

ARTICLES OF INCORPORATION

OF

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CEDAR POINT VILLAS CONDOMINIUM OWNERS' ASSOCIATION, INC. (INCORPORATED)

A NON-PROFIT CORPORATION

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In Compliance with the requirements of Chapter 55, North Carolina General Statutes, entitled "Non-Profit Corporation Act", and the several amendments thereto, the undersigned, a person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

The name of the Corporation is Cedar Point villas Condominium Owners' Association, Inc., (hereinafter called "the Corporation" or "Association").

ARTICLE II

The Registered Office of the Corporation is located at Highway 17, Trent River Plantation, Pollocksville, NC 28573 Jones County.

ARTICLE III

Stephen H. Hicks, II, whose address is Highway 17, Trent River Plantation, P.O. Box 211, Pollocksville, NC 28573, Jones County, is hereby appointed the Initial Registered Agent of the Corporation.

ARTICLE IV,

The Corporation does not contemplate pecuniary gain or profit to the members thereof and no part of the corporation's net income shall inure to the benefit of any officers, directors or members or any other private individual. The Purposes and objects of the corporation shall be to administer the operation and management of Cedar Point Villas Condominiums (hereinafter called "the Condominium"), a series of condominiums to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in White Oak Township, Carteret County, North Carolina, and being more particularly described in Exhibit "A" of the formal Declaration of Unit Ownership which will be recorded in the Public Records of Carteret County, North Carolina, said Exhibit and Declaration of Unit Ownership being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorization contained in these Articles of Incorporation and the Declaration of Unit Ownership and each subsequent amendment thereto at the time said property, and the improvements now or hereafter situate thereon, are submitted to the plan of condominium ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or administration of said Condominium.

ARTICLE V

The Corporation shall have the following powers:

- 1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.
2. The Corporation shall have all the powers reasonably necessary to implement and effectuate the purposes of the corporation, including, but not limited to, the following:

(Ca) To make and •••*a□r,ca'a□oab:lc\$ru:llts aaid□retil-lat.,lons governing the use of condominium units and common areas in the Condominium as said terms may be defined in said Declaration of Unit Ownership to be recorded.

(b) To levy and collect assessments against members of the Corporation to defray the cōmmon □xpenses of the Condominiu□ as may be provided in said Declarat'1'on of Unl.t Ownership and in the By-Laws of this Corporation which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including condominium units in the Condominium, which may be necessary or convenient ln the operation and management.of the Condominium and in accomplishing the purposes set forth in said Declaration of Unit Ownership.

(c) To maintain, repair, replace, operate and manage the condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management or the Condominium and to delegate to such management firm all of the powers and duties or the Association except those which may be required by the Declaration of Unit Ownership tp have approval of the Board of Directors or membership of the Corporation.

(e) To acquire and enter into, now or a□iny time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other pos□essory or use interests in land or facilities including, b□t riot □imited to, **swimming** pools, tennis courts, arid other recreation facilities, whether or not contiguous to the lands of the Coridominium, to provide enjoyment, recreation or other use or benefib' iO the owne□s of condominium units.

(f) To enforce the provisions of the Declaration of Unit Ownership, these Articles of In□orporation, the By-Laws of the Corporation which may be hereafter adopted, and the rules and regulations governing the use of the condominium as.the same may be hereafter established.

(cg) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to the Declaration of Unit Ownership aforementioned.

ARTICLE IV

The qualification of the members, the manner of their **admission** to membership and termination of such membership, and voting by **members** shall be as follows:

1. **The Owners** of all condominium units in the condominium **shall be members** of the Corporation, and no other person or entl- □ies shall be entitled to membership, exaep't as provided in Item 5 , or this Article IV.

2. Membership shall be established by the acquisition of fee **simple** title to a condominium unit in the Condominium, or by acquisition of a fee ownership interest therein whether by **conveyance**, devise, judicial decree or otherwise, and the membership or any party shall be automatically terminated upon his being **divested** of all title to or his entire fee ownership contained shall be construed as terminating the membership of any party who may own two or more condominium units so long as such party shall retain title to or a fee ownership interest in □condominium unit.

3. The interest of a member in the funds and **assets** of the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his condominium unit. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration of Unit Ownership and in the By-Laws which may be hereafter adopted.

4. On all matters on which the membership shall be entitled to vote, each member shall have one vote equal to that of each other member. The vote of each unit may be cast or exercised by the Owner or Owners of each condominium unit in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one condominium unit, such member shall be entitled to exercise or cast the votes associated with each condominium unit owned in the manner provided by said By-Laws.

5. Until such time as the property constituting Cedar Point Villas Condominiums, and the improvements constructed thereon, are submitted to the plan of condominium ownership by the recordation or the Declaration of Unit Ownership for Cedar Point Villas Condominium, the membership of the Corporation shall be comprised of Three (3) individuals named in Article XI hereof as the initial Board of Directors of the Corporation, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII

The Corporation shall have perpetual existence.

