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Onslow County, NC
Rebecca L. Pollard Reg. of Deeds
BK5063 PG150-193

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

AMENDED AND RESTATED TOPSAIL REEF DECLARATION OF CONDOMINIUM

THIS AMENDED AND RESTATED TOPSAIL REEF DECLARATION OF CONDOMINIUM ("Declaration") is made and entered into as of the 25TH day of November 2019 by TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation ("Association").

RECITALS:

A. North Topsail Shores Condominiums, Inc., a North Carolina corporation, caused to be recorded the Topsail Reef Declaration of Condominium in Book 579, at Page 294 in the office of the Register of Deeds of Onslow County (as amended and supplemented, the "Original Declaration").

B. North Topsail Shores Condominiums, Inc. further caused the By-Laws of Topsail Reef Homeowners Association, Inc. to be recorded as Exhibit D to the Original Declaration, which By-Laws were amended in Book 993, at Page 252 in the office of the Register of Deeds of Onslow County (the "By-Laws").

C. Pursuant to Paragraph 23 of the Declaration, the Declaration may be amended by the vote of at least sixty-six and two-thirds percent (66 and 2/3%) in common

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Attention: Justin M. Lewis

interest of all unit owners, cast in person or by proxy, at a meeting duly held in accordance with the provisions of the By-Laws.

D. Pursuant to Article XIV of the By-Laws, the By-Laws may be amended at a regular or special meeting of the unit owners by a vote of a majority of a quorum of unit owners present in person or by proxy.

E. The Association has obtained the vote of at least sixty-six and two-thirds percent (66 and 2/3%) in common interest of all unit owners, cast in person or by proxy, at a meeting duly held in accordance with the provisions of the By-Laws to amend and restate the Original Declaration and By-Laws as set forth herein.

NOW, THEREFORE, the Association hereby covenants and declares on behalf of itself and its successors and assigns that the Original Declaration is hereby amended and restated in its entirety. The real estate previously made subject to the Original Declaration from the date this Declaration is recorded in the office of the Register of Deeds of Onslow County shall be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the real estate and bind and inure to the benefit of all current owners and perspective purchasers and parties who have or may acquire any right, title, estate or interest in or to any of such real estate or who have or may acquire any right or occupancy of or interest upon any portion thereof, all subject to the right of the Association to amend this Declaration according to its terms.

(1) Amendment and Restatement of Original Declaration. The Original Declaration is hereby amended to delete and rescind the Original Declaration, as amended and supplemented, in its entirety, subject to Article 24 herein, and adopt in its place instead this Declaration.

(2) Description of Land. Being all of Lots 1, 2, 3, 4, 5, 6, 7, and 8 as shown and designated on that map of Topsail Reef recorded in Map Book 20, at Page 69 in the office of the Register of Deeds of Onslow County.

(3) Description of Buildings.

a. There are eight (8) multi-unit buildings constituting TOPSAIL REEF condominium, each being three stories in height, with no basements. The total number of units in Topsail Reef condominium is two hundred forty (240).

b. The principal materials of which said buildings are constructed are frame and wood siding.

c. In general, each building has a total of approximately 17,376 square feet of unit space area. There are thirty (30) individual dwelling units in each building consisting of both one and two-bedroom units. The one-bedroom units have a total of approximately 616 square feet. The two-bedroom units have a total of approximately 912 square feet.

d. Said multi-unit buildings are more particularly described in the plans and specifications of said buildings, a copy of which plans are attached hereto and made a part hereof as "Exhibit A" showing all particulars of the buildings, including the layout, location, ceiling and floor elevations, unit numbers and dimensions of the units and location of the Common Areas and facilities affording access to each unit. As required by the Unit Ownership Act, such plans bear the verified statement of a registered architect or licensed professional engineer, certifying that said plans are an accurate copy of the plans of said multi-unit buildings built or to be built. For a further description of the principal materials of which said multi-unit buildings are or will be constructed, reference is hereby made to the plans filed herewith.

(4) Unit Designations. The unit designation of each unit, and its location are as shown on the maps or plats of the condominium development as referenced in Exhibits "A" and "B", attached hereto and incorporated herein by reference. The approximate area and number of rooms in each unit is as shown on Exhibit "A", also attached hereto and made a part hereof.

(5) Description of General Common Areas and Individual Unit Interests Therein. The general Common Areas of TOPSAIL REEF condominium units shall be as follows:

a. All land included in Lots 1, 2, 3, 4, 5, 6, 7 and 8, as hereinabove described, including that land on which the units are located.

b. All parts of the multi-unit buildings situated on the property described hereinabove, other than the individual dwelling units therein, including all foundations, columns, girders, beams, supports, main walls and roofs.

c. All driveway and parking areas, bulkheads and all recreational or community facilities.

d. All central or appurtenant installations for services such as power, light, telephone, gas, water, incinerating and all other mechanical equipment spaces (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits and compressors in connection therewith).

e. 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 Common Areas.

(6) Limited Common Areas. Each unit shall have reserved for its exclusive use as a Limited Common Area those stairways and porches appurtenant to and designed for the exclusive use of each specific individual unit.

(7) Percentage of Unit Ownership 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 market value of each unit bears to the total fair market value of all the property included herein, and is set forth as part of Exhibit "C" heretofore noted as attached hereto and made a part hereof.

