

DECLARATION
OF UNIT OWNERSHIP UNDER THE
PROVISIONS OF CHAPTER 47A OF
THE GENERAL STATUTES OF THE
STATE OF NORTH CAROLINA, AND
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE DOLPHIN CONDOMINIUMS

THIS DECLARATION is made on the day and date hereinafter set forth by DOLPHIN ENTERPRISES OF SWANSBORO, INC., a North Carolina corporation, hereinafter referred to as "DEVELOPER".

W I T N E S S E T H :

WHEREAS, DEVELOPER is the owner of that certain tract or parcel of land in Carteret County, State of North Carolina, and more particularly described as follows:

In White Oak Township: BEGINNING at a point in the western right of way margin of Cedar Lane, which point is located 208.55 feet along said center line in a northerly direction from the intersection of the center line of N. C. Highway #24 in said Cedar Lane, and S 77-30 E, 30 feet to the point or place of beginning; from said point of beginning, running thence N 64-05-49 W, 56.92 feet to an iron pipe; thence S 16-54-40 E, 20.3 feet to an iron pipe; thence N 68-03-20 W, 100 feet to an iron pipe; thence N 45-17-20 W, 108.7 feet to an iron pipe; thence N 68-13-40 W, 51.9 feet to an iron pipe; thence N 8-21-20 E, 116.64 feet to an iron pipe; thence S 77-30 E, 297.52 feet to an iron pipe located in the western right of way margin of said Cedar Lane at a point 30 feet south of the center line thereof; running thence S 12-30 W and along the western right of way of said Cedar Lane 195 feet to the point or place of beginning.

As per survey by John W. Collier, land surveyor, L-891, dated May 30, 1974, entitled "J. B. Dickens and Wife".

WHEREAS, the DEVELOPER is the owner of a CONDOMINIUM type multi-unit building and certain other improvements heretofore constructed upon the aforesaid property, and it is the desire and intention of the DEVELOPER to divide the project into "CONDOMINIUM UNITS" as those terms are defined under Chapter 47A, entitled "Unit Ownership Act", of the General Statutes of the State of North Carolina, and to sell and convey the same to various purchasers subject to the covenants and conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, DEVELOPER desires and intends, by the filing of this DECLARATION, to submit the above described property and the multi-unit building located thereon, and all the improvements constructed thereon, together with all appurtenances thereto, to the provisions of the North Carolina Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina;

NOW, THEREFORE, the DEVELOPER does hereby publish and declare that all of the property described above and as described below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved, subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division

BENNETT
And
McCONKEY
P. A.
1005 Shepard St.
Morehead City, N. C.
28557

Book 40-2 Page 154

13

thereof into CONDOMINIUM UNITS and shall be deemed to run with the land and shall be a burden and benefit to DEVELOPER, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. DEFINITIONS. To the extent applicable to this DECLARATION and in the BY-LAWS, and not inconsistent herewith, all definitions contained in the UNIT OWNERSHIP ACT, CHAPTER 47A of the General Statutes of the State of North Carolina, as the same may be amended from time to time, are incorporated herein by reference and shall have the same force and effect as if set forth herein verbatim and made a part hereof.

2. LOCATION OF LAND. The location of the land on which the improvements are or are to be located is set forth on page one (1) of this DECLARATION.

3. NAME AND ADDRESS. The CONDOMINIUM shall be known as THE DOLPHIN CONDOMINIUMS and the address of the property shall be Cedar Lane, Swansboro, North Carolina, 28584.

4. DEVELOPMENT OF PROPERTY. The improvements upon the land are constructed substantially in accordance with the plans and specifications for such as appear of record in Map Book 10A at pages 28, 29, 30 in the Office of the Register of Deeds, Carteret County, North Carolina, and are entitled "DOLPHIN CONDOMINIUMS". Such plans and specifications are incorporated herewith and are recorded simultaneously in the Office of the Register of Deeds, Carteret County, North Carolina.

There is constructed upon the subject premises as described hereinabove, one (1) multi-story building running in a general North-South direction, having parking area located to the immediate East thereof and a dock, canal and marshland to the immediate West thereof. There are a total of thirteen (13) individual condominium units contained in this building; nine (9) of which are located on the first floor and four (4) of which are located on the upper level. The unit designations are numbered from one (1) to fifteen (15) and appear of record in the maps of DOLPHIN CONDOMINIUMS of record in the Office of the Register of Deeds, Carteret County, North Carolina.

The aforementioned Plans and Specifications of said buildings are filed simultaneously herewith in the Office of the Register of Deeds of Carteret County and designate all particulars of said buildings including, but not limited to, the lay-out, location, ceiling and floor elevations, Unit numbers and dimensions of Units and location of the Common Areas and facilities affording access to each Unit, and said Plans are incorporated herein by reference for a more complete and detailed description of said buildings.

In general, the lower level of the CONDOMINIUM BUILDING has approximately 6,336 square feet divided into nine (9) condominium units and one (1) laundry room; the upper story contains approximately 2,772 square feet divided into four (4) separate condominium units. Condominium Units numbered two (2) through fifteen (15) containing approximately 705 square feet each. Condominium Unit numbered one (1), an efficiency, contains approximately 512 square feet; the laundry room contains approximately 192 square feet.

5. UNIT DESIGNATION. The Unit designation of each CONDOMINIUM UNIT, its location, its dimensions, approximate area, number of rooms, percentage ownership in the Common Areas and facilities, the common expenses and the designation of voting interest of each Unit, all for the proper identification of the Units are set forth on EXHIBIT "A" attached hereto and made a part hereof.

6. COMMON AREAS AND FACILITIES. The common areas and facilities consist of all parts of the multi-unit building situated on the property described hereinabove, other than the individual dwelling Units therein, including, without limitation, the following (except such portions of the following as may be included within an individual Unit):

- (a). The land on which the building is erected and all lands surrounding the building as is more fully described on the plat recorded in Map Book 10A at page 28, Carteret County Registry.
- (b). All foundations, columns, girders, beams, supports and other structural members.
- (c). All exterior walls and interior walls except those partitioned walls wholly within a Unit.
- (d). The boat dock, pilings, posts and anchoring facilities, the laundry room, the mail boxes, the waste receptacles, the parking, sidewalk and driveway areas.
- (e). All central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heat, refrigeration, air conditioning, incinerating (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits and compressors in connection therewith, whether located in Common Areas or in Units), and all other mechanical equipment spaces.
- (f). All septic tanks, drain fields, sewer lines, wells, water lines, power poles, power connectors, telephone and other utility lines.
- (g). All terraces, porches and walkways, both connected to and detached from said dwelling.
- (h). All other parts of the property and all apparatus and installations existing in the building or upon the property for common use or necessary or convenient to the existence, maintenance or safety of the property.

