-3-112 (Conveyance or Encumbrance of Common Elements), 47C-3-116 (Lien for Assessments), 47C-3-118 (Association Records), 47C-3-121 (American and State flags and political sign displays), and 47C-4-117 (Effect of Violation on Rights of Action; Attorney's Fees), and 47C-1-103 (Definitions) of the Condominium Act, to the extent necessary in construing any of those sections, apply to this Condominium unless this Declaration expressly provides to the contrary. Those sections apply only with respect to events and circumstances occurring after October 1, 1986, and do not

invalidate existing provisions of this Declarations, the Bylaws, or the Plats and Plans of the Condominium.

Section 2. Definitions. In addition to the definitions provided by the Unit Ownership Act and, as applicable, the Condominium Act, the following definitions shall also apply to this Declaration, the Bylaws, and the Condominium, unless specifically provided otherwise in this Declaration, the Unit Ownership Act, or, as applicable, the Condominium Act:

- A. **"Allocated interests"** means the undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit.
- B. **"Articles"** means the Articles of Incorporation of the Association.
- C. **"Board"** shall mean the Executive Board (Board of Directors) of the Association.
- D. **"Bylaws"** means the bylaws of the Association.
- E. **"Common Elements"** means have the same meaning as "Common Areas and Facilities" as defined in Section 47A-3(2) of the Unit Ownership Act.
- F. **"Common Expense Liability"** means the liability for Common Expenses allocated to each Unit.
- G. **"Dispose" or "Disposition"** means a voluntary transfer to a purchaser of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.
- H. **"Eligible Mortgagee"** means any Mortgagee who has submitted to the Association a written request for the Association to notify such Mortgagee on any proposed action requiring the consent of a specified percentage of eligible mortgage holders. Such written request to the Association from a Mortgagee shall include (1) the name of the holder of the mortgage or deed of trust, (2) the mailing address of the holder of the mortgage or deed of trust, (3) the names of the Owner(s) who are obligated for the payment of any evidence of indebtedness secured by such mortgage or deed of trust, and (4) the Unit numbers(s) encumbered by the Mortgagee's mortgage or deed of trust. The term "Eligible Mortgagee" shall also include any guarantor of a mortgage or deed of trust encumbering one or more Units in the Condominium who has provided to the Association a written request containing the information described in this Section.
- I. **"Executive Board" or "Board of Directors"** means the body, regardless of name, designated in the declaration to act on behalf of the Association.
- J. **"First Mortgagee"** shall mean any Mortgagee holding a mortgage or deed of trust that is a first lien encumbering one or more Units in the Condominium.

K. **"Lessee"** means the party entitled to present possession of a leased unit whether lessee, sublessee or assignee.

L. **"Limited Common Element"** shall have the same meaning as "Limited Common Areas and Facilities" as defined in Section 47A-3(7) of the Unit Ownership Act.

M. **"Mortgagee"** shall mean the holder of a Recorded mortgage or deed of trust encumbering one or more Units in the Condominium. The term "Mortgagee" shall also include any guarantor of a mortgage or deed of trust encumbering one or more Units in the Condominium of which the Association has actual notice.

N. **"Plats and Plans"** means the plats and plans of the Condominium, recorded in Unit Ownership File 2, Pages 155 through 162, Dare County Registry.

O. **"Property"** means the property described on the attached Exhibit A and includes the land, the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended to be submitted to the Condominium.

P. **"Purchaser"** means any person, other than a declarant or a person in the business of selling real estate for his own account, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than (i) a leasehold interest (including renewal options) of less than five years, or (ii) as security for an obligation.

Q. **"Real Estate"** means any leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests which by custom, usage, or law, pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real Estate" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.

R. **"Recordation" or "Recorded"** means to file or record in the Office of the Register of Deeds of Dare County, North Carolina.

Section 3. Building Description. A description of the Condominium Building is set forth on the attached Exhibit C.

Section 4. Unit Designation and Description of Units.

A. There are nine (9) Units in the Condominium Building, each Unit being designated by a numerical figure, consisting of three digits. The first digit represents the stack with the number "1" signifying the Northeast stack, "2" signifying the middle stack and "3" signifying the Southwest stack. The second or middle digit is a zero (0). The third digit indicates the floor level with the lowest floor being designated "1" and the second and third designated "2" and "3", respectively. Each of the Units shall be known and designated by the number shown for each unit on the Floor Plans Sheet.

B. Each Unit shall consist of an enclosed space designated as a dwelling occupying one floor in a building as shown on the Plats and Plans and lying between the unfinished surface of the floor and the unfinished surface of the ceiling of each floor or story of the building and in the interior finished surface on the inside of each Unit.

C. The term "Unit" shall not include the exterior balcony directly adjoining each Unit. Each exterior balcony shall be a Limited Common Element allocated to the Unit to which the exterior balcony directly adjoins.

D. Also included as Common Elements are water supply lines to the individual common units, vent lines, plumbing facilities, sanitary sewerage lines, waste pipes and vents, located outside the individual Units.