(8) Use. The buildings and each of the units therein shall be used for residential purposes only. Use of the buildings and units, as well as of the Common Areas and facilities, is further restricted as follows:

a. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property, nor shall the property be used in any way or for any purpose which my endanger the health of or unreasonably disturb the owner of any residence or any resident thereof. No business activities of any kind whatever shall be conducted in any building or on any portion of the property.

b. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other usual household pets may be kept by the respective owners in their respective units, provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health of or, in the sole discretion of the Board of Directors of the TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. unreasonably disturb the owner of any residence or any resident thereof, and provided,

further, that such pets shall not be allowed in the general Common Areas of the condominium development unless on a leash or carried by the owner thereof.

c. The exterior of the units shall not be decorated by the individual unit owners in any manner without the prior written consent of the Board of Directors of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC., and no awnings (other than those provided by Developer or Association), radio or television aerials or other projections may be installed or attached to the exterior of any unit without such prior written consent. No clothes line for any purpose shall be permitted outside of an owner's unit.

d. No trailer of any sort, tent, barn, storage camper, shed, garage or other similar out building or structure shall be placed on the property at any time, either temporarily or permanently, with the exception that boat trailers may be kept on the property, provided they are kept in such manner as not to block or cause obstruction of the roadway.

e. No structure of a temporary character shall be placed upon the property at any time, provided, however, that this provision shall not apply to shelters and sheds used by a contractor during the construction of Common Area improvements, it being clearly understood that these latter temporary structures may not, at any time, be used as residences or permitted to remain on the building site after completion of construction.

f. All garbage and refuse from the individual units shall be deposited with care in garbage containers or receptacles intended for such purpose, said containers or receptacles to be kept at all times in the space provided therefore appurtenant to each individual unit.

g. No noxious or offensive activities shall be carried on, in or upon any unit, nor shall anything be done therein tending to cause embarrassment, discomfort, annoyance or nuisance to other unit owners. No charcoal grills or outside fires are permitted.

h. No refuse, rubbish, trash or waste of any sort shall be thrown into the waters surrounding the condominiums project nor shall any objects or material be placed therein which would constitute a hazard to the health or safety of those using said waters for boating, swimming, or other water related sports and activities.

i. It shall be the responsibility of each unit owner, and the Board of Directors of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. to prevent the development of any unclean, unsightly or unkempt conditions of the limited and general Common Areas.

All 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 for a period of twenty (20) years from the date of recordation of this Declaration, after which time said restrictions and obligations will be automatically extended for successive periods of ten (10) years.

In the event of a violation or breach of any of these restrictions, or of any other covenants of this Declaration, by any property owner, or agent thereof, the Board of Directors of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. shall have the authority to levy fines or to suspend community privileges in accordance with applicable North Carolina law, including N.C. Gen. Stat. § 47C-3-107.1. Further, the owners of other units or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel the compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Board of Directors of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. 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 (by telephone, email, or mail) of such violation it shall not have been corrected or removed by the owner. In case of any emergency originating in or threatening any unit or the Common Area, regardless of whether the owner or other person in occupancy is present at the time of such emergency, the Board of Directors, or any other person authorized by it, or the managing agent, shall have the right to enter such unit, and such Common Area for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. 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 or obligations in this Declaration contained shall in no way affect any of the other restrictions, which shall remain in full force and effect.

All present and future owners, tenants and occupants of units now in existence or to be constructed 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 of 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 are accepted 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 of conveyance or lease.

(9) Management. Management of the affairs of TOPSAIL REEF condominium project shall be the right and responsibility of the Association of units owners known as "TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC." hereinafter referred to as the "Association"; and said management duties shall be carried out in accordance with the terms and conditions of this Declaration and the terms and conditions set forth in the By-Laws of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. a copy of which is attached hereto and made a part hereof.

(10) Assessments. Each owner of any unit, by acceptance of the deed thereto, whether or not it shall be so expressed in such deed, is deemed to, and does thereby, covenant and agree to pay assessments in the pro rata share equivalent to such unit's ownership interest in the Common Areas for the common expenses of the upkeep, maintenance and improvement of the Common Areas and for expressly designated services provided to all unit owners in the condominium project.

The owner of each unit shall make all payments directly to the Association or its Agent for all common expenses in the proper pro rata percentage of the total common expenses

as set forth hereinafter in keeping with the General Statutes of North Carolina relating to unit ownership.

(11) Purposes of Assessments.

a. The assessments paid to the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of TOPSAIL REEF CONDOMINIUMS.

b. Assessments shall be used to pay the costs of common expenses of the Association, including, but not limited to:

i. Acquisition, improvement, and maintenance of properties;

ii. Services and facilities devoted to and relating to the exterior maintenance of the buildings and units, excluding glass doors and windows and their components, for the use and enjoyment of the Common Areas and facilities, including but not limited to:

A. Water and Sewer Service;

B. Garbage collection; and

C. Electricity for the Common Area, including lighting

iii. Repairs, replacements, and additions to the Common Areas and facilities;

iv. Costs of labor;

v. Costs of equipment and materials expended on the Common Areas and facilities;

vi. Management and supervision;

vii. The procurement and maintenance of liability, flood, and hazard insurance on the units and Common Areas;

viii. The employment of attorneys, accountants, and professional management personnel when deemed necessary or advisable by the Association; and

ix. Such other needs as may arise.

(12) Change in Assessments. The Association may, by a majority vote of its Board of Directors, change the method of payment of any assessments from a monthly to a semi-annual or annual basis and shall have the right to increase said assessments without the approval of the membership by an amount not to exceed ten (10%) percent of the assessment of the previous year.

The assessment may be increased without limit by a vote of a majority of the members of the Association voting in person or by proxy at a meeting duly called for this purpose.

(13) Special Assessments for Capital Improvements. In addition to the assessments specified above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements upon the Common Area, including fixtures and personal property related thereto; provided that any such assessment shall be approved by a vote of a majority of the members of the Association who are voting in person or by proxy in a meeting duly called for this purpose.

(14) The Creation of Lien and Personal Obligation of Assessments. The assessments called for hereinabove, together with interest, costs of collection, including court costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. Personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

a. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate permitted at law. The Association may also charge a late fee not to exceed the greater of Twenty Dollars ($20.00) per month or ten percent (10%) of any assessment installment until paid.

b. The Association may bring an action at law against the owner or owners personally obligated to pay the same or foreclose the lien against the property; and

interest, costs and reasonable attorneys' fees of the action or foreclosure shall be added to the amount of such assessment.

c. No unit owner or owners may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas and facilities.