7. DETERMINATION OF PERCENTAGES IN COMMON AREAS. The percentages of interest of the respective Units in the Common Areas have been determined upon the basis of the proportion which the fair value of each Unit bears to the fair value of all the property, and is designated in EXHIBIT "A" attached hereto and incorporated by reference.

8. AMENDMENT OF PERCENTAGES. As provided by this DECLARATION, the BY-LAWS of "THE DOLPHIN CONDOMINIUMS ASSOCIATION" and the terms of Chapter 47A of the General Statutes of North Carolina, the ratio of the undivided interest of each Unit Owner in the Common Areas and facilities as set forth on Exhibit "A" attached hereto may be altered by an amendment to this DECLARATION duly recorded.

9. USE. The buildings and each of the Units shall be used for residential purposes only. Any Unit Owner may delegate in accordance with the BY-LAWS of the ASSOCIATION, his rights of possession, use and enjoyment of his Unit and the Common Areas and facilities to the members of his family, guests and tenants.

10. PERSON TO RECEIVE SERVICE OF PROCESS. JOSEPH B. DICKENS, is hereby designated to receive service of process in any action which may be brought against or in relation to this CONDOMINIUM. Said person's place of business is Cedar Lane, Swansboro, North Carolina, which is within the County in which the property is located.

11. EASEMENTS. Each Unit Owner shall have an easement in common with the other owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other Units and located in such Unit. The BOARD OF DIRECTORS shall have the right to access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The BOARD OF DIRECTORS may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, pipes sewer lines, gas mains, telephone wires and equipment and electrical conduits, and wires over, under, along, and on any portion of the Common Areas; and each Unit Owner hereby grants the BOARD OF DIRECTORS an irrevocable power of attorney to execute acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

12. PARTITION. The common elements shall remain undivided and no right shall exist to partition or divide any part thereof except as provided by said UNIT OWNERSHIP ACT.

13. WAIVER OF USE OF COMMON AREAS. No Unit Owner may except himself from liability for his contribution towards the common expense by waiver of the use or enjoyment of any of the common elements or by abandonment of his Unit.

14. COMPLIANCE WITH DECLARATION, BY-LAWS, AND DECISIONS. All Unit Owners, their tenants, families, servants and guests, and any other person who may in any manner use the property or any part thereof, shall be bound by and comply strictly with the provisions of this DECLARATION, the BY-LAWS of the ASSOCIATION and all agreements, decisions and determinations of the ASSOCIATION, as lawfully made or amended from time to time, and failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the BOARD OF DIRECTORS on behalf of the ASSOCIATION, or in a proper case, by an aggrieved Unit Owner.

15. LIENS. While the property remains subject to this DECLARATION and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the Common Areas and facilities except with the unanimous consent in writing of all of the Unit Owners and the holders of first liens thereon except such liens as may arise or be created against the several Units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the Common Areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this DECLARATION and the right to file a mechanics' lien or other similar lien by reason of labor performed or materials furnished is waived.

16. UNPAID COMMON EXPENSES CONSTITUTE LIEN. All sums assessed by the ASSOCIATION, but unpaid for the share of the common expenses chargeable to any Unit shall constitute a lien on such Unit prior to all other liens except only:

(a). Liens for taxes and assessments lawfully imposed by governmental authority against such Unit, and

(b). All sums secured by mortgages of record.

Such lien may be foreclosed by suit by the ASSOCIATION in like manner as a mortgage of real property. The ASSOCIATION shall have the power to bid in such Unit at foreclosure sale and to acquire, hold, lease, mortgage, and convey such Unit. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

17. INSURANCE. The BOARD OF DIRECTORS on behalf of the ASSOCIATION at its common expense, shall at all times keep all

buildings of the Project insured against loss or damage by fire with extended coverage in an insurance company authorized to do business in North Carolina in an amount as near as practicable to the full replacement cost thereof, without deduction for depreciation in the name of an Insurance Trustee for all Unit Owners and mortgagees according to the loss or damage to their respective Units and appurtenant common interests and payable in case of loss to such Insurance Trustee as the BOARD OF DIRECTORS shall designate for the custody and disposition as herein provided of all proceeds of such insurance, and from time to time upon receipt thereof, cause to be deposited promptly with the Insurance Trustee, true copies of such insurance policies or current certificates thereof, without prejudice to the right of each Unit Owner to insure his Unit for his own benefit. In every case of such loss or damage all insurance proceeds shall be used as soon as reasonably possible by the ASSOCIATION for rebuilding, repairing or otherwise reinstating the same buildings in a good and substantial manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as shall be first approved as herein provided, and the ASSOCIATION at its common expense shall make up any deficiency in such insurance proceeds. Every such policy of insurance shall:

- (1). Provided that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counter-claim, apportionment, proration or contribution by reason of any other insurance obtained by or for any Unit Owner.
- (2). Contain no provision relieving the insurer from liability for loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the BOARD OF DIRECTORS, or because of any breach of warranty or condition or any other act or neglect by the BOARD OF DIRECTORS or any Unit Owner or any other persons under either of them.
- (3). Provide that such policy may not be cancelled (whether or not requested by the BOARD OF DIRECTORS), except by the insurer giving prior written notice thereof to the BOARD OF DIRECTORS, Insurance Trustee and every other person in interest who shall have requested such notice of the Insurer. Such notice in the minimum amount of time as prescribed by North Carolina insurance regulations.
- (4). Contain a waiver by the insurer of any right of subrogation to any right of the BOARD OF DIRECTORS, Insurance Trustee, or Unit Owners against any of them or any other persons under them; and
- (5). Contain a standard mortgage clause which shall:
 - (a) Provide that any reference to a mortgage in such policy shall mean and include all holders of mortgages of any Unit of the property in their respective order and preference, whether or not named therein.
 - (b) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the BOARD OF DIRECTORS, Trustee, or Unit Owners of any of them;
 - (c) Waive any provision invalidating such mortgagee clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.
- (6). Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the

benefit of the beneficial owners in the following manner:

- (a) Expense of the Trust. All expenses of the Insurance Trustee shall be first paid or provision made therefor.
- (b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners.
- (c) Failure to Reconstruct or Repair. If it is determined, as provided in Paragraph 19 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners thereof.