E. As provided by Section 47A-3(2)(c) of the Unit Ownership Act, the storage closets shown on the "Under Space Plan" recorded at part of the Plats and Plans in Unit Ownership File 2, Page 161, is a part of the Common Elements. The storage closets in the Condominium are not permanently assigned or allocated to individual Units. The storage closets are not Limited Common Elements. The Board reserves the right and option (but not the duty or obligation) to assign storage closets to individual Units, but not as Limited Common Elements, which allocation may be subsequently modified or revoked by the Board at any time. Notwithstanding the foregoing, however, any such optional allocation of storage closets by the Board shall be done on an equal and nondiscriminatory manner with respect to all Units in the Condominium. Any exchange of assigned storage closets between Owners must be reported to and approved by the Board.

Section 5. Allocation of Fractional Share of Common Elements, Common Expenses, and Votes in the Association. The fractional share of the Common Elements, the Common Expenses and votes in the Association allocated to each Unit shall be as follows:

Unit No.	Fractional Share of Common Elements, Common Expense, and Votes in the Association
101	11.0228%
102	11.4376%
103	12.0672%
201	10.2833%
202	11.0178%
203	11.4376%
301	10.2833%
302	11.0178%
303	11.4376%
Total*	100.0000%

*Rounded to 100%

Section 6. Limited Common Elements. Each exterior balcony shall be a Limited Common Element allocated to the Unit to which the exterior balcony directly adjoins. There are no other Limited Common Elements or Limited Common Areas in the Condominium.

Section 7. Easements.

A. Perpetual Non-Exclusive Easement in Common Elements. The Common Elements shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement which easement is hereby created, in favor of all of the Owners in the Condominium for their use and for the use of their immediate families, guests, invitees and licensees, and for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended. In addition, this easement shall run in favor of the Association and all Owners, and may be used for the providing of electric power, telephone, sewer, water, and other utility services and lighting facilities, including but not limited to television transmission facilities, security services, and facilities connected therewith. The Owners, for themselves, their heirs and assigns and the Association herein described reserve the right to impose upon the Common Elements henceforth and from time to time such easements and cross easements for any of the foregoing purposes as they deem to be in the best interest of and necessary and proper for the Owners.

B. Easement for Recreation, Parking, Access, Egress and Ingress. There is hereby declared a nonexclusive easement of access, egress and ingress to and from the

Condominium Building and NC Highway 12 and the Atlantic Ocean and for other purposes herein expressed over, upon and across all of the Common Elements. This easement shall be subject to such regulations and rules as to the use thereof as may be promulgated by the Association from time to time, which said regulations may control and regulate parking, assignment of parking spaces, walkways, driveways and passageways. This easement is also subject to the right of the Association and the owners to construct, build or place thereon such recreational facilities including, but not limited to, a swimming pool, in the discretion of the Owners and the Association.

C. Easements for Utilities, Sewage and Waste Treatment Facilities. There is conveyed hereby an easement within the Common Elements for the construction, operation and maintenance of all utility lines, and pipes, sewerage lines, septic tanks, waste treatment facilities, pumps, drain lines and facilities related thereto, which said easement shall also inure to the benefit of the Owners and the Association.

D. Easement for Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, a valid easement for the encroachment exists. The easement does not relieve a unit owner of liability in case of his willful misconduct nor relieve any person of liability for failure to adhere to the Plats and Plans.

Section 8. Statement of Purpose and Restrictions as to Use.

A. The Units shall only be used for single-family residential purposes, including residences, vacation and resort living units by the Owner, and such Owner's family, guests, tenants and lessees, and for no other purposes. No Unit may be used for a commercial, professional, or home business enterprise or as a hotel or motel, provided, however, that this section will not prevent any Owner from renting or leasing such Owner's Unit either directly or through a property manager. A Unit may contain a home office used by the Owner of such Unit. Notwithstanding the foregoing, however, the Owner's employees, customers or clients shall not meet with Owner in Owner's Unit or work in Owner's Unit on a regular basis.

B. The subdivision of a Unit is prohibited.

C. No Owner shall show any sign, advertisement or notice on any of the Common Elements, windows, porches, or balconies, or upon such Owner's Unit. No Owner shall erect any exterior antenna or antenna upon any portion or any part of such Owner's Unit or on any of the Common Elements except as may be expressly authorized under Federal law.

D. An Owner may keep a pet or pets in such Owner's Unit, but only under the regulations as promulgated by the Association from time to time. No person may keep any other animals, livestock, or poultry in the Condominium, nor may any of the same be raised, bred or kept upon any portion of the Condominium, including the Common Elements, balconies and terraces. The Association shall have the authority to declare any pet or pets a nuisance and may cause the Owner thereof to remove the same from the Condominium.

E. No Owner shall permit or suffer anything to be done or kept in such Owner's Unit which will increase the insurance rates on such Owner's Unit or the Common Elements, or which will obstruct or interfere with the rights of other Owners, or use the Unit in a manner which creates noxious odors or otherwise; nor shall an Owner commit or permit any nuisance, immoral or illegal act in such Owner's Unit, or in the Common Elements.

F. No trailer, tent, storage shed, garage or other similar outbuilding or structure shall be placed anywhere within the Condominium at any time, either temporarily or permanently.

G. No Owner shall make structural modifications or alterations to such Owner's Unit or the permanent fixtures therein unless the Owner has previously obtained written approval from the Board of the Association.

H. Unit owners shall abide by and be subject to such rules and regulations as may be adopted by the Association, as the same from time to time may be amended.

I. No resident of the Condominium shall post any advertisements or posters of any kind on the exterior of the Condominium or on Common Elements.