ARTICLE VIII

The affairs of the Corporation shall be managed by the **President** of the Corporation, assisted by the Vice President, Secretary and Treasurer, subject to the directions of the Board of Directors. The Board of Directors may employ a management firm and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Corporation, and any such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX

The number of members of the First Board of Directors of the Corporation shall be Three (3). The Board of Directors shall be as provided from time to time by the By-Laws of the Corporation, but shall not be less than Three (3). The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the Corporation and at least a majority of the Board of Directors shall be members of the Corporation or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, so long as Cedar Point Villas, Inc. shall own Thirty Percent (30%) of the total condominium units in the Condominium, but in any event, not later than December 31, 1988, then Cedar Point Villas, Inc. shall have the right to designate and select the majority of the persons who shall serve as members of each Board of Directors of the Corporation. Cedar Point Villas, Inc. may designate and select the person or persons to serve as a member or members of each of said Board of Directors in the manner provided in the By-Laws of the Corporation, and such person or persons so designated and selected need not be a resident of the condominium.

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ARTICLE X

The Board of Directors shall elect a President, Vice President, Secretary and Treasurer. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold Two (2) offices, the duties of which are not incompatible; provided, however, that the office of Prealdent and Vice President shall not be held by the same person, nor shall the office or President and Secretary be held, by the **same** person.

ARTICLE XI

The names and post office addresses of the Initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws and the laws of the State of North Carolina, shall hold office until the first Annual Meeting or the Membership (or until their successors are elected and qualified) are as follows:

Stephen H. Hicks, II
Highway 17 P, O. Box 211
Trent River Plantation
Pollocksville, NC 28573

Lois N. Hicks
Highway 17 - P.O. Box 211
Trent River Plantation
Pollocksville, NC 28573

Bill Comninaki
Highway 17 - P, O. Box 211
Trent River Plantation
Pollocksville, NC 28573

ARTICLE XII

The original By-Laws of the Corporation shall be adopted by a majority vote of the initial members of the Corporation as provided for in Paragraph 15, Article VI, herein, present at a **meeting** of **said** members at which a majority of the membership is present, and thereafter, such By-Laws may be altered or amended only in such manner as said By-Laws provide.

ARTICLE XIII

Every Director and every officer of the corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Corporation, whether or not he is a Director or officer at the **time** such **expenses** are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event *of* any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement **as** being in the best interests of the Corporation. The foregoing right or indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be **entitled**.

ARTICLE XIV

An **amendment** or amendments to the Articles of Incorporation shall require the **assent** of, §...!Y..-Y, .t.tv.,e,,7(51) ,Percent of the

ARTICLE XV

The name and address of the Incorporator is as follows:

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NORTH CAROLINA--
CARTERET COUNTY

THIS DECLARATION Made this 17th day of March, 1986 by CEDAR POINT VILLAS, INC., a North Carolina Corporation with its principal place of business located in the County of Carteret, State of North Carolina, hereinafter referred to as "Declarant";

WITNESSES:

THAT WHEREAS, Declarant is the owner or record or the fee simple title to certain real property in the County of Carteret, State of North Carolina, which is more particularly described in Article I, herein; and that

WHEREAS, Declarant is the owner of and is building Eight (8) multi-unit buildings and certain other improvements which are to be constructed upon the aforesaid property; and that

WHEREAS, it is the desire and intention of the Declarant to market, sell and convey interest in the property and improvements to be constructed thereon as a condominium project pursuant to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act"; and that

WHEREAS, it is the desire and intention of the Declarant in the recordation of this Declaration in the Office of the Register of Deeds of Carteret County, North Carolina to submit said condominium project to the provisions of said Chapter 47A;

NOW THEREFORE, Declarant does hereby declare that the real property as hereinafter set forth, as well as all of the improvements constructed thereon and to be constructed thereon, in the various phases as hereinafter set forth, is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the following Articles of Covenants, Conditions, Restrictions, Uses, Limitations and Obligations, all of which are declared to be in furtherance of a plan for the minimum units and shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the real property and improvement, or any subdivision thereof, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I
Submission of Property

Pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, Section 47A-2, the Declarant does hereby **submit** the real property as hereinafter **described** with all improvements thereon and described herein, to the provisions of the "Unit Ownership Act" of the State of North Carolina, which is codified as Chapter 47A of the General Statutes of the State of North Carolina. It is further the intention to dedicate said property for the development of condominiums and phases, and that said project shall consist of Phases I, II, III, and IV. That said Phases are those areas which are more particularly set forth on the attached survey of the land showing the improvements thereon, and is attached as Exhibit A. By the showing of said property on said map, as in Phases, the Declarant is not in any way obligating itself to build said units on all the Phases, and reserves the right to construct only those Phases which it, in its sole discretion, deems appropriate. The property to be subject to this Declaration, Phase I is more particularly described as follows:

BEGINNING at a point which is described as being
18-01-20 E, 1,499,83 feet from the southeast corner of
Lot 128 or the John S. Jones Subdivision, as recorded in
Map Book 1, Page 113, Carteret County Registry; running

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thence from said POINT OF BEGINNING, N 71-58-40 E, 347.43 feet to a point; thence from said point S 19-50 E, 705.67 feet to a point in the highwater mark of Bogue Sound; running thence from said point; S 68-55-30 W, 68 feet to a point in the eastern boundary of the proposed marina; running thence N 18-01-20 W, 270 feet to a point; thence from said point S 71-58-40 W, 240 feet to a point; thence from said point S 18-01-20 E, 127 feet to a point; thence from said point S 79-11-12 E, 101.60 feet to a point; thence from said point S 70-33-56 E, 156.88 feet to a point in the highwater mark of Bogue Sound; running thence from said point S 68-55-30 W, 275.75 feet to a point; thence from said point N 18-01-20 W, 725 feet to the POINT OF BEGINNING.

There is further conveyed with **said** Tract, an easement for ingress, egress and regress and for the installation and maintenance of sewer and water lines over the following described tracts:

Easement Number 1: BEGINNING at a point in the south line of NC Highway 24, said point being N 21-35-00 W, 130 feet from the southeast corner of Lot 0128 of the Johns. Jones Subdivision as recorded in Map Uook 1, page 113, Carteret County Registry; running thence from said BEGINNING point N 68-25-00 E, 30 feet to a point; thence from said point, S 21-35-00 E, 130.93 feet to a point; thence from said point S 18-01-20 E, 1,500.76 feet to a point; thence from said point S 71-58-40 W, 30 feet to a point; thence from said point N 18-01-20 W, 1,499.83 feet to a point; thence from said point N 21-35-00 W, 130 feet to the POINT OF BEGINNING.

Easement Number 2: BEGINNING at a point in the southern right-of-way of NC Highway 24, said point being N 21-35-00 W, 130 feet from the southwest corner of Lot 1135 of the John S. Jones Subdivision, as recorded in Map Book 1, Page 113, Carteret County Registry; running thence from said POINT OF BEGINNING, S 68-25-00 W, 12 feet to a point; thence from said point S 21-35-00 E, 129.82 feet to a point; thence from said point S 19-50-00 E, 1,519.01 feet to a point; thence from said point N 71-58-40 E, 12 feet to a point; thence from said point N 19-50-00 E, 1,519.19 feet to a point; thence from said point N 21-35-00 W, 130 feet to the POINT OF BEGINNING.

Easement Number 3: The above described tract (Phase I) is subject to an easement for ingress, egress and regress to be used in conjunction with the marina area, which is to be constructed, and those individuals who will be using the marina. Said easement to be to wit: BEGINNING at a point in the southern right-of-way of NC Highway 24, said point being N 21-35-00 W, 130 feet from the southeast corner of Lot 1128, of the John S. Jones Subdivision, as recorded in Map Book 1, Page 113, Carteret County Registry; running thence from said POINT-OF BEGINNING N 68-25-00 E, 30 feet to a point; thence from said point S 21-35-00 E, 130.93 feet to a point; thence from said point S 18-01-20 E, 1,813.95 feet to a point; thence from said point N 71-58-40 E, 268.52 feet to a point; thence from said point S 19-50-00 E, 125 feet to a point; thence from said point S 71-58-40 W, 302.44 feet to a point; thence from said point, N 18-01-20 W, 1,938.73 feet to a point; thence from said point N 21.35-00 W, 130 feet to the POINT OF BEGINNING.

Easement Number 4: Easement for Sewer installation and maintenance: There is further conveyed with this Declaration, an easement 20 feet in width for the installation and maintenance of a sewer line, said easement being more particularly described as follows: Lying and being in White Oak Township, Carteret County, North Carolina, BEGINNING at a point in the east line of the thirty foot easement from NC Highway 24, as set forth

above, to Phase I of Cedar Point Villas, said point being located the following courses and distances from the Southeast corner of lot 128 of the John S. Jones Subdivision as recorded in Map Book 1, Page 113, Carteret County Registry: S 18-01-20 E, 1,429.67 feet; N 71-58-40 E, 30.0 feet to said POINT OF BEGINNING; thence from said POINT OF BEGINNING, N 30-13-40 E, 1.58 feet to a point; thence S 59-46-20 E, 94.42 feet to a point in the north line of Phase I; thence with the north line of Phase I, S 71-58-40 W, 26.40 feet to a point; thence N 59-46-20 W, 56.36 feet to a point in the east line of said 30 foot easement; thence with the east line of said easement N 18-01-20 W, 27.46 feet to the POINT OF BEGINNING.