18. DAMAGE AND DESTRUCTION. Except as hereinafter provided, damage to or destruction of the building shall be promptly repaired and restored by the BOARD OF DIRECTORS using the proceeds of insurance on the building for that purpose and Unit Owners shall be liable for assessment of any deficiency; provided however, if any building be more than two-thirds destroyed by fire or other casualty, and the owners of three-fourths of the Units in the multi-Unit building located on subject property resolve not to proceed with reconstruction or restoration, then in that event, the property shall either be (a) sold or otherwise transferred as hereinafter provided, or (b) deemed to be owned as tenants in common by the Unit Owners and subject to the provisions of North Carolina General Statutes 47A-25 as the same exists at the date hereof or as amended hereafter. Provided however, in the event it is determined not to reconstruct and restore said building, then the purchaser of the property, or the Unit Owners, as applicable, shall demolish and remove any building from the property within, not to exceed ninety (90) days from the date of damage or destruction and shall leave the real property clean and free of trash, debris and rubble. The determination of whether to sell the property or to make the property subject to the provisions of North Carolina General Statutes 47A-25 shall be by affirmative vote of three-fourths of the Unit Owners.

Any reconstruction or repair shall be in accordance with the plans and specifications of the original building, portions of which are attached hereto, and if not, then according to plans and specifications approved by the BOARD OF DIRECTORS.

19. TRANSFER OF UNITS.

- (a). In the event that any person, firm or corporation who owns a Unit shall desire to sell such Unit, then the said Unit which such owner shall desire to sell shall first be offered for sale to the BOARD OF DIRECTORS at the same price and on the same terms under which the highest bona fide offer has been made to the owner for the said Unit. The owner desiring to sell a Unit shall give the BOARD OF DIRECTORS written notice by certified mail, return receipt requested, of the Owner's desire to sell such Unit and shall further advise the BOARD OF DIRECTORS in said offer of the name and address of the person, firm or corporation making said highest bona fide offer as well as the amount and terms of said offer. The BOARD OF DIRECTORS shall have a period of ten (10) days after receipt of said written notice within which to exercise its option to purchase said Unit at the same price and on the same terms as the highest bona fide offer and shall have an additional period of not less than twenty (20) days within which to close the said transaction. The BOARD OF DIRECTORS may elect to purchase such Unit on

behalf of all of the remaining Unit Owners as a group, or if the remaining Unit Owners as a group do not wish to purchase such Unit, then on behalf of any one or more individual Unit Owners. In the event the BOARD OF DIRECTORS shall elect to purchase a Unit offered for sale on behalf of the remaining Unit Owners, the cost thereof shall be shared by the remaining Unit Owners in the same proportion as Common Areas expenses, adjusted however to reflect the exclusion of the Unit purchased, and any profit or loss realized upon the sale by the BOARD OF DIRECTORS of a Unit so acquired shall likewise be shared by the remaining Unit Owners. In the event that the BOARD OF DIRECTORS shall elect to purchase a Unit offered for sale on behalf of any one or more individual Unit Owners, then the cost thereof shall be shared by such purchasing Unit Owners in such proportion as they shall agree upon.

(b) In the event that the BOARD OF DIRECTORS shall elect to purchase a selling Unit Owner's unit as provided hereinabove, then the BOARD OF DIRECTORS, prior to "reselling" said Unit so acquired to any other person, firm or corporation (other than a then existing Unit Owner) shall first offer to sell such Unit to DOLPHIN ENTERPRISES OF SWANSBORO, INC. (in the same manner and form as any other Unit Owner) and shall otherwise comply with all of the terms and provisions relating thereto as contained immediately above. The BOARD OF DIRECTORS, upon the request of a selling Unit Owner, shall execute in recordable form an instrument indicating compliance with the terms and provisions of this DECLARATION by the selling Owner.

(c) No Unit Owner may mortgage his Unit or any interest therein without the approval of the BOARD OF DIRECTORS, except as to a first mortgage lien made to a bank, life insurance company or federal savings and loan association. The BOARD OF DIRECTORS may, and it is hereby authorized to impose reasonable conditions upon which approval as to any other first or second mortgage shall be given. No Unit Owner may mortgage or otherwise encumber his Unit or any interest therein unless such mortgage or encumbrance shall provide for written notice to the BOARD OF DIRECTORS in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten (10) days written notice to the BOARD OF DIRECTORS prior to any foreclosure under any such mortgage or other encumbrance. Each Unit Owner, who shall mortgage or otherwise encumber his Unit or any interest therein, shall furnish to the BOARD OF DIRECTORS a copy of all such mortgages, deeds of trust or other instruments creating such encumbrance.

(d) Gift or Devise of Interest. An Owner may give, devise or bequath his interest in any Unit to his spouse, his parents, or to any lineal descendants, including adopted children, or to a corporation, all classes of stock of which are more than Eighty (80%) per cent owned by such owner, his spouse, and his lineal descendants, without the prior written consent of the other Unit Owners. In the event that any Owner of a Unit or interest therein shall desire to give, devise or bequeath any interest in a Unit to a person, firm or corporation other than the parties hereinabove specif-

ically enumerated, then such transaction shall, for purposes of this DECLARATION be treated as a sale and shall be subject to the provisions of subparagraphs (a) through (c) above, except that for purposes of the options provided therein to the remaining Unit Owners of the multi-Unit building wherein such Unit is located, the price for the interest therein of unit which the Owner desires to give, devise or bequeath to a party other than specifically enumerated above shall be such as shall be agreed upon by such owner so desiring to give, devise or bequeath such property and the BOARD OF DIRECTORS. In the event that such owner and BOARD OF DIRECTORS are unable to agree upon a value, then such owner so desiring to give, devise or bequeath such property, or the personal representative of a deceased owner, as applicable, shall appoint one appraiser, the remaining owners of the building Unit Owners within a finished multi-Unit Building, as applicable, as a group shall appoint one appraiser; and any decision of the majority of said appraisers as to the value of such property involved shall be conclusive and binding upon all parties for the purposes of this Agreement and payment for such property shall be made on such terms and conditions (including terms of payment) as the parties shall agree to.

(e) The provisions of this paragraph 20 and all subparagraphs thereof, shall continue and be effective until January 1st, 1992, at which time the provisions of this paragraph 20, including all options and rights granted to or reserved by said paragraph 20 shall terminate.

2 . RULES, REGULATIONS AND RESTRICTIONS.

(a) It shall be the responsibility of each Unit Owner and the BOARD OF DIRECTORS to prevent the development of any unclean, unsightly or unkept conditions of building or grounds on such property which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. An initial set of rules and regulations has been adopted by the BOARD OF DIRECTORS of THE DOLPHIN CONDOMINIUMS ASSOCIATION, and delivered to each property Owner, and posted a copy in the laundry room. These initial rules and regulations are detailed below and may be revised, added or deleted from time to time as the BOARD OF DIRECTORS may deem desirable.

(b) No noxious or offensive activity shall be carried in or upon any Unit, nor shall anything be done therein tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood or other Unit Owners. There shall not be maintained in or upon any Unit any plants, poultry, animals (other than household pets) or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood or by the other Unit Owners thereof.