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

K. Clothing, towels and other items of personal property shall not be hung on exterior railings or on any other exterior part of the Building.

Section 9. Parking.

A. Parking spaces in the Condominium are not permanently assigned or allocated to individual Units. The parking spaces are a part of the Common Elements and are not Limited Common Elements. The Board reserves the right and option (but not the duty or obligation) to assign parking spaces to individual Units, but not as Limited Common Elements, which allocation may be subsequently modified or revoked by the Board at any time. Notwithstanding the foregoing, however, any such optional allocation of parking spaces by the Board shall be done on an equal and nondiscriminatory manner with respect to all Units in the Condominium. Any exchange of assigned parking spaces between Owners must be reported to and approved by the Board.

B. No trucks used for commercial purposes, or trucks over one-half ton capacity may be parked in the Condominium overnight. Only vehicles bearing current license and registration tags may be parked in the Condominium overnight. The Association shall have the right to authorize the towing away of any violating vehicles with costs to be borne by the owner or operator thereof.

Section 10. Maintenance and Alteration of Units.

A. Maintenance of Units. The maintenance responsibility of each Owner shall be as follows:

1. To maintain, repair and replace at the Owner's expense all portions of such Owner's Unit, except the portions to be maintained, repaired and replaced by the Association.
2. Not to paint, or otherwise decorate or change the appearance of any portion of the exterior of the Condominium Building.
3. To repair any frozen pipes, repair any stopped sewer and sink lines, to repair any heating and air conditioning equipment, whether located within such Owner's Unit, and to replace any broken window panes or doors that serve an individual Unit.
4. To promptly report to the Association any defect or need for repairs, the responsibility for which is that of the Association.

B. Alteration of Units. Subject to the provisions of this Declaration and other provisions of law, a Unit owner:

1. May make any improvements or alterations to such owner's Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium;
2. May not change the appearance of the Common Elements or the exterior appearance of a Unit or any other portion of the Condominium without permission of the Association; and
3. May, after acquiring an adjoining Unit, remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

Section 11. Maintenance and Alterations of Common Elements.

A. Maintenance of Common Elements. The maintenance and operation of the Common Elements, and Property, real and personal, owned by the Association shall be the responsibility and expense of the Association.

B. Alteration of Common Elements. Except as provided otherwise by the Unit Ownership Act, there shall be no alteration or further improvements of the real property

constituting the Common Elements without prior approval of Owners holding at least 67% of the votes in the Association.

Section 12. Assessments; Liens.

A. Assessments. Section 47A-12 of the Unit Ownership Act contains the mandatory provisions applicable to the Condominium with respect to assessments. The following additional provisions are intended to supplement (and not replace or contradict) the provisions of Section 47A-12:

1. Assessments must be made by the Association at least annually.
2. Except for assessments under subsection (3), all Common Expenses must be assessed against all the Units in accordance with the allocations set forth in this Declaration. Any past due Common Expense assessment or installment thereof bears interest at the rate established by the Association not exceeding eighteen percent (18%) per year.
3. If any Common Expense is caused by the misconduct of any Unit owner, the Association may assess that expense exclusively against such owner's Unit.
5. If Common Expense Liabilities are reallocated, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

B. Other Assessments. Other assessments which may be levied by the Association are described in the Unit Ownership Act.

C. Liens. Liens for sums due the Association, and the enforcement of such liens, shall be as provided in Section 47C-3-116 of the Condominium Act, as made applicable to this Condominium by Section 47C-1-102(a) of the Condominium Act.

D. Surplus Funds. Unless otherwise provided elsewhere in this Declaration or in the Unit Ownership Act, any surplus funds of the Association remaining after payment of or provisions for Common Expenses and any prepayment of reserves must be paid to the Unit owners in proportion to their Common Expense Liabilities or credited to them to reduce their future Common Expense assessments.

Section 13. The Association.

A. Management by the Association. The management and operation of the Condominium shall be by the Association, acting by and through the Board. The members of the Association shall be the Unit Owners.

B. Incorporation. The Association shall be incorporated under the Articles of Incorporation as filed with the Office of the North Carolina Secretary of State. The Articles of

Incorporation may be amended pursuant to the provisions of the Nonprofit Corporation Act, or any successor provision.

C. Bylaws. The amended and restated Bylaws of the Association are attached hereto as **Exhibit C**. The Bylaws may be amended from time to time pursuant to the amendment procedure set forth in the Bylaws. Subsequent amendments to the Bylaws may but are not required to be Recorded.

D. Additional Powers of the Association. In addition to those powers set forth in the Unit Ownership Act, elsewhere in this Declaration, and those powers from the Condominium Act which are automatically applicable to this Condominium as described in Section 1(C)(2) above, and unless this declaration or the Unit Ownership Act expressly provides to the contrary, the Association may:

1. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to Section 47C-3-112 of the Condominium Act, as made applicable to this Condominium by Section 47C-1-102(a) of the Condominium Act.

2. Grant easements, leases, licenses, and concessions through or over the Common Elements; and

3. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Unit owners.

Section 14. Insurance.

A. Section 47A-24 of the Unit Ownership Act contains the mandatory provisions applicable to the Condominium with respect to insurance coverage for the Condominium. The following additional provisions are intended to supplement (and not replace or contradict) the provisions of Section 47A-24:

1. The Association shall maintain, to the extent available, the following:

- a. Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; and

- b. Liability insurance in reasonable amounts, covering all occurrences commonly insured against death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

2. The Condominium is composed of a Building containing Units having horizontal boundaries. The insurance maintained under subsection 1(a), to the extent reasonably available, shall include the Units, but need not include improvements and betterments installed by Unit owners.