(15) Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any unit shall not affect the assessment lien provided for in the preceding section. However, the sale or transfer of any unit which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessment as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

(16) Exterior Maintenance.

a. The Association shall maintain the Common Areas and facilities and Limited Common Areas, including any amenities located thereon and all grass, trees, shrubs, walks, and other improvements.

b. The Association shall provide the following maintenance to the buildings and units:

i. Maintenance, repair, and replacement of the plumbing that is contained within the drywall;

ii. Maintenance, repair, and replacement of the circuit breaker located outside each electric meter;

iii. Paint the siding and trim of the buildings;

iv. Maintenance, repair, and replacement of the roofs, gutters, and downspouts; and

v. Maintenance, repair, and replacement of the exterior of the buildings, excluding glass surfaces and the frames supporting glass surfaces.

c. Owners shall maintain their units, which maintenance shall include, without limitation:

i. All visible plumbing components;

ii. Maintain heating devices and electrical appliances in a manner to prevent them from creating a hazard for other units or the Common Area;

iii. Heating, venting, and air conditioning units;

iv. Glass doors, windows, and their components; and

v. Patio and window screen replacement.

d. Owners shall not alter their units to install pipes or make electrical repairs without the prior written consent of the Architectural Committee or Board of Directors.

e. In order to enable the Association to perform its maintenance obligations, there is hereby reserved to the Association the right to unobstructed access over and upon each unit at all reasonable times to perform maintenance and repair as provided herein.

f. Whenever the maintenance, repair, or replacement ("Upkeep") of any item for which the owner of a unit is obligated to perform at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of performing such Upkeep, except that the owner of such unit shall be, in said instance, required to pay such portion of the costs of such Upkeep as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep.

Whenever the Upkeep of any item for which the Association is obligated to perform at its expense is occasioned by any act of an owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of such Upkeep, except that the owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion

of the cost of such Upkeep as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep.

Whenever the Upkeep of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of an owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such Upkeep..

(17) Insurance

a. Authority to Purchase Insurance. All required or permitted insurance policies (other than title insurance and insurance on betterments and improvements to the units and Limited Common Areas, if any) upon the condominium property (other than the personal property of the owners) shall be purchased by the Association in the name of the Association, as Trustees for the owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and to any owner, mortgagee, or beneficiary of a deed of trust. Each owner may obtain insurance, at his own expense, affording coverage upon his unit, his personal property and betterments and for his personal liability as may be permitted or required by law, and such insurance shall, if available, contain a waiver of subrogation as to any claims against owners, the Association and their respective servants, agents and guests.

b. Insurance Coverages. The following insurance coverage shall be maintained in full force and effect by the Association:

i. Casualty insurance covering the Common Areas, and to the extent reasonably available, the units, including all buildings and all improvements upon the land and all personal property included within the condominium, except such personal property as may be owned by the owners, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) loss or damage by flood; (c) loss or damage by

wind and hail, and, (d) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Casualty insurance obtained for the buildings and improvements shall provide such coverage commonly known as "all-inclusive building" coverage and/or "completed unit" coverage as such terms are used in the insurance industry, and shall include, but not be limited to, all components of the units together with fixtures, cabinets, built in appliances and all other such improvements which were part of the original completed units, except for betterments and improvements installed by the owner.

ii. Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas, and in such forms as shall be required by the Association, including, but not limited to, legal liability, hired automobiles, non-owned automobile and off-premises employee coverage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the owners as a group to an owner.

iii. Workers compensation insurance and employer's liability insurance if and to the extent required by law.

iv. Director's and officers' liability insurance or equivalent association liability insurance.

v. Such additional insurance as the Board in its best business judgment determines advisable.

c. Premiums – Common Expenses. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the owners of units.

d. Deductibles. The deductible, if any, on any insurance policies maintained by the Association shall be paid by the Association as a common expense. In the event that the cause of any damage or destruction of any portion of the condominium originated in or through the Common Areas or an apparatus located within the Common Areas, the Association may assess (i) any deductible amount necessitated by either the intentional act or

omission, negligence, abuse, misuse or neglect of an owner, or his or her family, guest, tenant, or the family or guest of said tenant, against such owner; and (ii) a proportionate share of the deductible amount to any owner whose unit is repaired (or which owner is compensated) by funds from the insurance policies maintained by the Association, based on the proportionate amount of insured loss incurred to the unit relative to the total insured loss to the Common Areas and other units. In the event that the cause of any damage or destruction to any portion of the condominium originated in or through a unit or any component thereof, then the owner of said unit shall pay the deductible under the Association's master casualty policy without regard to whether the owner was negligent. If an owner fails to pay the deductible assessed against his or her unit and the Association pays the deductible cost owed by the owner, then the deductible cost paid by the Association shall be charged to the unit as an assessment for which the Association shall have a lien.

e. Insurance Claim Adjustment. Any loss covered by the property insurance maintained by the Association shall be adjusted with the Association; provided, however, all insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association as Trustee. The Trustee shall hold such proceeds in trust for the benefit of the owners and their respective mortgagees as their interests may appear.

f. Mortgagee Insurance Proceeds. In the event a mortgage endorsement has been issued for a unit, the share of any insurance proceeds of the owner shall be held for the mortgagee and the owner as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

g. Use of Insurance Proceeds. Proceeds of insurance policies received by the Association shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and 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 except as specified in Paragraph 18.

h. Insurance Policy Requirements. Insurance policies carried pursuant to this Paragraph 17 shall provide that:

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

ii. The insurer waives its right to subrogation under the policy against any owner or members of his household, if applicable;

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

iv. If, at the time of any loss under the policy, there is other insurance in the name of an owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

v. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each owner and each mortgagee or beneficiary under a deed of trust to whom certificates or endorsements have been issued at their respective last known addresses.

i. Insurance Coverage-Betterments. The Association shall not be required to maintain insurance coverage for any betterments or improvements to the units and/or Limited Common Areas added by any owner and an owner may be required to maintain such liability coverage as is otherwise provided herein.

j. Unit owners may at their expense obtain insurance coverage for their own personal property, upgrades, personal liability, loss of use, loss of rental income, or any other such coverage that they may desire.

k. Insurance Availability Notification. If the insurance described in this Paragraph 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 owners.