(c) No commercial signs (excepting "for rent", "for sale" and other similar signs) shall be

erected or maintained on any Unit except with the written permission of the BOARD OF DIRECTORS, or except as may be required by legal proceedings, it being understood that the BOARD OF DIRECTORS will not grant permission for said signs unless their erection is reasonably necessary.

(d) Each condominium unit shall have a garbage receptacle for its use and shall be kept in a neat, orderly and sanitary manner by that individual Unit Owner.

(e) No structure of a temporary character shall be placed upon the property at any time, provided however, that this prohibition shall not apply to shelters used by the contractor during the construction of the multi-Unit building, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the building plot after completion of construction.

(f) No trailer, tent, barn, storage shed, garage, tree house or other similar outbuilding or structure shall be placed on the property any time, either temporarily or permanently. No boat shall remain on the premises described herein without the prior written consent of the ASSOCIATION'S BOARD OF DIRECTORS.

(g) No Unit shall be used for any commercial or professional purpose and no professional person shall maintain a public office in any Unit, provided however, this restriction shall not prevent the use of any Unit by a professional person for his own private office not connected with visits from patients, clients or members of the public.

(h) No more than one (1) marine vehicle per condominium unit shall be allowed to remain in the canal to the west of the condominium building. It is further provided that no Unit owner shall allow his marine vessel so anchored in this canal to interfere with the recreational facilities, and the use and enjoyment of the other Unit Owners.

(j) Except as hereinabove expressly provided with respect to the provisions of paragraph 19, all covenants, restrictions and affirmative obligations set forth in this DECLARATION shall run with the land and shall be binding on all parties and persons claiming under them until January 1, 1994, after which time said covenants will be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of Units affected by such covenants has been recorded agreeing to change said covenants in whole or in part.

(k) In the event of a violation or breach of any of these restrictions contained in this paragraph 20, or of any other covenants of this DECLARATION by any property owner, or agent, or agent of such owner, the owners of Units, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, BOARD OF DIRECTORS shall have the right whenever there shall have been any violation of these restrictions, to enter upon the property where such violation exists,

and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or conditions contained in this DECLARATION, however long continued, shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. The invalidation by any Court of any restrictions in this DECLARATION contained shall in no way effect any of the other restrictions, but they shall remain in full force and effect.

21. UNITS SUBJECT TO DECLARATION, BY-LAWS, RULES, AND REGULATIONS. All present and future owners, tenants, and occupants of Units shall be subject to and shall comply with the provisions of this DECLARATION, the BY-LAWS and any rules and regulations as may be adopted in accordance with the BY-LAWS as said DECLARATION, BY-LAWS, Rules and Regulations may be amended from time to time. The acceptance of a deed or conveyance, or the entering into of a lease, or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this DECLARATION, BY-LAWS, and any rules and regulations which may be adopted and ratified by such owner, tenant, or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time, any interest or estate in such Unit as though such provisions were made a part of each and every deed or conveyance or lease.

22. AMENDMENT OF DECLARATION. This DECLARATION may be amended by the vote of the majority in number and in common interest of all Unit Owners cast in person or by proxy at a meeting duly held in accordance with the provision of the BY-LAWS. No such amendment shall be effective until recorded in the Office of the Register of Deeds for the County wherein the property, the subject of this DECLARATION, is located.

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

24. WAIVER. No provisions contained in this DECLARATION shall be deemed to have been abrogated or waived by reason of a failure to enforce the same irrespective of the number of violations or breaches which may occur.

25. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference, and in no way to define, limit or describe the scope of this DECLARATION nor the intent of any provision hereof.

26. LAW CONTROLLING. This DECLARATION and the BY-LAWS attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the DECLARANT has caused this DECLARATION to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 14 day of August, 1974.

ATTEST:

Frances K. Dickens, Secretary

DOLPHIN ENTERPRISES OF SWANSBORO, INC.

By: Joseph B. Dickens (SEAL)
Joseph B. Dickens, President

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

THIS IS TO CERTIFY that on this day personally appeared before me Frances K. Dickens with whom I am personally acquainted, who, being by me duly sworn, says that she is the Secretary and that Joseph B. Dickens is the President of DOLPHIN ENTERPRISES OF SWANSBORO, INC., the corporation described in and which executed the foregoing instrument, that she knows the common seal, and that the name of the corporation was subscribed thereto by the said President, and that the President and Secretary subscribed their names thereto and said common seal was affixed, all by order of the Board of Directors of said corporation, and that said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal this the 14 day of August, 1974.

Diana J. Gordon
Notary Public

My Commission expires:

Sept 20, 1975

11:30

NORTH CAROLINA, CARTERET COUNTY

The foregoing certificate of Diana J. Gordon is (true)
certified to be correct. This instrument was presented for
registration and recorded in this office in Book 10-2
Page 154

This 14 day of Aug, 1974 at 11:30 o'clock A.M.

Harold S. ...
Register of Deeds

<u>UNIT DESCRIPTION</u>	<u>LOCATION IN BUILDING</u>	<u>APPROXIMATE DIMENSIONS IN FEET</u>	<u>APPROXIMATE AREA IN SQUARE FEET</u>	<u>PERCENTAGE OF INTEREST IN THE COMMON AREA AND FACILITIES AND OF THE COMMON EXPENSES</u>
#1	Lower Level, Lower North East corner	16 by 32	512	6.0%
#2	Lower Level, West side of Building, First Unit South of Laundry Room, Begins 16' South from Lower North East Corner	32 by 22	705	7.7%
#3	Lower Level, East side of Building, Second Unit South from Lower North West Corner Begins 16' from Lower North West Corner	32 by 22	705	7.7%
#4	Lower Level, West side of Building, Second Unit South of Laundry Room, Begins 48' South from Lower North East Corner	32 by 22	705	7.5%
#5	Lower Level, East side of Building, Third Unit South from Lower North West Corner, Begins 48' South from Lower North West Corner	32 by 22	705	7.5%
#6	Lower Level, West side of Building, Third Unit South of Laundry Room, Begins 80' South from Lower North East Corner	32 by 22	705	7.5%
#7	Lower Level, East side of Building, Fourth Unit South from Lower North West Corner, Begins 80' South from Lower North West Corner	32 by 22	705	7.5%