3. If the insurance described in subsection (1) or (2) of this Section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit owners.

4. Insurance policies carried pursuant to subsection (1) must provide that:

a. Each Unit owner is an insured person under the policy with respect to liability arising out of his or her interest in the Common Elements or membership in the Association;

b. The insurer waives its right to subrogation under the policy against any Unit owner or members of his or her household;

c. No act or omission by any Unit owner, unless acting within the scope of his or her authority on behalf of the Association, will preclude recovery under the policy; and

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

5. Any loss covered by the property policy under subsections (1)(a) and (b) shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit owners and lienholders as their interests may appear. Subject to the provisions of subsection (8) of this Section, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Unit owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium is terminated.

6. An insurance policy issued to the Association does not prevent a Unit owner from obtaining insurance for his own benefit.

7. An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit owner, mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit owner and each mortgagee or

beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

B. Each Owner shall have the right to insure such portions of Units and any personal property, fixtures and betterments not covered by the Association's insurance policy. Except as expressly provided in the Association's insurance policy, the Association will not purchase or obtain insurance to cover the personal property of an Owner, nor will the Association purchase or obtain insurance to cover the individual liability of an Owner for injuries and damages suffered by anyone or anything within the Unit if said injuries or damages are not a liability of the Association.

C. The Board is authorized (but not required) to develop an insurance handbook for the Condominium, which would provide guidance both to Board members and Unit Owners with respect to which portions of the Condominium are covered by the property insurance procured by the Association, and which portions of the Condominium (and the property of a Unit Owner) are covered by property insurance procured by each Unit Owner. This insurance handbook may be developed by the Board in conjunction with information the Board receives from the Association's insurance agent.

Section 15. Repair and Replacement of Damaged or Destroyed Property.

A. Section 47A-25 of the Unit Ownership Act contains the mandatory provisions applicable to the Condominium regarding repair and replacement of damaged or destroyed portions of the Condominium with respect to any portion of the Condominium property covered by the Association's property insurance. The following additional provisions are intended to supplement (and not replace or contradict) the provisions of Section 47A-25:

1. If damage, for which a Unit owner is legally responsible and which is not covered by insurance provided by the Association is inflicted on any Common Element or Limited Common Element, the Association may direct such Unit owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit owner.

2. If damage is inflicted on any Unit by an agent of the Association in the scope of his activities as such agent, the Association is liable to repair such damage or to reimburse the Unit owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit owner.

3. In cases when the claim under subsection (2) or (3) above is five hundred dollars (\$500.00) or less, the Board may schedule a hearing before an adjudicatory panel to determine if a Unit owner is responsible for damages to any Common Element or whether the Association is responsible for damages to any Unit. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess a liability for each damage incident not in excess of five hundred dollars (\$500.00) against each Unit owner charged or against the Association.

Liabilities of Unit owners so assessed shall be assessments secured by lien under Section 47C-3-116 of the Condominium Act, as made applicable to this Condominium by Section 47C-1-102(a) of the Condominium Act. Liabilities of the Association may be offset by the Unit owner against sums owing the Association and if so offset shall reduce the amount of any lien of the Association against the Unit at issue.

B. If damage occurs only to those parts of a Unit for which the responsibility of property insurance is that of the Owner, the Owner shall be responsible for construction and repair after casualty.

Section 16. Amendments.

A. Except as otherwise provided in this Declaration or in the Unit Ownership Act, and except as limited by subsections (C) and (D), this Declaration may be amended only by affirmative vote of or a written agreement signed by, Unit owners of units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

B. Every amendment to this Declaration must be Recorded and is effective only upon Recordation.

C. Except to the extent expressly permitted or required by the Unit Ownership Act or any other provisions of this Declaration, no amendment may increase the number of Units, or change the boundaries of any Unit, the allocated interest of a Unit, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Unit owners.

D. An amendment to this Declaration executed and Recorded for the sole purpose of attachment amendments to the Bylaws pursuant to Section 47A-19(8) of the Unit Ownership Act shall only require the approval of the number of votes set forth in the procedure in the Bylaws for amending the Bylaws.

E. Amendments to this Declaration to be executed and Recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the association designated for that purpose or, in the absence of designation, by the President of the Association.

Section 17. Termination.

A. Section 47A-16 of the Unit Ownership Act contains the mandatory provisions applicable to the Condominium regarding termination of the Condominium (except in cases of substantial destruction of the Condominium Building as provided in Section 47A-25 of the Unit Ownership Act).

B. The following additional provisions are intended to supplement (and not replace or contradict) the provisions of Section 47A-25:

1. A termination agreement may provide that all the Common Elements and Units of the Condominium shall be sold following termination. If, pursuant to the agreement, any real estate in the Condominium is to be sold following termination, the termination agreement must set forth the minimum terms of the sale.