(18) Reconstruction or Repair of Casualty Damage

a. Reconstruction-Costs. Any portion of the condominium for which insurance is required pursuant to Paragraph 17 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of all owners of units not to be rebuilt or owners of units assigned to Limited Common Areas not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a common expense. If the entire condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition compatible with the remainder of the condominium, (2) the insurance proceeds attributable to units and Limited Common Areas which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those Limited Common Areas were allocated or to lienholders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the owners or lienholders, as their interests may appear, in proportion to their Common Area interest. If owners vote not to rebuild any unit, that unit's allocated interests automatically shall be reallocated upon the vote as if the unit had been condemned pursuant to N.C. Gen. Stat. § 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

b. Estimates of Replacement Costs. Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.

c. Priority of Repair. When the damage is to Common Areas, Limited Common Areas and units, the insurance proceeds will be applied first to the costs of repairing the Common Areas, secondly to the cost of repairing the units, and thirdly to the cost of repairing the Limited Common Areas.

d. Association Right to Insurance Adjustments. Each owner shall be deemed to have delegated to the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

(19) Damage Caused by Owner

a. Whenever the repair or replacement of any part of the condominium for which the Association is obligated to perform at its expense is occasioned by any act of an owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of such repair or replacement, except that the owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay, as an assessment, such portion of the cost of such repair or replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such repair or replacement.

b. Whenever the repair or replacement of any part of the condominium for which the Association is obligated to perform at its expense is occasioned by an act of an owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, (i) the Association may direct the owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) to make the necessary repairs or replacements at his expense or (ii) the Association may make the repairs or replacements and require the owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) to pay to the Association, as an assessment, the cost of such repair or replacement.

c. If an owner fails to pay to the Association the amount assessed against his or her unit pursuant to subsections a. or b. above and the Association pays the amount owed by the owner, then the amount paid by the Association shall be charged to the unit as an assessment for which the Association shall have a lien.

(20) Mortgage of Units. Any unit owner may give a deed of trust or mortgage on his unit without prior notice to or authorization by the Developer or the Board of Directors of the Association; provided, however, that should foreclosure proceedings be instituted under the terms of said mortgage or deed of trust, the unit owner shall notify the Board of Directors of the Association by registered mail, return receipt requested of the pending foreclosure sale, said notice to be given not less than fifteen (15) days prior to the date of such foreclosure sale. Said notice shall contain the date, time and place of such sale and shall specify the amount of the outstanding indebtedness remaining on the unit.

(21) Partitioning. The Common Areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entireties, jointly or in common, or in any other form by law permitted.

(22) Easements. Notwithstanding the replacement of the Original Declaration with this Declaration, all easements created and described in the Original Declaration shall be easements appurtenant to, and shall run with, the land by whomsoever owned, whether or not the same shall be contained or referred to in any future deed or conveyance, and shall at all times inure

to the benefit and be binding upon the Association and the Owners, all their grantees and their respective heirs, successors, personal representatives or assigns.

Each unit and all Common Areas and facilities and limited Common Areas and facilities are hereby subjected to an easement for the repair, maintenance, expansion, reduction, inspection, removal, relocation or other service of or to all gas, electricity, television, telephone, water, plumbing, sewer, utility, drainage or other lines or other Common Areas and facilities, whether or not the cause of any or all of those activities originates in the unit in which the work must be performed.

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 any other Common Areas and 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 pipes, ducts, cables, wires, conduits, public utility lines and any other Common Areas and facilities serving such other units and located in such unit.

The initial and subsequent Boards may grant or assume easements, leases or licenses 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 and television wires and equipment and electrical conduits, and wires over, under, along and on any portion of the units and/or Common Areas and facilities and limited Common Areas and facilities; and each unit owner hereby grants to the Board of Directors, or its designee, the irrevocable power of attorney to execute, acknowledge and record for or in the name of the Association or each unit owner such instruments as may be necessary to effectuate the foregoing.

In the event any portion of the Common Areas and facilities encroaches upon any unit, or any unit encroaches upon any other unit, or any unit encroaches upon the Common Areas and facilities, (whether the same now exists or may be caused or created by existing construction, settlement or movement of the buildings, or by permissible repairs, construction or alteration), a valid cross easement for any such encroachment, or encroachments, and maintenance of same is hereby created.

(23) Amendment of Declaration. This Declaration may be amended by the vote of at least 66 2/3% 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 duly and properly recorded in the Office of the Register of Deeds wherein this Declaration is recorded.

(24) The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof as may be determined by a court of competent jurisdiction shall not affect the validity or enforceability of any provisions hereof.

(25) No provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to endorse the same, irrespective of the number of violations or breaches which may occur.

(26) 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.

(27) This Declaration and the By-Laws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

[The rest of this page intentionally is left blank. A signature page follows.]

IN TESTIMONY WHEREOF, the Association, pursuant to the authority above recited, has caused this Declaration to be executed under seal and in such form as to be legally binding and effective the day and year upon recording this Amendment in the office of the Register of Deeds of Onslow County, North Carolina.

TOPSAIL REEF ~~HOMEOWNERS~~ ASSOCIATION, INC.
~~(SEAL)~~

By: _____ (SEAL)

Name: Clay R. Thomas

Title: President, Topsail Reef HOA Board of Directors

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

I certify that the following person personally appeared before me this day, acknowledging to me that he/she signed the foregoing document for the purpose(s) stated therein and, if other than in an individual capacity, in the capacity indicated having been first authorized to do so:

Clayton Thomas.

Date: November 25, 2019

_____
Signature of Notary Public

(Official Seal)

Jill Weaver
NOTARY PUBLIC
Onslow County, NC
My Commission Expires May 23, 2022

Jill Weaver
Notary's printed or typed name

My commission expires: May 23, 2022

Notary seal or stamp must appear within this box

140099-00001
ND: 4819-9466-5527, v. 2

EXHIBIT "A"

The Plans and Specifications for each unit of TOPSAIL REEF CONDOMINIUMS for Buildings A, B, C, D, E, F, G and H have been recorded in Unit Ownership and Condominium Book 1, Pages 2 thru 2(f); 3 thru 3(f); 5 thru 5(g); 6 thru 6(g); 7 thru 7(g); 9 thru 9(g); 11 thru 11(g) and 12 thru 12(g), respectively, Onslow County Registry, to which reference is had for a more full and complete description.

EXHIBIT "B"

The Plot Plans for Buildings A, B, C, D, E, F, G and H of TOPSAIL REEF CONDOMINIUMS have been recorded in Unit Ownership and Condominium Book 1, Pages 1, 4, 8 and 10, Onslow County Registry, to which reference is had for a more full and complete description.