Easement Number 5: Declarant further grants an easement on the property as shown on Exhibit A for the placement of any wells, together with any water lines leading to or from same from where any of said wells are placed on property as shown on Exhibit A to wherever it is necessary to install said lines to provide water to the property as set forth as Phase I. That said easement shall be permanent and shall be appurtenant to Phase I; however it is non-exclusive, and Declarant reserves the right to use said well for further development of the properties as shown on Exhibit A.

PHASE II: In the event Declarant, at its option, builds Phase II, then Phase II shall be located on the following described tract: BEGINNING at a point which is described as being S 18-01-20 E, 1,499.83 feet from the southeast corner of Lot 128 of the John S. Jones Subdivision as recorded in Map Book 1, Page 113, Carteret County Registry; running thence from said POINT OF BEGINNING, N 18-01-20 W, 520.0 feet to a point; thence from said point N 71-58-40 E, 65 feet to a point; thence from said point N 31-58-40 E, 106 feet to a point; thence from said point S 58-01-20 E, 88.94 feet to a point; thence from said point N 71-58-40 E, 127.62 feet to a point; thence from said point S 19-50-00 E, 520.25 feet to a point; thence from said point, S 71-58-40 W, 347.43 feet to the POINT OF BEGINNING.

Less and excepting from the above described tract, those easements as hereinabove set forth. There is further granted to said tract an easement for ingress, egress, sewage and water, as hereinabove set forth to and from said tract, and said easements are herein incorporated by reference.

PHASE III: In the event Declarant, at its option, decides to build Phase III, then Phase III shall be constructed on the following described tract: BEGINNING at a point which is described as being S 18-01-20 E, 979.83 feet from the southeast corner of Lot 128 of the John S. Jones Subdivision as recorded in Map Book 1, Page 113, Carteret County Registry, and running thence from said POINT OF BEGINNING, N 18-01-20 W, 294.0 feet to a point; thence from said point N 71-58-40 E, 321.69 feet to a point; thence from said point S 19-50 E, 291.15 feet to a point; thence from said point, S 71-58-40 W, 127.62 feet to a point; N 58-01-20 W, 88.94 feet to a point; thence from said point S 31-58-40 W, 106 feet to a point; thence from said point S 71-58-40 W, 65 feet to the POINT OF BEGINNING.

Less and excepting from the above described tract, those easements as hereinabove set forth. There is further granted to said tract an easement for ingress, egress, sewage and water, as hereinabove set forth to and from said tract, and said easements are herein incorporated by reference.

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PHASE IV: In the event Declarant, at its option decides to build Phase IV, then Phase IV shall be constructed on the following described tract: BEGINNING at a point which is described as being S 18-01-20 E, 685.83 feet from the southeast corner of Lpt 128 of the John S. Jones Subdivison as recorded in Map Book 1, Page 113, Carteret County Registry; and running thence from said POINT OF BEGINNING N 18-01-20 W, 290 feet to a point; thence from said point, N 71-58-40 E, 312.52 feet to a point; thence from said point S 19-50-00 E, 290.14 feet to a point; thence from said point S 71-58-40 W, 321.69 feet to the POINT OF BEGINNING.

Less and excepting from the above described tract, those easements as hereinabove set forth, There is further granted to said tract an easement for ingress, egress, sewage and water, as hereinabove set forth to and from said tract, and said easements are herein incorporated by reference,

Phases I, II, III and IV are those areas more particularly described and shown as Phases I, II, III, and IV on that map entitled "Survey for Cedar Point Villas", prepared by Powell Surveying Company dated June 26, 1985, and amended August 12, 1985, and amended October 6, 1985.

ARTICLE 11

Definitions

For the purposes of this Declaration and the By-Laws of the Association, hereinafter defined, the following definitions for the term used herein and therein shall apply unless otherwise defined by the context thereof:

A. ACT shall mean and refer to the Unit Ownership Act, Chapter 7A or the General Statutes of the State of North Carolina, as such may be supplemented or amended from time to time.

B. ASSOCIATION shall mean and refer to CEDAR POINT VILLAS CONDOMINIUM OWNERS ASSOCIATION, INC., which will be a non-profit corporation and shall consist of unit owners as is more particularly described in Article VII below.

C. ASSESSMENT shall mean and refer to a share of the funds required for the payment of the common expenses, hereinafter defined, of the Association which from time to time shall be levied or assessed against a unit owner by the Association, all as provided for below.

D. BUILDINGS shall mean and refer to the Eight (8) multi-unit proposed buildings which Declarant may construct upon the real property as described above to be used for residential purposes as hereinafter provided. Attached hereto and made a part hereof by reference is Exhibit "B" which consists of a full and exact copy of the plans of the buildings as well as a survey, which is recorded as Exhibit "A", of the real property showing the location of the buildings thereof. Said buildings are more particularly described in the plans of said buildings showing all particulars as required by law. The eight (8) said buildings will be subdivided into One Hundred Fifty-Three (153) units.