2. The Association, on behalf of the Unit owners, may contract for the sale of Real Estate in the Condominium, but the contract is not binding on the Unit owners until approved pursuant to Section 47A-16 of the Unit Ownership Act. If any Real Estate in the Condominium is to be sold following termination, title to that Real Estate, upon termination, vests in the Association as trustee for the holders of all interests in the Units. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to Unit owners and lienholders as their interests may appear, in proportion to the respective undivided interests of Unit owners. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Unit owner and his successors in interest have an exclusive right to occupancy of the portion of the Real Estate that formerly constituted his unit. During the period of that occupancy, each Unit owner and his successors in interest remain liable for all assessments and other obligations imposed on Unit owners by the Unit Ownership Act and this Declaration.

3. If the Real Estate constituting the Condominium is not to be sold following termination, title to the Common Elements and title to all the Real Estate in the Condominium, vests in the Unit owners upon termination as tenants in common in proportion to their respective undivided interests, and liens on the Units shift accordingly. While the tenancy in common exists, each Unit owner and his successors in interest have an exclusive right to occupancy of the portion of the Real Estate that formerly constituted his Unit.

4. Following termination of the Condominium, the proceeds of any sale of Real Estate, together with the assets of the Association, are held by the Association as trustee for Unit owners and holders of liens on the Units as their interests may appear. Following termination, creditors of the Association holding liens on the Units, which were Recorded before termination, may enforce those liens in the same manner as any lienholder. All other creditors of the Association are to be treated as if they had perfected liens on the Units immediately before termination.

Section 18. Reserved.

Section 19. General Provisions and Enforcement.

A. Duration. This Declaration shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them in perpetuity, unless the Condominium is terminated pursuant to Sections 47A-16 or 47A-25 of the Unit Ownership Act.

B. No Trespass. Whenever the Association and its successors, assigns, agents or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve or do any other action within any portion of the Condominium, the entering thereon and the taking of such action shall not be deemed a trespass.

C. Enforcement. Failure of an Owner, members of the Owner's household, the Owner's guests, licensees or invitees to comply with a provision of this Declaration or a provision in the Act, Bylaws, Articles of Incorporation or Rules and Regulations of the Association shall provide the Association with the right to assess penalties, bring legal action at law or in equity, including but not limited to an action for injunctive relief, damages, or a combination thereof against the Owner. All costs and expenses incurred by the Association in terminating or resolving any such violation, inclusive of attorneys' fees (whether or not litigation is instituted) and court costs, shall be the responsibility of the Owner determined by the Association to be in violation. Collection of such attorneys' fees, costs and damages may be enforced by any method described in this Declaration providing for the collection of periodic assessments, or by a civil action to collect the debt.

D. Interpretations. In all cases, the provisions of this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Executive Board, will best effect the intent of the general plan of the Condominium. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive.

E. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such a manner as to be effective and valid. However, if the application of any provision to any person or property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and to this end the provisions of this Declaration are declared to be severable.


F. Notices. Except as expressly required by the Act, notices required under this Declaration shall be in writing and shall be delivered by hand, or sent by email address provided to the sender of the notice by the recipient of the notice, or sent by United States mail, postage prepaid. All notices to Owners shall be delivered or sent to such mailing address or email address as have been designated in writing to the Association or if no such address has been so designated by the Owner, at the mailing address for the Owner as shown in the records of the Dare County Tax Office.

(continued on the following page)

IN WITNESS WHEREOF, this Amended and Restated Declaration has been executed by the Association, the day and year first above written.

OCEANS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation

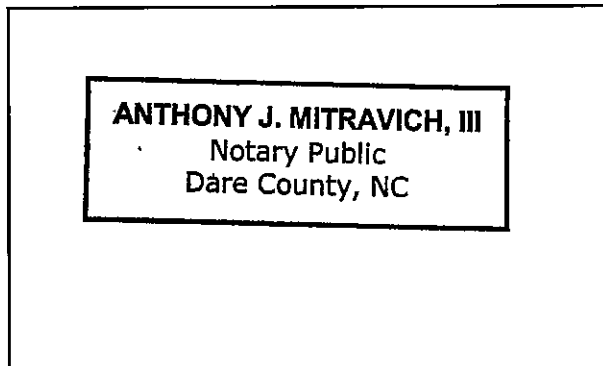
BY:


John Robbins, President

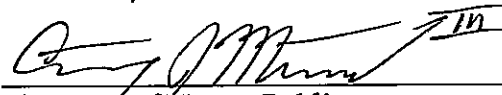
North Carolina, Dare County

I certify that the following person personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: John Robbins, President of Oceans Homeowners Association, Inc., a North Carolina nonprofit corporation.

Witness my hand and seal this 4th day of May, 2018.



Affix Notary Seal Inside This Box


Signature of Notary Public

Anthony J. Mitravich III
Typed or printed name of Notary Public

My commission expires: July 9, 2020

Exhibit A
Property Description

Beginning at an iron pin situated in the corner of the Carolinian Hotel property located in the East edge of U.S. 158 Business; continuing thence along said highway, North 19° 30' West a distance of 111 feet to a corner; thence turning and running North 70°30' East a distance of 473.52 feet, more or less to the highwater mark of the Atlantic Ocean thence turning right and running in a Southerly direction along the Atlantic Ocean to the Carolinian Hotel property; thence turning and running South 70° 30' West a distance of 474.52 feet, more or less, to an iron pin, the point and place of beginning.

Same being the property conveyed to Coastal Development Group by deed recorded in Book 329, page 77, Dare County Public Registry.