EXHIBIT "C"

BUILDING A UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
101	$39,900	.403
102	32,900	.332
103	32,900	.332
104	32,900	.332
105	32,900	.332
106	32,900	.332
107	32,900	.332
108	32,900	.332
109	32,900	.332
110	39,900	.403
201	39,900	.403
202	32,900	.332
203	32,900	.332
204	32,900	.332
205	32,900	.332
206	32,900	.332
207	32,900	.332
208	32,900	.332
209	32,900	.332
210	39,900	.403
301	39,900	.403
302	32,900	.332
303	32,900	.332
304	32,900	.332
305	32,900	.332
306	32,900	.332
307	32,900	.332
308	32,900	.332
309	32,900	.332
310	39,900	.403

BUILDING B UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
111	$42,900	.433
112	33,900	.342
113	33,900	.342
114	33,900	.342
115	33,900	.342
116	33,900	.342
117	33,900	.342
118	33,900	.342
119	33,900	.342
120	42,900	.433
211	42,900	.433
212	33,900	.342
213	33,900	.342
214	33,900	.342
215	33,900	.342
2126	33,900	.342
217	33,900	.342
218	33,900	.342
219	33,900	.342
220	42,900	.433
311	42,900	.433
312	33,900	.342
313	33,900	.342
314	33,900	.342
315	33,900	.342
316	33,900	.342
317	33,900	.342
318	33,900	.342
319	33,900	.342
320	42,900	.433

BUILDING C UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
121	$45,900	.464
122	35,900	.363
123	34,900	.353
124	34,900	.353
125	35,900	.363
126	35,900	.363
127	34,900	.353
128	34,900	.353
129	35,900	.363
130	45,900	.464
221	46,900	.474
222	36,900	.373
223	35,900,	.363
224	35,900	.363
225	37,900	.383
226	37,900	.383
227	35,900	.363
228	35,900	.363
229	36,900	.373
230	46,900	.474
321	46,900	.474
322	36,900	.373
323	35,900,	.363
324	35,900	.363
325	37,900	.383
326	37,900	.383
327	35,900	.363
328	35,900	.363
329	36,900	.373
330	46,900	.474

BUILDING D UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
131	$47,900	.484
132	36,900	.373
133	35,900	.363
134	35,900	.363
135	36,900	.373
136	36,900	.373
137	35,900	.363
138	35,900	.363
139	36,900	.373
140	47,900	.484
231	48,900	.494
232	37,900	.383
233	36,900	.373
234	36,900	.373
235	38,900	.393
236	38,900	.393
237	36,900	.373
238	36,900	.373
239	37,900	.383
240	48,900	.494
331	48,900	.494
332	37,900	.383
333	36,900	.373
334	36,900	.373
335	38,900	.393
336	38,900	.393
337	36,900	.373
338	36,900	.373
339	37,900	.383
340	48,900	.494

BUILDING E UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
151	$52,900	.534
152	38,900	.393
153	37,900	.383
154	37,900	.383
155	38,900	.393
156	38,900	.393
157	37,900	.383
158	37,900	.383
159	38,900	.393
160	52,900	.534
251	53,900	.545
252	40,900	.413
253	38,900	.393
254	38,900	.393
255	41,900	.423
256	41,900	.423
257	38,900	.393
258	38,900	.393
259	40,900	.413
260	53,900	.545
351	53,900	.545
352	40,900	.413
353	38,900	.393
354	38,900	.393
355	41,900	.423
356	41,900	.423
357	38,900	.393
358	38,900	.393
359	40,900	.413
360	53,900	.545

BUILDING F UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
161	$56,900	.575
162	41,900	.423
163	39,900	.403
164	39,900	.403
165	40,900	.413
166	40,900	.413
167	39,900	.403
168	39,900	.403
169	41,900	.423
170	56,900	.575
261	57,900	.585
262	43,900	.444
263	41,900	.423
264	41,900	.423
265	45,900	.464
266	45,900	.464
267	41,900	.423
268	41,900	.423
269	43,900	.444
270	57,900	.585
361	57,900	.585
362	43,900	.444
363	41,900	.423
364	41,900	.423
365	45,900	.464
366	45,900	.464
367	41,900	.423
368	41,900	.423
369	43,900	.444
370	57,900	.585

BUILDING G UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
171	$57,900	.585
172	42,900	.433
173	40,900	.413
174	40,900	.413
175	41,900	.423
176	41,900	.423
177	40,900	.413
178	40,900	.413
179	42,900	.433
180	57,900	.585
271	58,900	.595
272	44,900	.454
273	42,900	.433
274	42,900	.433
275	46,900	.474
276	46,900	.474
277	42,900	.433
278	42,900	.433
279	44,900	.454
280	58,900	.595
371	58,900	.595
372	44,900	.454
373	42,900	.433
374	42,900	.433
375	46,900	.474
376	46,900	.474
377	42,900	.433
378	42,900	.433
379	44,900	.454
380	58,900	.595

BUILDING H UNIT NUMBER	FAIR MARKET VALUE	PERCENTAGE OF UNDIVIDED INTEREST
181	58,900	.595
182	43,900	.444
183	41,900	.423
184	41,900	.423
185	42,900	.433
186	42,900	.433
187	41,900	.423
188	41,900	.423
189	43,900	.444
190	58,900	.595
281	59,900	.605
282	45,900	.464
283	43,900	.444
284	43,900	.444
285	47,900	.484
286	47,900	.484
287	43,900	.444
288	43,900	.444
289	45,900	.464
290	59,900	.605
381	59,900	.605
382	45,900	.464
383	43,900	.444
384	43,900	.444
385	47,900	.484
386	47,900	.484
387	43,900	.444
388	43,900	.444
389	45,900	.464
390	59,900	.605

EXHIBIT "D"

AMENDED AND RESTATED BY-LAWS

OF

TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the association is TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC. The principal office of the Association shall be located at 2224 New River Inlet Road, Building 4, Unit 131, North Topsail Beach, North Carolina 28460, but meetings of members and directors may be held at such places within the State of North Carolina, County of Onslow, as may be designated by the Board of Directors of the Association. These By-Laws provide for the self-government of TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC., in accordance with the Articles of Incorporation filed with the Secretary of the State of North Carolina and the Declaration of Condominium for TOPSAIL REEF CONDOMINIUMS recorded in the office of the Register of Deeds, Onslow County, North Carolina.