1 THAT Nothing in this Declaration shall encumber or require Declarant to construct buildings or condominiums on Phases II, III, or IV.

J the E. BOARD shall mean and refer to the Board of Directors of Associillon.

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F. DIRECTOR shall mean and refer to a member of the Board of Directors of the Association.

G. BY-LAWS shall mean and refer to those By-Laws of the Association providing for the government of the Association as they are duly adopted and amended from time to time by the Association. A copy of the initial By-Laws are attached hereto as Exhibit "C" and made a part hereof by reference.

H. COMMON AREAS AND FACILITIES generally shall mean and refer to all of the real property, as described above, and all of the improvements and facilities thereof, which are not units, as defined hereinafter, and which are it ms of per roperty owned, held and maintain y unit owners. Without in any way limiting the generality of the foregoing, the common areas shall include, but not be limited to, the following:

1. All of the real property more particularly described in Article I, herein;
2. Foundations, columns, girders, beams, supports, roofs, ventilation fans and vents, load bearing walls, including all exterior walls and all interior walls (except non-load bearing partition walls wholly within a unit) of the buildings;
3. All stairways, stairwells and stairs and their components which give access to the units, and all halls or passageways and their entrances;
4. Walkways and swimming areas, part of the drive areas, sewer and swimming pool including pool deck, beach area, slips for boats, black leads, laundry house and fish cleaning areas;
5. All installations of and facilities, apparatus, conduits and equipment for the provision of all utility services, including, but not limited to, all water and sewer service, electricity, heating, air conditioning, refrigeration, trash disposal, if any, and cable TV, if any, installed for the comfort and convenience of the unit owners; and defined as part of the units below;
6. All other parts of the real property and the improvements thereon which are not specifically part of the units themselves, as hereinafter defined, or owned by unit owners as personal property, shall be common areas and facilities intended for the common and necessary or convenient use and enjoyment, existence, maintenance or safety of the condominium project.

I. COMMON EXPENSES shall mean and refer to the total cost and expense incurred by the Association (as hereinafter provided) for the administration, maintenance, operation, enjoyment, safety, repair and replacement (including a capital reserve for repair, maintenance and replacement) of the common areas and facilities as well as any other expenses incurred by the Association pursuant to the fulfillment of its obligations and purposes as stated herein and labeled as common expenses. Common expenses is additionally intended to mean and refer to any expense incurred by the Association as shall be hereinafter agreed upon by the Association, of unit owners as common expenses of the Association.

J. COMMON SURPLUS shall mean and refer to the balance of all revenues of the Association remaining after the deduction of the common expenses. Any such common surplus shall be used to reduce the assessments for members for the following fiscal year of the Association, based upon the proposed budget for the Association for the following fiscal year; subject, however, to the terms of Article VIII, paragraph C, hereinafter set forth.

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K. CONDOMINIUM shall mean and refer to the entire proposed development consisting of all the real property and the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for common use in connection therewith, which are intended to be submitted to the provisions of the Act by this Declaration, and the supplements and amendments hereto, as are provided for hereinbelow.

L. DECLARANT shall mean and refer to CEDAR POINT VILLAS, INC., its successors and assigns.

M. DECLARATION shall mean and refer to this instrument as it may from time to time be lawfully amended or supplemented.

N. MAJORITY or MAJORITY OF UNIT OWNERS shall mean and refer to the owners of Fifty-One (51) Percent of the aggregate interest in the common areas and facilities, as established by this declaration hereinbelow, assembled at a duly called meeting of the unit owners.

O. PERSON shall mean and refer to an individual, corporation, partnership, association, trustee, or other legal entity.

P. REAL PROPERTY: shall mean and refer to all of the real property described herein.

Q. SINGULAR, PLURAL, GENDER: Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

R. UNIT or CONDOMINIUM UNIT shall mean and refer to any one of those One Hundred Fifty-Three (153) subdivisions of enclosed space within the buildings, together with any additional areas or spaces accompanying the same as defined hereinbelow, and which are intended to or will be sold as dwelling units pursuant to this Act, and this Declaration. The deed for any particular unit should convey such unit by its unit designation and the same shall be stated specifically in this definition, as well as the privileges and appurtenances accompanying any such unit and subject to the covenants, conditions, restrictions and obligations applicable to unit ownership as are more generally stated and described throughout this Declaration.