Reference is made to the survey of the condominium property which is included with and made part of the plans for this condominium recorded with this Declaration in the Condominium and Unit ownership plat book.

Exhibit B
Bylaws

BYLAWS OF
OCEANS HOMEOWNERS ASSOCIATION, INC.
a North Carolina nonprofit corporation

ARTICLE I
PLAN OF UNIT OWNERSHIP

Section 1. Identification of Condominium. The Oceans Condominiums, hereinafter referred to as the Condominium, is located in the Town of Nags Head, Atlantic Township, Dare County, North Carolina, as established by the Declaration of Condominium (the "Declaration").

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Condominium. In construing these Bylaws and the governance of the Condominium thereto, the provisions of the North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes (the "Nonprofit Corporation Act"), shall control to the extent not inconsistent with the provisions of the North Carolina Unit Ownership Act, Chapter 47A of the North Carolina General Statutes (the "Unit Ownership Act"), the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes (the "Condominium Act") (to the extent the provisions of the Condominium Act are made applicable to this Condominium pursuant to Section 47C-1-102(a) of the Condominium Act), the Declaration, and these Bylaws; the Condominium being considered the nonprofit corporation and the Owners being considered the members.

Section 3. Personal Application. All present and future owners, tenants and future tenants, and their employees, and any other person that may at any time use the facilities of the Condominium in any manner are subject to the regulations set forth in these Bylaws and to the provisions of the Declaration.

ARTICLE II
THE OWNERS

Section 1. Owners. The Units are owned by the Owners, each of whom shall be entitled to a percentage vote for each Unit owned by such Owner, as set forth in the Declaration. No lessee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with respect to the affairs of the Condominium.

Section 2. Annual Membership Meeting. The Condominium shall hold an Annual Membership Meeting for the election of directors and the transaction of any business within the powers of the Condominium. Part of the business of the Annual Membership Meeting shall be the selection of the date, time and place of the next Annual Membership Meeting. Any business of the Condominium may be transacted at an Annual Membership Meeting without being specifically required by statute, by the Declaration or these Bylaws to be stated in the notice of

the meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the Condominium's or Association's existence or affect its otherwise valid acts.

Section 3. Special Meetings. At any time in the interval between annual meetings, special meetings of the Condominium may be called by the President or by a majority of the Board of Directors by vote at a meeting or in writing with or without a meeting, or by one-third (1/3) of the record owners of Condominium Units.

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

Section 5. Notice of Meetings. Not less than ten (10) days nor more than fifty (50) days before the date of every membership meeting, the Secretary shall give to each Owner entitled to vote at such meeting, written or printed notice stating the time and place of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called. The notice of the meeting shall be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the Unit Owner, or sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. Notwithstanding the foregoing provision, a waiver of notice in writing signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of owners, annual or special, may adjourn from time to time to reconvene at the same or some other permitted place, and no notice need to be given of any such adjourned meeting other than by announcement.

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

Section 7. Votes Required. A majority of the votes cast at a meeting of owners present at the meeting in person or by proxy, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless a larger percentage is required by these Bylaws, the Declaration, the Nonprofit Corporation Act, the Unit Ownership Act or, if applicable, the Condominium Act. No votes allocated to a Unit owned by the Association may be cast.

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

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

Section 10. Voting. In all elections for directors, every Owner shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected. At all meetings of Owners, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the Chairman of the meeting. Unless demanded or ordered by a majority of owners present, no vote need be by ballot, and voting need not be conducted by inspectors. Voting by the Owners shall also be governed by Chapter 55A, Article 7, Part 2 of the Nonprofit Corporation Act, to the extent not inconsistent with these Bylaws, the Unit Ownership Act, the Condominium Act (as applicable) or the Declaration.

Section 11. Informal Action by Owners. Any action required or permitted may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all of the owners entitled to vote on the subject matter thereof, provided said consent is filed with the records of the Condominium. In addition, any informal action by the Owners permitted by the Nonprofit Corporation Act may be used.

ARTICLE III BOARD OF DIRECTORS (EXECUTIVE BOARD)

Section 1. Powers. The business and affairs of the Condominium shall be managed by its Board of Directors (also called the Executive Board in the Condominium Act). The Board of Directors may exercise all powers of the Association except such as are by statute or the Declaration or the Bylaws conferred upon or reserved to the Owners.

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

Section 3. Election of Directors. Directors shall be elected in staggered terms of three (3) years each, or until their successors are elected and qualify (or for a shorter term to fill a vacancy arising for an uncompleted term). One (1) director being elected at each annual meeting to succeed the director whose term is expiring.

Section 4. Removal of Directors. As mandated by Section 47C-3-103(b) of the Condominium Act (as made applicable to this Condominium by Section 47C-1-102(a) of the Condominium Act), the Unit owners, by at least sixty-seven percent (67%) vote of all persons

present and entitled to vote at any meeting of the Unit owners at which a quorum is present, may remove any member of the Board with or without cause.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors for any cause may be filled by a unanimous vote of the remaining members of the Board of Directors. A director elected by the Board of Directors to fill a vacancy shall be elected to hold office until the next annual meeting of owners and until his successor is elected and qualifies.