ARTICLE II

DEFINITIONS

1. "Association" shall mean and refer to TOPSAIL REEF HOMEOWNERS ASSOCIATION, INC., its successors, and assigns.

2. "Declaration" shall mean and refer to the Declaration and Covenants, Conditions and Restrictions of the TOPSAIL REEF CONDOMINIUMS of record in the office of the Register of Deeds of Onslow County, North Carolina, to which these By-Laws are attached as an Exhibit.

3. "Common Areas" shall mean all real property owned as tenants in common by all the lot and unit owners and managed by the Association for the common use and enjoyment of said owners.

4. " Limited Common Area" shall mean portions of the Common Area reserved for the exclusive use of the owners of one or more, but less than all, of the units. Porches, as depicted on the plats and plans of the condominium, are Limited Common Area for the Unit to which they are attached.

5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any unit which is a part of TOPSAIL REEF

CONDOMINIUMS, excluding those having such interest merely as security for the performance of an obligation.

6. "Member" shall mean and refer to those persons entitled to membership in the Association by virtue of ownership of one or more units in TOPSAIL REEF CONDOMINIUMS.

7. "Unit" shall mean and refer to individual enclosed living spaces and accessory spaces and areas as defined in N.C.G.S. 47A-3(12) and described in the Declaration, and the improvements situate thereon, excluding any land or improvements designated as Common Areas.

8. "Assessment" shall mean and refer to a Member's share of the common expenses assessed against each unit by the Association in the manner provided for in the Declaration and these By-Laws.

9. "Development" shall mean and refer to the entire undertaking pursuant to the Declaration and these By-Laws which shall commence with the filing of the Declaration and continue thereafter until terminated as provided for therein.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

1. Members. Every person, firm, association, corporation, and other legal entity who is a record owner or co-owner of the fee simple title to any Unit shall be a Member of the Association; provided however, that any person, firm, association, corporation, or legal entity who holds such title or interest merely as a security for the performance of an obligation (including but not limited to mortgages or trustees under deeds of trust) shall not be a Member of the Association.

2. Change of Membership. Change of membership shall be accomplished by recording in the Onslow County Registry, a deed or other instrument establishing a record title to a Unit, and delivery to the office of the Association a copy of such instrument. The membership of the prior Unit owner shall be thereby terminated.

3. Rights of Membership: Each Member shall be entitled to the use and enjoyment of the Common Areas and facilities as provided in the Declaration, subject however to the right of the Association to:

a. Promulgate Rules and Regulations governing such use and enjoyment; Suspend the use and enjoyment of the Common Areas as provided in Section 5 of this ARTICLE III.

b. Any Member may delegate his or her rights of enjoyment of the Common Areas and facilities to the members of his or her family, tenants, or contract purchasers who reside on the property. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

4. Obligations of Member. It shall be the obligation and responsibility of each Member to:

a. Provide unobstructed access to said Member's Unit to the Property Manager and other employees and agents of the Association for the purposes of maintenance, safety, and protecting the integrity of the Units of other Members of the Association;

b. Prevent the development of any unclean, unsightly, or unkempt conditions of the limited and general Common Areas.

5. Suspension of Rights. The voting rights of any Member may be suspended by the Board of Directors for any period during which any assessment against the Unit to which his Membership is appurtenant remains unpaid; but upon payment of such assessment, and any interest accrued thereon, his rights and privileges shall be immediately and automatically restored.

Further, if the Rules and Regulations governing the use of the Common Areas and the conduct of the persons thereon have been adopted and published, as authorized in these By-Laws, the rights and privileges of any person in violation thereof may be suspended at the discretion of the Board of Directors for a period not to exceed thirty (30) days for any single violation. If the violation is the failure to pay any assessment for a period of thirty (30) days or longer or if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board of Directors until the Unit owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

6. Votes. Each Unit shall be entitled to one (1) vote. When more than one person holds title, the vote for each Unit shall be exercised as the co-owners among themselves determine. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more the other co-owners is present and objects to such vote; or if not present, submits a written objection to such vote.

ARTICLE IV

MEETINGS OF MEMBERS

1. Place of Meetings. All meetings of Unit owners of the Association shall be held at such place convenient to the Members as may be designated by the Board of Directors.

2. Annual Meetings. All annual meetings of the Unit owners of the Association shall be held on the last Saturday of April in each year. At each annual meeting, the election of Directors shall take place. If the election of Directors shall not be held at the annual meeting or any adjournments of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the Unit owners may elect the Directors and transact other business with the same force and effect as at an annual meeting duly called and held. All proxies validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting, and new proxies may be received for any such subsequent meeting.

3. Special Meetings. Special meetings of the members may be called at any time by (a) the President, or (b) the Board of Directors of the Association, or (c) the holders of at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed in such request to be considered at the meeting. If a special meeting is requested by the membership as provided above, it shall be noticed by the Secretary of the Association within thirty (30) days upon receipt of a written request signed, dated, and received by the Secretary. The signatures on a petition requesting a special meeting shall be valid for a period of ninety (90) days after the date of the first signature. The member written request for a special meeting shall: (1) specify the purposes for which the meeting is being held; (2) the purposes listed must be items upon which the members have the right to vote; and (3) be delivered to the Secretary in writing. A call for a special meeting shall: (1) specify the time and place at which the meeting is to be held, which place must be in New Hanover County, North Carolina; (2) either specify a date on which the meeting is to be held which date will allow the Secretary to comply with all notice provisions of this Article or else specify that Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary in writing.

4. Notice of Meetings. Written notice of each meeting of Unit owners shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by hand delivery or by United States mail (postage prepaid), or by electronic means, including by electronic mail over the internet to an electronic mailing address designated in writing by the member at least fourteen (14) days before each annual meeting to each Unit owner entitled to vote thereat, addressed to the Unit owners address last appearing on the books of the Association, or supplied by such Unit owner to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Waiver by a Unit owner in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice. Attendance at a meeting by a Unit owner, whether in person or represented by proxy, shall be deemed a waiver by such Unit owner of the time, date and place thereof unless such owner specifically objects to lack of proper notice. Attendance at a special meeting shall also be a waiver of all business transacted at such meeting unless an objection is raised before said business is so transacted.