1. The One Hundred Fifty-Three (153) units of the Buildings numbered "Building A", which will have unit A-11 through unit A-17, unit A-21 through unit A-27, unit A-31 through unit A-37 "Building B", which will have unit B-11 through unit B-17, unit B-21 through unit B-27, unit B-31 through unit B-37, "Building C", which will have unit C-11 through unit C-17, unit C-21 through unit C-27, unit C-31 through unit C-37, "Building D", which will have unit D-11 through unit D-16, unit D-21 through unit D-26, unit D-31 through unit D-36, "Building E", which will have unit E-11 through unit E-16, unit E-21 through unit E-26, unit E-31 through unit E-36, "Building F", which will have unit F-11 through unit F-16, unit F-21 through unit F-26, unit F-31 through unit F-36, "Building G", unit G-11 through unit G-16, unit G-21 through unit G-26, unit G-31 through unit G-36, "Building H", which will have unit H-11 through unit H-16, unit H-21 through unit H-26, unit H-31 through unit H-36. The units and their designations are shown upon the plans of the Buildings attached hereto as "Exhibit B", which also shows graphically all particulars of the Eight (8) Buildings and their One Hundred Fifty-Three (153) units, including but not limited to, the layout, location, ceiling and floor elevations, dimensions of the units, and the area and location of the common areas and facilities.

Reference is hereby made to the said plans for the purpose of identifying and locating each unit within the Buildings, as well as identifying its dimensions, approximate areas and number of rooms. Said units bears the same designation as others in its category. No unit bears the same designation as any other. Any conflict between plans and this definition shall be resolved by reference to the said plans, which shall control.

2. All units, as well as the additional areas as defined as part of each unit hereinafter, are bounded both as to horizontal and vertical boundaries by the interior finished surface of the units' perimeter walls, ceilings and floors of the interior surface of the perimeter walls, ceilings and floors of the additional areas shown on said plans, subject to the easement reserved hereinbelow for such encroachments as are contained in the Buildings, whether same now exist or may be caused or created by construction, settlement or movement of the building or by permissible repairs, construction or alteration.

3. All units shall be substantially as shown on "Exhibit B" attached, which will control the design. Each of the One Hundred Fifty-Three (153) units will be wholly contained within the Buildings as shown on said plans and the Buildings are broken down into several types, to wit:

4. Type 1X units shall have one bedroom, one bathroom, a combined living/dining/kitchen area, two closets, a stacked washer and dryer, a bunk bed shelf, and a closet for the water heater and air handler, and an open air deck. Said unit containing approximately Five Hundred Fifty-Three (553) Square Feet.

5. Type 1Y units shall have one bedroom, one bathroom, a combined living/dining/kitchen area, one closet, a closet housing the hot water heater and the air handling unit, a stacked washer and dryer, and an open air deck. Said unit containing approximately Five Hundred Fifty-Three (553) Square Feet,

6. Type 2BR (2 bedrooms) units shall have two bedrooms, two baths, a combined living/dining area, a separate kitchen, four closets, a closet for the hot water heater and a separate closet for the air handling unit, one open air deck unit. Said unit consisting of approximately Nine Hundred Sixty-Three (963) Square Feet.

7. The kitchen of each unit shall be furnished by the Declarant with prefinished wood cabinets with laminated plastic counter tops, electric range, range hood and the two bedroom and the 1Y units shall have a stainless steel double sink and the 1X units shall have a stainless steel (single bowl) kitchen sink, electric dishwasher and refrigerator.

8. The bathrooms of each unit shall be furnished by the Declarant with a fiberglass shower/tub combination, porcelain water closet, one piece "cultured marble" lavatory and bowl, and a prefinished wood lavatory cabinet.

9. All floor areas of each unit, except kitchens, bathrooms and utility closets, shall be carpet; and the decks shall have indoor/outdoor carpet and the kitchens, bathrooms and utility closets shall have vinyl floors.

10. Each unit shall be equipped by the Declarant with its own electrical meter and a system heat pump. The air handling equipment for a unit shall be located within the closet designated on the plan for said unit. The heat pumps shall be housed and stored on a concrete pad outside of said unit.

11. Eaches hereby defined also include:

a. All non-load bearing partitions located within the unit;

b. All materials including, but not limited to paint and vinyl, attached to, or on, the interior finished surfaces of the perimeter walls, floors, and ceilings of the unit; and all window frames, and exterior doors;

c. All air handling and distribution units, ducts, and components, and all power, telephone, and electric fan, electrical,

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plumbing gas and aewel lines, located within the Unit; provided however, that the portion of said lines located within a common compartment for, or installation of, such lines shall be common areas

Each duct, wires, conduits and other facilities for the delivery of utility services and other services to the unit and including the point of entry of such pipes, ducts, wires, conduits and other facilities through the interior finished surface material for perimeter walls, ceilings and floors of the units. All such pipes, ducts, wires, conduits and other such facilities are defined as a part of the unit at and from their point of entry into the unit.

The definition stated hereinabove for "Unit" is complete and all other aspects of the condominium not hereinabove defined as a part of the units as defined hereby as a part of the common areas and facilities of the condominium.

The specifics, such as style, construction, materials and finishes of the Buildings and their units are best described in the plans of the Buildings which are shown in "Exhibit B", attached hereto and made a part hereof by reference, and which shall control in case of conflict with the provisions hereof.