Section 6. Regular Meeting. After each meeting of owners at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as may be designated by the owners at such meeting; and in the event that no other time is designated by the owners, the Board of Directors shall meet at 4:00 p.m. on the day of such meeting of the owners, if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or legal holiday. Such first meeting shall be held at such place within the State of North Carolina as may be designated by the owners, or in default of such designation, at the Condominium in Nags Head, North Carolina. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the Board of Directors shall be held on such dates and at such places within the State of North Carolina as may be designated from time to time by the Board of Directors.

Section 7. Special Meeting. Special meetings of the Board of Directors may be called at any time by the President or by the Board of Directors by a vote at a meeting, or by a majority of the directors in writing with or without a meeting. Such special meetings shall be held at such place or places within the State of North Carolina as may be designated from time to time by the Board of Directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the call.

Section 8. Notice of Meeting. Except as provided in Section 6 of this Article, notice of the place, day and hour of every regular and special meeting shall be given to each director two (2) days (or more) before the meeting, by delivering the same to him or her personally, or by sending the same to him or her by e-mail, or by leaving the same at his or her residence or usual place of business, or in the alternative, by mailing such notice five (5) days (or more) before the meeting, postage prepaid, and addressed to such owner's last known post office address, according to the records of the Condominium. Unless required by these Bylaws or by resolution of the Board of Directors, a notice of any meeting of the Board of Directors need not state the business to be transacted. No notice of any meeting of the Board of Directors need be given to any director who attends, or to any director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 9. Quorum. At all meetings of the Board of Directors, two (2) directors shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by

the Declaration, or by the Bylaws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to direct and pass any measure. At any adjourned meeting at which a quorum shall be present, any business may be transacted at the meeting as originally notified.

Section 10. Telephonic Participation in Board Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 11. Open Meetings; Closed Sessions.

A. All Board meetings shall be open to all Owners, but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

B. Closed Sessions. Meetings of the Board may be held in closed session, without giving notice and without the requirement that they be open to Owners, if the subject matter of the closed session involves or includes any of the following:

- (1) personnel matters;
- (2) advice from the Board's attorney which requires confidentiality in order to preserve the attorney-client privilege;
- (3) pending litigation; or
- (4) actions involving enforcement of the Declaration, Bylaws or Rules adopted by the Board.

Section 12. Compensation. By resolution of the Board of Directors, expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the Board of Directors or of committees thereof, but directors as such shall not receive any compensation for their services except such as may be authorized or permitted by vote of the owners. A director who serves the Condominium in any other capacity, however, may receive compensation therefor without such vote of the owners.

Section 13. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board or such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or Committee.

Section 14. Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

Section 15. Indemnification. Every director and every officer of the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with a court proceeding to which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of malfeasance or negligence in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all rights of indemnification to which such director or officer may be entitled.

Section 16. Budget.

A. **Proposed Budget.** As provided by Section 47C-3-103(c) of the Condominium Act (as made applicable to this Condominium by Section 47C-1-102(a) of the Condominium Act), within 30 days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Unit Owners rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

B. **Accounting Method.** Accounting shall be on a cash basis and conform to generally accepted accounting principles.

C. **Reserve Fund.** A reserve fund for repairs and replacement shall be established by the Board and shall be funded thereafter by regular installments rather than by extraordinary special assessments if at all possible. The reserve fund shall be maintained only in such amounts as deemed necessary or desirable by the Board, subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Board, in its discretion, selects.

ARTICLE IV OFFICERS

Section 1. Executive Officers. The Board of Directors shall choose a President and Vice-President from among the directors, and a Secretary and a Treasurer who need not be directors. Any two (2) of the above-mentioned officers, except that of President and Vice-President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument

in more than one (1) capacity if such instrument be required by statute, by the Bylaws or by resolution of the Board of Directors to be executed, acknowledged or verified by any two (2) or more officers. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of owners next succeeding such officer's election, and until such officer's successor shall have been duly chosen and qualified, or until such officer shall have resigned or shall have been removed. Any vacancy in any of the above officers may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

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

Section 3. Vice-President. The Vice-President, at the request of the President, or in the absence of the President, or during the President's inability to act, shall perform the duties and exercise the functions of the President, and when so acting, shall have the powers and perform such other duties as may be assigned to the Vice-President by the Board of Directors or the President.

Section 4. Secretary. The Secretary shall keep the minutes of the meetings of the owners and of the Board of Directors in books provided for the purpose; the Secretary shall see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; the Secretary shall be custodian of the records of the Condominium; and in general, the Secretary shall perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to the Secretary by the Board of Directors or the President.

Section 5. Treasurer. The Treasurer shall have charge and be responsible for all funds, securities, receipts and disbursements of the Condominium, and shall deposit, or cause to be deposited, in the name of the Condominium, all monies or other valuable effects in such banks, trust companies or other depositories as shall from time to time be selected by the Board of Directors; the Treasurer shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Condominium, and in general, the Treasurer shall perform all duties as may be assigned to the Treasurer by the Board of Directors or the President.

Section 6. Compensation. No officer shall be compensated for such officer's services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing such officer's duties.

Section 7. Removal. Any officer or agent of the Association may be removed by the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

Section 8. No Loans to Officers and Directors. No loans shall be made by the Association to any of its directors or officers.

ARTICLE V FINANCE

Section 1. Checks and Drafts. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Condominium, shall be signed by officers, agents or manager of the Condominium, as determined by the Board of Directors. Any expenditure over \$5,000 shall, prior to the check being drawn, require the signature on the payment voucher of two officers and/or persons designated by the Board to sign checks.