UNIT DESCRIPTION	LOCATION IN BUILDING	APPROXIMATE DIMENSIONS IN FEET	APPROXIMATE AREA IN SQUARE FEET	PERCENTAGE OF INTEREST IN THE COMMON AREA AND FACILITIES AND OF THE COMMON EXPENSES
#8	Lower Level, West side of Building, Lower South West Corner	32 by 22	705	8.1%
#9	Lower Level, East Side of Building, Lower South East Corner	32 by 22	705	8.1%
#10	Upper Level, West side of Building, Above Unit #6 Upper South West Corner	32 by 22	705	8.1%
#11	Upper Level, East side of Building, Above Unit #7 Upper South East Corner	32 by 22	705	8.1%
#12	Upper Level, West side of Building, Above Unit #4, Upper North West Corner	32 by 22	705	8.1%
#15	Upper Level, East Side of Building, Above Unit #5, Upper North East Corner	32 by 22	705	8.1%

BY-LAWS
OF THE
DOLPHIN CONDOMINIUMS
ASSOCIATION
CARTERET COUNTY, NORTH CAROLINA

ARTICLE ONE
PLAN OF UNIT OWNERSHIP

1. Unit Ownership. The property located near Swansboro, Carteret County, State of North Carolina, and more particularly described in the DECLARATION to which these BY-LAWS are attached has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the DECLARATION recorded in the Office of the Register of Deeds of Carteret County, State of North Carolina, simultaneously herewith, and shall hereinafter be known as DOLPHIN CONDOMINIUMS, (hereinafter called "CONDOMINIUM").
2. Applicability of By-Laws. The provision of these BY-LAWS are applicable to the Property of the CONDOMINIUM and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the buildings and all other improvements thereon (including the Units, the common areas and facilities, and the limited common areas and facilities), owned in fee simple absolute, and all easements, rights and appurtenances thereunto belonging, and all other property, personal or mixed, intended for use in connection therewith, all of which are submitted to the provisions of said Chapter 47A of the North Carolina General Statutes, entitled "Unit Ownership Act".
3. Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the DECLARATION, these BY-LAWS and Rules and Regulations made pursuant hereto, and any amendment to these BY-LAWS upon the same being passed and duly set forth in an amended DECLARATION, duly recorded.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these BY-LAWS (and any Rules and Regulations made pursuant hereto) and the provisions of the DECLARATION, as they may be amended from time to time, are accepted, ratified, and will be complied with.

4. Office and Agent. The initial office of the CONDOMINIUM and the BOARD OF DIRECTORS shall be located at Cedar Lane, Swansboro, North Carolina, and the agent of the ASSOCIATION at such address shall be JOSEPH B. DICKENS.

5. Definitions.
 - (A). "Association" shall mean and refer to DOLPHIN CONDOMINIUM OWNERS ASSOCIATION, an incorporated association of unit owners.

(B). "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any condominium unit which is part of the property, but excluding those having such interest merely as security for the performance of an obligation.

BENNETT
And
McCONKEY
P. A.
1005 Shepard St.
Morehead City, N. C.
28557

Book 40-2 Page 155

14

(C). "Properties" shall mean refer to that certain real property described in the DECLARATION of DOLPHIN CONDOMINIUMS of record in the Office of the Register of Deeds, Carteret County, North Carolina.

(D). "Declaration" shall mean and refer to the DECLARATION of DOLPHIN CONDOMINIUMS as described in Chapter 47-A of the North Carolina General Statutes and recorded in the Office of the Register of Deeds of Carteret County, North Carolina.

(E). "Unit" shall mean and refer to those particular condominium units as the same are defined in the DECLARATION OF DOLPHIN CONDOMINIUMS which is recorded in the Office of the Register of Deeds, Carteret County, North Carolina.

(F). "Common Area" shall mean all property owned by the unit owners as tenants in common for their joint, non-exclusive use and enjoyment.

ARTICLE TWO

UNIT OWNERS

1. Membership Qualification. All owners of Units of the DOLPHIN CONDOMINIUM project shall constitute the DOLPHIN CONDOMINIUM ASSOCIATION and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the ASSOCIATION shall automatically cease. Provided that the Developer of the Project shall be deemed the owner of any Unit or Units in the Project which are not yet titled in the name of the initial owner.
2. Owners' Meetings.
 - (A). Place of Meetings. All meetings of the ASSOCIATION of the CONDOMINIUM shall be held at the property or at such other place within the State of North Carolina shall be designated in a notice of the meeting.
 - (B). Organizational Meeting. The first meeting of the Unit Owners to organize the CONDOMINIUM shall be held as soon as practicable after recording of the DECLARATION, BY-LAWS and MAPS, and upon ten (10) days written notice given by DOLPHIN ENTERPRISES OF SWANSBORO, INC., the corporation which shall have developed the property.
 - (C). Annual Meetings. An annual meeting of the ASSOCIATION shall be held at 7:00 o'clock P.M. on the first Tuesday of September of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next day following not a legal holiday for the purpose of electing members of the BOARD OF DIRECTORS, and for the transaction of such other business as may be properly brought before the meeting.
 - (D). Special Meetings. Special meetings of the Unit Owners may be called at any time by the BOARD OF DIRECTORS or upon the written request of not less than 25% in common interest in the aggregate, of the Unit Owners.
 - (E). Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by the BY-LAWS, a substitute annual meeting may be called in accordance with the provisions of Section 2D of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

- (F). Notice of Meetings. A notice of all ASSOCIATION meetings stating the time and place and the objects for which the meeting is called shall be given by the President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the ASSOCIATION, and shall be mailed not less than twenty (20) days nor more than fifty (50) days prior to the date of the meeting stated in the Notice. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after the meeting.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat, unless it is a matter other than the election of DIRECTORS on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting, the notice of meeting shall specifically state the purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for not less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

- (G). Quorum. A quorum at ASSOCIATION meetings shall consist of persons holding at least fifty (50%) per cent or more of the total number of Units entitled to vote therein. The subsequent joinder of a Unit Owner in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such persons for the purpose of determining a quorum. When a quorum is once present to organize the meeting, it cannot be broken by the subsequent withdrawal of a Unit Owner or Owners. The Unit Owners present may adjourn the meeting despite the absence of a quorum.
- (H). Voting Rights. Voting shall be on a percentage basis, and the percentage of the total vote to which each Unit is entitled shall be the percentage of the common interests assigned to such Unit in the DECLARATION. Votes may be cast in person or by proxy by the respective Unit Owners as shown in the record of ownership of the ASSOCIATION. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the ASSOCIATION the percentage of vote for any Unit owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the ASSOCIATION'S record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such Unit in such capacity. The vote for any Unit owned of record by two or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and in case of protest, each co-tenant shall be entitled to only a share of such vote in proportion to his share of ownership in such Unit. If a Unit is owned by a Corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by President or Vice-President, and attested by the Secretary or Assistant Secretary and filed with the Secretary of the ASSOCIATION.

Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated therein, and must be filed with the Secretary of the ASSOCIATION before the appointed time of the meeting or any adjournment thereof. The total number of votes of all voting members shall be 100, and each Owner or group Owners (including the BOARD OF DIRECTORS if the BOARD OF DIRECTORS, or its designee, shall then hold title to one or more units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common Areas and facilities applicable to his or their Unit ownership as set forth in the DECLARATION.

- (I). Cumulative Voting. In all elections for members of the BOARD OF DIRECTORS, each voting member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of offices to be filled shall be deemed to be elected.
- (J). Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and such waiver shall be deemed equivalent to the giving of such notice attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by him of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.
- (K). Informal Action By Unit Owners. Any action which may be taken at a meeting if a consent in writing setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, (that is, the voting members) and filed with the Secretary of the ASSOCIATION to be kept in the CONDOMINIUM Minute Book.
- (L). Order of Business. The order of business at all meetings of the ASSOCIATION shall be as follows:
 - (a). Roll Call
 - (b). Proof of notice of meeting.
 - (c). Reading of minutes of preceding meeting.
 - (d). Report of Officers.
 - (e). Report of Committees.
 - (f). Election of Directors.
 - (g). Unfinished business.
 - (h). New Business.

ARTICLE THREE

BOARD OF DIRECTORS

- 1. General Powers. The BOARD OF DIRECTORS shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose. DIRECTORS shall hold office for a period of three (3) years until their respective successors have been elected, subject to removal as herein provided, except that at the first annual meeting one-third of the DIRECTORS shall be elected for one (1) year, one-third for two (2) years, and one-third for three (3) years.

2. Number, Term and Qualification. The BOARD OF DIRECTORS shall consist of three (3) persons, each of whom shall be over the age of twenty-one (21), and one of whom shall be designated as CHAIRMAN. The size of the BOARD OF DIRECTORS may be increased or decreased from time to time upon the affirmative vote of a majority of the total of the Unit Owners, provided however, that the BOARD OF DIRECTORS shall not be less than three (3) in number. At the first election, one member shall be elected to serve for a term of one (1) year and one member shall be elected to serve for a term of two (2) years and one member shall be elected to serve for a term of three (3) years. At all subsequent elections, members of the BOARD OF DIRECTORS shall be elected for a term of three (3) years. The BOARD OF DIRECTORS may be enlarged in multiples of three (3) so that the term of one-third of the BOARD OF DIRECTORS shall expire each year.

Each member of the BOARD OF DIRECTORS shall be one of the owners or co-owner or a spouse of an owner or co-owner; provided however, that in the event an owner is a Corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or DIRECTOR of such Corporation, partner or partnership, beneficiary of such trust or manager of such legal entity, shall be eligible to serve as a member of the BOARD OF DIRECTORS.

For so long as the Developer owns fifty (50%) per cent of the aggregate Unit space, it shall select and designate members of the BOARD OF DIRECTORS, who need not be Unit Owners, to serve until the first meeting of the Unit Owners.

3. Election of Board of Directors. Except as provided in Sections 2 and 5 of this Article, the BOARD OF DIRECTORS shall be elected at the annual meeting of the ASSOCIATION; and those persons who receive the highest number of votes shall be deemed to have been elected.
4. Removal. DIRECTORS may be removed from office with or without cause by affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of DIRECTORS. However, unless the entire BOARD OF DIRECTORS is removed, an individual DIRECTOR may not be removed if the number of Unit Owners voting against the removal would be sufficient to elect a DIRECTOR if such Unit Owners voted cumulatively at an annual election. If any DIRECTORS are removed, new DIRECTORS may be elected at the same meeting.
5. Vacancies. A vacancy occurring in the BOARD OF DIRECTORS including DIRECTORSHIP not filled by the Unit Owners, may be filled by majority of the remaining DIRECTORS, though less than a quorum, or by the sole remaining DIRECTOR; but a vacancy created by an increase in the authorized number of DIRECTORS shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting members may elect a DIRECTOR at any time to fill any vacancy not filled by the DIRECTORS.
6. Compensation. The BOARD OF DIRECTORS shall receive no compensation for their services unless expressly allowed by the BOARD OF DIRECTORS at the direction of the Unit Owners having a majority of the total votes.

7. Action Without Meeting. The BOARD OF DIRECTORS shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the DIRECTORS. Any action so approved shall have the same effect as though taken at a meeting of the DIRECTORS.

8. Executive Committees. The BOARD OF DIRECTORS may, by resolution adopted by a majority of the number of DIRECTORS fixed by these BY-LAWS, designate two or more DIRECTORS to constitute an Executive Committee, which committee to the extent provided in such resolution shall have and may exercise all of the authority of the BOARD OF DIRECTORS in the management of the CONDOMINIUM.

9. Meetings, Notice and Quorum. Regular meetings of the BOARD OF DIRECTORS may be held at such time and place as shall be determined from time to time by majority of the DIRECTORS, but at least one such meeting shall be held during each year. Notice of regular meetings of the BOARD shall be given to each DIRECTOR, personally or by mail, telephone or telegraph, at least one day prior to the date of such meeting.

Special meetings of the BOARD OF DIRECTORS may be called by the Chairman on at least eight (8) hours' notice to each DIRECTOR, given personally or by telephone or telegraph, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the CHAIRMAN or Secretary in like manner and with like notice on the written request of at least two (2) DIRECTORS.

Before or at any meeting of the BOARD OF DIRECTORS, any DIRECTOR may in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a DIRECTOR at any meeting of the Board shall be a waiver of notice to him of such meeting. If all the DIRECTORS are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

At all meetings of the BOARD OF DIRECTORS a majority of the total number of DIRECTORS established by these BY-LAWS shall constitute a quorum for the transaction of business and the acts of a majority of the DIRECTORS present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

10. Fidelity Bonds. The BOARD OF DIRECTORS may require that all officers, employees and agents of the ASSOCIATION handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the ASSOCIATION as a common expense.

11. Liability of Board of Directors. The members of the BOARD OF DIRECTORS shall not be liable to the Unit Owners for any mistake or judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owner's shall indemnify and hold harmless each of the members of the BOARD OF DIRECTORS against all contractual liability to others arising out of contracts made by

the BOARD OF DIRECTORS on behalf of the CONDOMINIUM unless any such contract shall have been made in bad faith or contrary to the provisions of the DECLARATION or of these BY-LAWS. It is intended that the members of the BOARD OF DIRECTORS shall have no personal liability with respect to any contract made by them on behalf of the CONDOMINIUM. It is also intended that the liability of any Unit Owner arising out of any contract made by the BOARD OF DIRECTORS or out of the aforesaid indemnity in favor of the members of the BOARD OF DIRECTORS shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all the Unit Owners in the common elements. Every agreement made by the BOARD OF DIRECTORS on behalf of the CONDOMINIUM shall provide that the members of the BOARD OF DIRECTORS, or the managing agent, or the manager, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interest of all Unit Owners in the common elements.