S. UNIT DESIGNATION shall mean and refer to the letter and number combination which designates a unit within the condominium as the same is shown upon the plans of the Buildings in Exhibit B attached hereto.

T. UNIT OWNER shall mean and refer to a person, corporation, partnership, association, trust, other legal entity, or any combination thereof, in whose name or names the title to or an interest in the title to any unit is vested, excluding those who own or hold such title or interest under the terms of any mortgage or deed of trust or other similar instrument for the purposes of securing the payment of an indebtedness or the performance of an obligation.

U. SEWER TREATMENT FACILITIES ON LEASED AREA:

(1) Declarant is to Lease to the CEDAR POINT VILLAS CONDOMINIUM OWNERS' ASSOCIATION, INC., Phases I, II, III and IV, an area on which Declarant will construct a sewer disposal unit or plant or facility as required by the various regulatory agencies for the State of North Carolina. Said Lease will provide that for so long as it is necessary for the unit or condominium Association to use said facilities for the disposal of their sewage, then the Lease shall continue until such time as there is some type of municipal or County sewage made available to said tract.

(2) That said Lease will provide that the Association shall be responsible for the operation, maintenance, together with any upgrading of said system, as may be required by State or Federal regulatory agencies.

(3) That further, the Association will operate said plant in accordance with all applicable State and Federal regulations, and the costs for operating said sewage treatment and/or disposal facility shall be an expense which the Association assumes, and shall become a budgetary obligation of Association,

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(4) That at the time that said property is no longer needed or required by Association for the use and benefit of the unit owners, then this Lease shall be terminate and said property and the equipment and machinery located thereon shall revert to Lessor and/or Declarant, and Lessor and/or Declarant will own said property free and unencumbered of any claims by Association for the use of said property.

(5) That said property to be subject to said Lease is that tract of land as shown and designated "Waste Treatment Area", which is shown on Exhibit "A", and by reference thereto, is incorporated herein. A copy of said Lease is marked Exhibit "E", attached hereto, and by reference thereto, is incorporated herein.

ARTICLE III

Plan and Development and Scope of Declaration

The name by which this condominium project shall henceforth be known is "CEDAR POINT VILLAS" The Declarant may cause to be constructed upon the property described in Article One, Eight (8) multi-unit buildings, containing One Hundred Fifty-Three (153) units, as well as the common areas and facilities of both the buildings and the real property, all as defined hereinabove and as shown upon the plans contained in Exhibit "B", attached hereto and made a part hereof by reference. The units of the buildings, together with their privileges and appurtenances, shall be offered for sale to the public by the Declarant as condominium units pursuant to the provisions of Chapter 47A of the General Statutes of the State of North Carolina, subject to the Covenants, conditions, restrictions and obligations stated in the Articles of this Declaration, the Articles of Incorporation of the Association, its duly adopted By-Laws and its Rules and Regulations.

The Declarant, by this Declaration, submits only the real property described in Article One, together with the improvements thereon. However, in the event Declarant constructs less than Eight (8) buildings and constructs less than One Hundred Fifty-Three (153) units as shown by the plans and specifications as shown on Exhibit "B", which shall be in the sole discretion of the Declarant, without consultation with or consent of any unit owner, then Declarant shall only submit those units which have been constructed in accordance with the plans as attached on Exhibit "B" and, likewise, the percentages of ownership in the common areas shall be adjusted upwards.

Declarant may, at its option, not construct any condominium units on Phase II, III, or IV; however, in the event that Declarant does build said units, then Declarant reserves the right to change the exterior and interior design and arrangement of all units and to alter said units as, in its discretion, it deems appropriate. No such change shall increase the number of units or alter the boundary of the common properties without amendment of this Declaration, and by approval of the Association. Likewise, Declarant reserves the right to file amendments to this Declaration, setting forth the type of construction, unit size, bedroom size, etc., as it deems appropriate. It is further agreed, and understood that in the event Declarant constructs the units in accordance with the plans and specifications as set forth in Article II (Paragraph R), then there will be no subsequent amendment necessary, and the percentage of ownership in common areas will be controlled by the number of units constructed at the time or voting, to be diminished only as the subsequent phases are constructed,

It is further understood and declared that the undivided fractional or percentage of ownership owned by each unit owner of the units in CEDAR POINT VILLAS in the common areas and facilities of

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CEDAR POINT VILLAS is as stated in Article IV hereunder. However, it is further declared and, in the event Declarant pursuant to the provisions of this Article does not complete or build the project ; to include all Eight (8) buildings, then the percentage of ownership of each unit owner shall be adjusted when Declarant in his sole discretion decides not to build said units.

Nothing herein shall be deemed to limit or alter Declarant's right, herein reserved, to vary the internal layout, size, configurations of any units hereafter constructed so long as the Declarant substantially conforms with the provisions of this Article.