Section 2. Annual Financial Reports. The Board shall prepare annual financial statements for the Condominium, including a balance sheet and a financial statement of operations for the preceding fiscal year and distributed to the membership. A copy of the financial statements shall be maintained at the principal office of the Association.

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

ARTICLE VI COMMON ELEMENTS

Section 1. Maintenance of Common Elements. Section 11 of the Declaration sets forth provisions relating to the maintenance, repair and replacement of the Common Elements. The payment of Common Expenses associated with such maintenance, repair and replacement is provided in Section 12 of the Declaration.

Section 2. Collection of Common Expenses. The collection from Unit owners of their share of the Common Expenses is provided in Section 12 of the Declaration.

Section 3. Maintenance Personnel. The Board shall have the power to designate and remove personnel and contractors necessary for the maintenance, repair and replacement of the Common Elements.

Section 4. Use of Common Elements. All restrictions and requirements regarding the use and maintenance of the Common Elements are set forth in the Declaration.

ARTICLE VII ADMINISTRATION

Section 1. Business Judgment Rule. The actions of the Board and of the Officers in conducting the Association's business affairs, shall be evaluated and governed under the business judgment rule. The business judgment rule protects a director and officer from personal liability so long as the party claiming liability does not prove that the director or officer failed to: (i) serve in a manner the director or officer believes to be in the best interests of the Association and the Members; (ii) serve in good faith; or (iii) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

Section 2. Rule of Reasonableness. The actions of the Board and Officers in conducting the Association's governance affairs, shall be governed and evaluated under the rule of reasonableness. The rule of reasonable requires the Board and the Officers to act in a fair and nondiscriminatory manner and to adhere to the procedures established in the Declaration, Bylaws and Rules.

Section 3. Operational Standards. The Board and any committee which the Board appoints shall carry out its responsibilities in accordance with the operational standards set forth in the Declaration, Bylaws and Rules, or such higher standards as the Declarant and the Board may establish.

Section 4. Burden of Proof. The burden of proof in any challenge to a decision of the Board or an Officer shall be on the party asserting liability.

Section 5. Duties. It is intended that the highest and broadest duties which the directors and officers owe to the Members be those specifically set forth in this Article.

ARTICLE VIII AMENDMENTS

Section 1. Amendments to Bylaws. These Bylaws may be amended or repealed and new Bylaws may be adopted. The proposed new Bylaws shall be submitted by the Board of Directors to the members. The members may adopt, amend or repeal the Bylaws by a vote of fifty-one percent (51%) or more of the total votes of the Association.

Section 2. Recordation. Pursuant to the requirements of Section 47A-19(8), any amendment to the Bylaws shall not be operative unless set forth in an amended Declaration duly Recorded. All Unit owners shall be bound to abide by any Bylaws amendment upon the same being passed and duly set forth in an amended Declaration, duly Recorded.

ARTICLE IX GENERAL PROVISIONS

Section 1. Rules and Regulations.

A. **Adoption.** The Board may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of the Common Elements so as to promote the common use and enjoyment thereof by members and occupants and for the protection and preservation thereof. In addition, the Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Units to provide for the common good and enjoyment of all members and occupants, including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration and these Bylaws with respect to leases or tenants.

B. **Uniform Application.** All rules and regulations shall be equally and uniformly applicable to all Owners, occupants and Units, but need not be equally and uniformly applicable if it is determined that such unequal and nonuniform application is in the best interest of the Association or if equal and uniform application is not practicable.

C. **Copies Furnished.** Copies of all such rules and regulations and any amendment thereto shall be furnished to all Owners, and a copy shall be posted or otherwise made available to members at the office of the Association. However, failure to furnish, or post, or make available, such rules and regulations shall not affect in any way their validity or enforceability.

Section 2. Parliamentary Authority. The most recent edition of *Robert's Rules of Order, Newly Revised* shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, the Act, or any statutes of the State of North Carolina applicable thereto. The Chairman of the meeting shall have the authority to appoint a parliamentarian.

Section 3. Compliance with the Act; Conflict; Severability. These Bylaws are established in compliance with the Condominium Act and the Nonprofit Corporation Act, as amended. Should any of the terms, conditions, provision, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said Condominium Act, or the Nonprofit Corporation Act, the provision of either Act (as the case may be) shall control unless either Act (as the case may be) permits these Bylaws to override such Act, in which event these Bylaws shall control. In the case of any conflict between the provision of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

Section 4. Compliance with Declaration. The Association shall be responsible and shall comply with all terms of the Declaration including but not limited thereto those provisions dealing with the maintenance of insurance, repairs and maintenance of the Common Elements, assessments and rights of entry.

End of the Bylaws

Exhibit C

Building Description

The Condominium Building is a concrete/masonry structure built in three stacks or columns running in a northeast to southwest direction with the northeastern stack being closest to the ocean. The exact layout, elevations, floor plans and other particulars of the units are set forth on the Plats and Plans for the Condominium Units which have been recorded in Unit Ownership File 2, Pages 155 through 162, Dare County Registry.

Reference is made to the Plats and Plans, including the plat of the property with Building locations shown thereon, for more particular description, and the Plats and Plans are incorporated by reference into this description. The Building is three stories in height and is connected so as to compose one continuous Building consisting of the three stacks described above.