5. Quorum. The presence at the meeting of Unit owners entitled to cast, or of proxies entitled to cast, thirty percent (30%) of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. In the

event the business cannot be conducted at any meeting of the members because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. If the meeting of the members is adjourned by the vote of a majority of votes cast on the motion to adjourn to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time or place is announced at the meeting before adjournment and if a new record date is fixed for the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed pursuant to North Carolina law, notice of the adjourned meeting must be given as provided in this Section to the members of record entitled to vote at the meeting as of the new record date. As provided in the North Carolina Planned Community Act, the quorum requirement at the next meeting of the members, in the event of an adjournment because a quorum is not present, shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of quorum. This provision will continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, until such time a as quorum is present and business can be conducted.

6. Organization. At each meeting of the Association, the President, or in his absence, the Vice-President, or in the absence of both of them, a person chosen by a majority vote of the Unit owners present in person or represented by proxy and entitled to vote, shall act as a chairperson, and the Secretary, or in his absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

7. Voting. Except as otherwise required by the Articles of Incorporation, the Declaration of Condominium, or any law, a quorum being present, a majority of votes represented, in person or by proxy, shall be sufficient on those matters which are to be voted on by the Unit owners. The election of Directors shall be by ballot. Unless determined by a majority of the votes of the Unit owners present at such meeting, in person or by proxy, or determined by the chairperson of the meeting to be advisable, the vote on any other question need not be by ballot.

8. Proxies. Members may vote either in person or by an agent authorized by a written proxy signed by the owner of a unit. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through a duly executed proxy. A proxy is void if it is not dated. A proxy shall be valid for eleven (11) months from the date of its execution unless a shorter period is expressly provided therein. All proxies shall be filed with the Secretary of the Association. A proxy given by a member may be revoked by such member by giving actual notice of its revocation to the person presiding over a meeting of the Association in oral or written form.

9. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting of the Association, if and only if, he shall have fully paid all installments due for assessments made or levied against him and his Unit by the Board of Directors, as hereinafter provided, together with all interest, costs,

attorney's fees, penalties, and other expenses, if any, properly charged to him and his Unit, at least three (3) days prior to the date fixed for such meeting.

10. Judges. If at any meeting of the Unit owners a vote by ballot shall be taken on any question, the chairperson of such meeting shall appoint two judges to act thereon with respect to such vote. Such judges shall report the number of voters represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report the number of votes respectively for and against the questions; but as to the election of Directors, the number of votes received by each candidate need not be reported. Reports of judges shall be delivered by them to the chairperson of the meeting who shall then announce the results. The judges shall be Members of the Association.

ARTICLE V

BOARD OF DIRECTORS

1. Express and Implied Powers and Duties. The property, affairs, and business of the Association shall be managed by the Board of Directors, which shall have all those powers granted to it by the Articles of Incorporation, the Declaration of Condominium, these By-Laws, and by law.

2. Number and Qualifications. The Board shall consist of seven (7) Directors who shall be owners or co-owners of at least one Unit in TOPSAIL REEF CONDOMINIUMS. No more than one co-owner in a co-owner situation shall be entitled to hold office as a Director.

3. Term of Director. Each Director shall hold office for a term of three (3) years and until his or her successor has been duly elected and qualified, or until removed in the manner elsewhere provided.

4. Removal. Any Director may be removed by a majority of the Unit owners, with or without cause, at any duly held regular or special meeting of the Unit owners, provided that the notice of the meeting expressly includes this item of business on the agenda. Moreover, any Director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings may be removed by a vote of a majority of the other Directors. Any Director who removal has been proposed shall be given the opportunity to be heard at the meeting.

5. Vacancies. A vacancy in the Board of Directors caused by a removal of a director by the members shall be filled by a vote of the members. A vacancy among the directors of the Board of Directors caused by any reason other than the removal of a director by the members shall be filled by the remaining directors at a meeting of the Board of Directors held for such purpose promptly after the occurrence of such vacancy..

6. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties, only to the extent as authorized by a majority vote of the Board of Directors.

7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could have taken at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same force and effect as though taken at a meeting of the Board of Directors. Such written consent shall be filed with the Minutes of the Board of Directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board of Directors shall be made by the Nominating Committee. The Board of Directors shall appoint a Nominating Committee. The Nominating Committee shall make nominations of a member or members for election to the Board of Directors. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The nominations shall be made at least thirty days (30) prior to the annual meeting. Additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors. Each nominee shall be given a reasonable opportunity to communicate his or her qualifications to the membership prior to the election.

2. Election. Election to the Board of Directors shall be by secret ballot. At such election, the voting Members, or their proxies, may cast one (1) vote for each vacancy. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such place and time as may be fixed from time to time by resolution of the Board. The newly elected Board shall meet and organize within ten (10) days after each annual meeting.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by a majority of the Directors, after not less than seven (7) days' notice to each Director.

3. Quorum. A majority of the number of the Directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date.

4. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a Minute Book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, the Articles of Incorporation, or these By-Laws.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. Powers. The Board of Directors shall have the power without limitation to:

a. Adopt and publish rules and regulations governing the use of the Common Areas and facilities and Limited Common areas and the personal conduct of the Members and their guests and tenants thereon, and to establish penalties for the infraction thereof;

b. Suspend the voting rights and right of use of the recreational facilities of a Member as set forth in ARTICLE III, Section 5 of these By-Laws;

c. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, Articles of Incorporation, or the Declaration of Condominium;

d. Employ a Property Manager, by contract or otherwise, to oversee, supervise, and carry out the responsibilities of the Board;

e. Hire, pay, supervise, and discharge the personnel necessary to be employed, including a property manager to carry out some of the duties of the Board, and provide the equipment and materials necessary in order to properly maintain and operate the Common Areas;

f. Employ professional counsel and to obtain advice from persons, firms, or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers, and accountants, when deemed necessary.