12. Powers and Duties. The BOARD OF DIRECTORS shall have the powers and duties necessary for the administration of the affairs of the CONDOMINIUMS and may do all such acts and things, except such acts as by law or by the DECLARATION or by these BY-LAWS may not be delegated to the BOARD OF DIRECTORS. Such powers and duties of the BOARD OF DIRECTORS shall include, but shall not be limited to, the following:
- (A). Operation, care, upkeep and maintenance of the Common Areas and facilities.
 - (B). Determination of the common expenses required for the affairs of the CONDOMINIUM, including, without limitation, the operation and maintenance of the Property.
 - (C). Collection of the common charges from the Unit Owners.
 - (D). Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Areas and facilities.
 - (E). At the direction of the Unit Owners having a majority of the total votes, the adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations.
 - (F). Opening of bank accounts on behalf of the ASSOCIATION and designating the signatories required therefor.
 - (G). Purchasing or leasing or otherwise acquiring in the name of the BOARD OF DIRECTORS, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their owner to the BOARD OF DIRECTORS as provided by the DECLARATION.
 - (H). Purchasing of Units at foreclosure or other judicial sales in the name of the BOARD OF DIRECTORS, or its designee, corporate or otherwise, on behalf of all Unit Owners.

- (I). Selling, mortgaging, voting appurtenant to or otherwise dealing with Units acquired by the BOARD OF DIRECTORS or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the DECLARATION and other applicable restrictions.
- (J). Organizing corporations or other entities to act as designees of the BOARD OF DIRECTORS in acquiring possession or title to Units on behalf of all Unit Owners.
- (K). Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the BOARD OF DIRECTORS or by operation of applicable restrictions to protect the common areas and facilities or any other portion of the buildings, and if Owner of any Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by the BOARD OF DIRECTORS shall levy a special assessment against such owner for the costs of said maintenance or repair.
- (L). Entering any Unit when necessary in connection with any maintenance or construction for which the BOARD OF DIRECTORS is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the occupant as practicable, and any such expense shall be treated as a common expense.
- (M). Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the BOARD OF DIRECTORS.
- (N). Obtaining of insurance for the Property, including the Units, pursuant to provisions of the DECLARATION.
- (O). Making of repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these BY-LAWS and the DECLARATION, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (P). Suspend the voting rights and right to use the recreational facilities of any member during any period in which such member shall be in default in the payment of an assessment levied by the ASSOCIATION. Such rights shall also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.

ARTICLE FOUR

OFFICERS

1. Number and Designation. The principal officers of the ASSOCIATION shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by, and in the case of the President, from the BOARD OF DIRECTORS. The BOARD OF DIRECTORS may appoint an assistant Treasurer, an assistant Secretary and such other officers as in its judgment may be necessary. Any two or more offices may be held by the same person except the offices of President and Secretary.

2. Election and Term. The officers of the ASSOCIATION shall be elected annually by the BOARD OF DIRECTORS at its annual meeting and shall hold office at the pleasure of the BOARD OF DIRECTORS.
3. Removal. Any officer may be removed either with or without cause by vote of a majority of the members of the BOARD OF DIRECTORS and his successor elected at any regular meeting of the BOARD OF DIRECTORS or any special meeting called for such purpose.
4. President. The President shall be the chief executive officer of the ASSOCIATION and shall preside at all meetings of the ASSOCIATION and of the BOARD OF DIRECTORS. Subject to the control of the BOARD OF DIRECTORS he shall exercise general supervision and direction over the management and conduct of the business and affairs of the ASSOCIATION. He shall also have such other powers and duties as may be provided by these BY-LAWS or assigned to him from time to time by the BOARD OF DIRECTORS.
5. Vice-President. The Vice-President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. He shall also have such other powers and duties as may be assigned to him from time to time by the BOARD OF DIRECTORS.
6. Secretary. The Secretary shall attend and keep the minutes of all the meetings of the ASSOCIATION and of the BOARD OF DIRECTORS, give all notices thereof as provided by these BY-LAWS, maintain and keep a continuous and accurate record of ownership of all apartments, have charge of such books, documents and records of the ASSOCIATION as the BOARD OF DIRECTORS may direct, and in general, perform all the duties incident to the office of Secretary.
7. Treasurer. The Treasurer shall maintain and keep the financial records and books of account of the ASSOCIATION, prepare regular reports thereof and be responsible for the proper deposit and custody in the name of the ASSOCIATION of all its funds and securities.
8. Auditor. The ASSOCIATION shall appoint annually a public accountant or accounting firm as auditor, who shall not be an officer of the ASSOCIATION nor own any interest in any apartment, to audit the books and financial records of the ASSOCIATION.
9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall in the absence or disability of the Secretary and the Treasurer, respectively have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer respectively, or by the BOARD OF DIRECTORS.
10. Compensation. The Compensation, if any, of all officers and employees of the ASSOCIATION shall be fixed by the BOARD OF DIRECTORS. This provision shall not preclude the BOARD OF DIRECTORS from employing a DIRECTOR as an employee of the ASSOCIATION nor preclude the contracting with a DIRECTOR for the management of the CONDOMINIUM.

ARTICLE FIVE

ADMINISTRATION OF THE PROPERTY

1. Determination of Common Expenses and Fixing of Common Charges. The BOARD OF DIRECTORS shall from time to time, and at least annually, prepare a budget for the CONDOMINIUM determine the amount of the common charges

payable by the Unit Owners to meet the common expenses of the CONDOMINIUM, and allocate and meet the common expenses of the CONDOMINIUM, and allocate and assess such common charges among the Unit Owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the BOARD OF DIRECTORS pursuant to the provisions of the DECLARATION. The common expenses may also include such amounts as the BOARD OF DIRECTORS may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the CONDOMINIUM, for a general operating reserve, for a reserve fund for replacements and to make up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the BOARD OF DIRECTORS or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale. The BOARD OF DIRECTORS shall advise all Unit Owners promptly in writing of the amount of common charges payable by each of them, respectively as determined by the BOARD OF DIRECTORS, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all Unit Owners and to their mortgagees.

2. Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the BOARD OF DIRECTORS pursuant to the provisions of Section 1 of this Article Five at such time or times as the BOARD OF DIRECTORS shall determine.

No Unit Owner shall be liable for the payment of any part of the common charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the DECLARATION and applicable restrictions of record) of such Unit, together with his interest in the Common Areas and facilities as defined in the DECLARATION. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of common charges assessed against such Unit prior to the acquisition by purchaser of such Unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale. Such unpaid common charges shall be deemed to be common charges collectible from all of the Unit Owners including such purchaser, his successor and assigns.

3. Collection of Assessments. The BOARD OF DIRECTORS shall assess common charges against the Unit Owners from time to time and at least annually, and shall take prompt action to collect any common charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.
4. Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the BOARD OF DIRECTORS the common charges as determined by the BOARD OF DIRECTORS, such Unit Owner shall be obligated to pay interest at the maximum legal rate on such common charges from the due date thereof, together with all expenses, including attorneys' fees (if permitted by law), incurred by the BOARD OF DIRECTORS in any proceeding brought to collect such unpaid common charges. The BOARD shall have the right and duty to attempt to recover such charges together with interest

thereon, and the expenses of the proceeding, including attorneys' fees in any action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit in like manner as a Note, Deed of Trust, or Mortgage of real property.

5. Foreclosure on Liens for Unpaid Common Charges. In any action brought by the BOARD OF DIRECTORS to foreclose on a Unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the Plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The BOARD OF DIRECTORS acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners if so instructed, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same subject however, to applicable restrictions of record and the provisions of the DECLARATION. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.
6. Statement of Common Charges. The BOARD OF DIRECTORS shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid common charges due from such Unit Owner.
7. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the BOARD OF DIRECTORS the breach of any BY-LAW contained herein, or the breach of any provision of the DECLARATION, shall give the BOARD OF DIRECTORS the right, in addition to any other rights set forth in these BY-LAWS:
 - (a). To enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof and the BOARD OF DIRECTORS shall not thereby be deemed guilty in any manner of trespass; or
 - (b). To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach. All disputes between Unit Owners affecting the harmony and welfare of the Project shall be submitted to binding arbitration conducted by the BOARD OF DIRECTORS.
8. Maintenance and Repair. (a). All maintenance and any repairs to any Unit, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common areas and facilities contained therein and not necessitated by the negligence, misuse, or neglect of the owner of such Unit) shall be made by the owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common Areas and facilities that his failure to do so may engender.
 - (b). All maintenance, repairs, and replacements to the Common Areas and facilities, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner) shall be made by the BOARD OF DIRECTORS and be charged to all the Unit Owners as a common expense.
9. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, without the prior written consent thereto of the BOARD OF DIRECTORS. The BOARD OF DIRECTORS shall have the obligation to answer any written request by a Unit Owner for approval

of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within the stipulated time shall constitute a consent by the BOARD OF DIRECTORS to the proposed addition, alteration or improvement.

10. Right of Access. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the BOARD OF DIRECTORS or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a common area and facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common areas and facilities in his Unit or elsewhere in the building or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.
11. Water Charges and Sewer Rents. Water shall be supplied to all of the Units and the Common Areas and facilities through one or more meters, and the ASSOCIATION shall pay, as a common expense, all charges for water consumed on the Property, including the Units, together with all related sewer rents, if any, arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the owner thereof, the BOARD OF DIRECTORS on request of the selling Unit Owner shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and rents affecting the Property as of the date of closing of title to such Unit, promptly after such charges have been billed by the Water Department.
12. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each Unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the Common Areas and facilities shall be separately metered, and the BOARD OF DIRECTORS shall pay all bills for electricity consumed in any portions of the Common Areas and facilities as a common expense.

ARTICLE SIX

RECORDS AND AUDITS

Records and Audits. The BOARD OF DIRECTORS shall keep or cause to be kept, detailed records of the actions of the BOARD OF DIRECTORS, minutes of the BOARD OF DIRECTORS, minutes of the meetings of the Unit Owners, and financial records and books of account of the CONDOMINIUM, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which among other things, shall contain the amount of each assessment of the common charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. The financial record and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. A written report summarizing all receipts and expenditures of the CONDOMINIUM shall be available to all Unit Owners on or before the 15th day of the third month following the close of each fiscal year cover-

ing the preceding year. In addition, an annual report of the receipts and expenditures of the CONDOMINIUM certified by an independent, certified public accountant, shall be rendered by the BOARD OF DIRECTORS to all Unit Owners and to all mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

ARTICLE SEVEN

PARLIAMENTARY RULES

1. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of proceedings except where the DECLARATION or the laws of the State of North Carolina require a different method of procedure.

ARTICLE EIGHT

AMENDMENTS

1. Proposals. Amendments to the BY-LAWS shall be proposed by either a majority of the BOARD OF DIRECTORS or by fifty (50%) per cent of the Unit Owners of the CONDOMINIUM. The proposed amendment must be reduced to writing and must be accompanied by the consent of the holders of first mortgages, if any, on the Units and by the opinion of legal counsel as to whether the amendment is permitted under the DECLARATION. It shall be included in the notice of any meeting at which action is to be taken thereon.
2. Resolutions. A resolution adopting a proposed amendment may be proposed by either the BOARD OF DIRECTORS or by the Unit Owners and approved by the Unit Owners at a meeting called for this purpose. Unit Owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Such approvals must be by the majority of the Unit Owners who in the aggregate own not less than fifty (50%) per cent of the common interest.
3. Adoption. An amendment when adopted shall become effective only after being recorded with the recording officer in the same place where the condominium documents are recorded.

ARTICLE NINE

FISCAL YEAR

1. Fiscal Year. The fiscal year shall begin on the 1st day of January in each year or as the BOARD OF DIRECTORS shall otherwise establish.

The foregoing were adopted as the BY-LAWS of DOLPHIN CONDOMINIUM OWNERS' ASSOCIATION at the first meeting of said ASSOCIATION and the undersigned being all the DIRECTORS of the ASSOCIATION at this time, approve such action by affixing its corporate seal hereto and execution of this document by its President and Secretary.

DOLPHIN CONDOMINIUM OWNERS'
ASSOCIATION

By Joseph B. Niles (SEAL)
President

APPROVED:

William J. Niles
Secretary

NORTH CAROLINA

CARTERET COUNTY

I, DIANA S. GORDON, Notary Public, do certify that Frances K. Dickens, Secretary of Dolphin Condominiums Owners' Association, and Joseph B. Dickens, President of DOLPHIN CONDOMINIUMS OWNERS' ASSOCIATION, personally appeared before me this day and acknowledged that by authority duly given, and as the act of the ASSOCIATION, the foregoing instrument was signed in its name by its Secretary and attested by its President.

WITNESS my hand and notarial seal, this 14 day of August, 1974.

Diana S. Gordon
Notary Public

My Commission Expires: Sept. 20, 1975

11:30

NORTH CAROLINA - CARTERET COUNTY
The foregoing instrument of Diana S. Gordon is (are)
certified to me by the Notary Public and presented for
registration and record in this office in Book 46-2
Page 158
This 14 day of Aug, 1974 at 11:30 o'clock A.M.
Nancy S. Smith
Register of Deeds