2. Duties. It shall be the affirmative and perpetual obligation and duty of the Board of Directors to perform the following:

a. Cause to be kept a complete record of all its acts and corporate affairs, and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing by Members entitled to cast at least one-third (1/3) of the total votes of the Association;

b. Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

c. To fix the amount of assessment and the manner of payment thereof against each Unit in accordance with the terms of the Declaration of Condominium, and to send written notice of any change in assessment or manner of payment of same to every Unit owner subject thereto at least thirty (30) days in advance of such assessment payment period;

d. File a lien against any property for which assessments are not paid within thirty (30) days after due date, and to institute a foreclosure action against such property after six (6) months from said due date. The Board may also bring an action at law against the owner personally obligated to pay the same;

e. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid The Board may charge a reasonable fee for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

f. Procure and maintain broad form insurance against loss by fire, lightning, windstorm, flood, water and other risks normally included within all risk extended coverage, if obtainable, including vandalism and malicious mischief, insuring all improvements existing on the property, and covering the interest of the Association, the Board, Unit owners, and institutional lenders as their respective interests may appear, in an amount equal to the full replacement value of such improvements (exclusive of foundations and footings), without deduction for depreciation. Prior to obtaining any proposal of fire insurance or any renewal thereof, the Board shall obtain a qualified appraisal at least every three (3) years of the full replacement value of the Units and Common Areas and the improvements located thereon, without deduction for depreciation, for the purposes of determining the amount of fire insurance to be effected pursuant to this subparagraph. The amount of any deductible shall be determined by the Board, in its sole discretion;

g. Procure and maintain, to the extent obtainable, public liability insurance for personal injury and death from accidents occurring within the Common Areas (and other areas which the Board may deem advisable) and the defense of any actions brought as a result of injury or death of a person or damage to property, occurring within such Common Areas, and not arising by reason of any act or negligence of any individual Unit owner. Such insurance shall be in such limits as the Board may, from time to time, determine, covering each member of the Board, and all employees of the Association;

h. Act as insurance trustees in the collection and disbursement of hazard insurance proceeds, as provided for in the Declaration of Condominium;

i. Procure and maintain liability insurance indemnifying the Directors and Officers of the Association against liability for errors and omissions occurring in connection with the performance of their duties;

j. Procure and maintain worker's compensation and North Carolina disability benefits insurance as required by law;

k. Cause all Officers and employees having fiscal responsibilities to be bonded;

l. Prepare an annual budget by which to govern the spending of the Association.

ARTICLE IX

OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The principal officers of the Association shall be a President, a Vice-President, both of whom shall be members of the Board of Directors, a Secretary and a Treasurer, both of whom need not be members of the Board of Directors, but must be Members of the Association. The Board may also appoint Assistant Secretaries, Assistant Treasurers and such other subordinate officers, as in its judgement may be necessary. Such subordinate officers shall hold office for such period, have such authority, and perform such duties as the Board may require. Any one person may hold two (2) offices, except that of President and Vice-President.

2. Election of Officers. The Board of Directors at the first Board of Directors meeting following each annual meeting of the Unit owners shall elect the officers.

3. Term. Each officer shall hold office for one (1) year unless he or she shall resign, or shall be removed, or is otherwise disqualified to serve.

4. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

6. Duties of Officers. The duties of the officers are as follows:

President

a. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of President of an Association.

Vice-President

b. The Vice-President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Director to do so on an interim basis.

Secretary and Treasurer

c. The Secretary and Treasurer shall perform such duties commensurate with their respective offices as to the Board of Directors may direct from time to time.

ARTICLE X

COMMITTEES

The Board of Directors may appoint such committees as may be deemed appropriate in carrying out its purpose. The Board of Directors shall appoint a Nominating Committee. The Nominating Committee shall consist of a chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. The President of the Association at a meeting of the Board of Directors shall, with the consent of the majority of Board members, appoint the Nominating Committee at least sixty-days (60) prior to the annual meeting of the members. These appointments shall serve until the next Nominating Committee is appointed. The Nominating Committee is a Standing Committee; other committees are appointed on an as needed basis.

ARTICLE XI

BOOKS AND RECORDS

The books, records, and papers of the Association shall, during reasonable business hours, upon written request, be subject to inspection by any Unit owner, mortgagee or trustee under a deed of trust. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection, upon reasonable request, by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Unit owner is obligated to pay the Association such sums as are assessed against the Unit owners under the terms of said Declaration, which assessments are secured by a continuing lien upon the property against which the assessment is made.

ARTICLE XIII

FISCAL MANAGEMENT

1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year.

2. Accounts. The Board shall collect and hold all funds as collected in the following accounts and shall disburse the same for the purposes and in the manner set forth in these By-Laws, the Declaration, Articles of Incorporation, and applicable law:

a. Operating Account. The receipts and expenditures charged to this account shall be used for the operations of TOPSAIL REEF CONDOMINIUMS, including, but not limited to, repairs, replacements and additions to the Common Areas and facilities, cost of labor, equipment and materials, management and supervision, costs of water and sewer service, electricity, garbage collection, procurement of insurance, and employing professional help when deemed necessary.

b. Reserve for Replacement Account. The receipts and expenditures charged to this account shall be used for the repair or replacement of the Common Areas and those portions of the improvements located on the property which the Association is obligated to maintain or repair which is required because of damage, depreciation, or obsolescence.

c. Segregation of Funds. The Board shall not be required to physically segregate the funds held in the above accounts, but may, in its sole discretion, maintain the funds in one or more consolidated accounts. As to each consolidated account, the division into the accounts set forth above need be made only on the Association's books and records.

d. Transfer of Funds. Funds may not be transferred from the Reserve for Replacement Account to the Operating Account without the approval of a majority of the Board of Directors. However, in the event such transfer is approved by the Board, the funds so transferred from the Reserve for Replacement Account to the Operational Account shall be returned to the Reserve for Replacement Account within one (1) year from the date of such transfer.

3. Depositories. The depository of the Association shall be such bank or banks as the Board shall designate from time to time, and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for a manager to sign checks on behalf of the Association for payment of the obligations of the Association, if the proper fidelity bond is furnished to the Association.

ARTICLE XIV

AMENDMENTS

1. These By-Laws may be amended at a regular or special meeting of the Unit owners by a vote of a majority of a quorum of Unit owners present or by proxy.

2. In case of any conflict between the Declaration of Condominium and these By-Laws, the Declaration shall control.