It is further agreed and understood that that area which is designated "Marina Area" on Exhibit A, which is attached and incorporated herein is an area on which Declarant intends to construct a marina; and that wherein the western boundary line of said proposed marina area will be within the highwater mark of said marina and that CEDAR POINT VILLAS CONDOMINIUM OWNERS' ASSOCIATION, INC. will have the right to use that area. And that they will be granted an easement over the access channel to be shared with the Declarant, who intends to construct boatslips on the remainder of said property, which it will sell in the form of a Boataminium. That further, until construction is begun on said marina, Declarant does hereby authorize and allow those members and unit owners of Association to use the existing boat ramp to obtain access to Bogue Sound.

Further, Declarant, its heirs, successors and assigns does hereby reserve the right to go on the surrounding property that would border the marina area, as shown on Exhibit A for Ten feet for the purpose of maintenance construction of said area.

In the event Declarant is unable to secure the permits necessary for the construction of said marina, Declarant will convey said property to the Association to be used by the unit owners and in accordance with the rules and regulations of this Declaration and the By-Laws as set forth on Exhibit C, with the further understanding that the property will be used by any additional unit owners of Phases II, III and IV, if Declarant, at its option, decides to build same.

That if the marina is constructed as set forth above, then Association shall be responsible for providing for all maintenance of any maintenance that would be necessary to afford the necessary depth as said marina was constructed by Declarant. In the event that the basin or access channel becomes shallow to the extent that it would have a mean depth at low water or less than Five feet, then Association shall be responsible for the expense necessary to remove, by either hydraulic means, i.e. dredge and/or dragline, to a depth which would be below Five feet at mean low tide. It is further agreed and understood that Declarant will be responsible for One-Half (1/2) of the expenses, and that any successors, heirs or assigns it may have in title to said property will become bound by the obligation to pay its One-Half (1/2) share of the maintenance of said basin and access channel.

It is further agreed and understood that the Board of Directors of the Association will meet with Declarant and/or Declarant's successors, heirs or assigns each year at a time and place determined by both parties, to determine the depth necessary in order to afford reasonable use of said marina area, and the method by which said marina will be maintained, dredged and/or glned, and the costs relating to same.

ARTICLE IV

The Nature and Incidents of Unit Ownershi2

A. Each unit shall be conveyed and treated as an individual real property capable of independent use and fee simple ownership, and the owner of each unit shall also own, as an interest in the

Common areas and facilities of CEDAR POINT VILLAS, appurtenant to each of the One Hundred Fifty-Three (153) units of CEDAR POINT VILLAS, as set forth on Exhibit "D", attached hereto and made a part hereof by reference.

The proportional interest in the common areas and facilities that is appurtenant to each unit has been determined in a manner consistent with the Act.

B. The undivided interest in the common areas and facilities appurtenant to each unit shall be deemed conveyed, devised, encumbered, or otherwise dealt with separately from said unit, and the undivided interest in common areas and facilities appurtenant to each unit shall be deemed conveyed, devised, encumbered, or otherwise included with the unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon, a unit shall be null, void and of no effect insofar as the same purports to affect any interest in a unit and its appurtenant undivided interest in common areas and facilities unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire unit. Any instrument conveying, devising, encumbering or otherwise dealing with any unit, which described said unit by the letter/numerical designation assigned thereto in Exhibit "B" without limitation or exception, shall be deemed and construed to affect the entire unit and its appurtenant undivided interest in the common areas and facilities. Nothing herein contained shall be construed as limiting or preventing ownership of any unit and its appurtenant undivided interest in the common areas and facilities by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

C. The common areas and facilities shall be, and the same are hereby declared to be, subject to a perpetual, nonexclusive easement in favor of all or the owners of units in Cedar Point Villas for their use and the use of their immediate families, guests or invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of units. Notwithstanding anything above provided in this Article, the rules and regulations pursuant to which the owner of any unit, his family, guests and invitees, may be entitled to use the common areas and facilities, including the right to make permanent and temporary assignments of parking spaces, and to establish regulations concerning the use of the swimming pool and any other recreation area.

D. Recognizing that the proper use of a unit by an owner or owners is dependent upon the use and enjoyment of the common areas and facilities in common with the owners that the ownership of the common areas and facilities be retained in common by the owners, it is hereby declared that the proportional undivided interest in the common areas and facilities appurtenant to each unit shall remain undivided and no unit owner shall bring or have any right to bring any action for partition or division.

ARTICLE V

Use Restrictions

A. Each unit is hereby restricted to single-family residential use by the owner hereof, his immediate family, guests, invitees and employees, for their use and the use of their immediate families, guests or invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of units.

B. No immoral, improper, offensive or unlawful use shall be made of any unit or of the common areas and facilities nor any part thereof, and all laws, zoning ordinances and regulations of

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ting the cause of such emergency, and such right of entry shall be immediate.

B. Each unit owner shall have an easement in common with the other owners of all 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 of the Association or their designees shall have the right of 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.

C. The initial and subsequent Boards may grant or assume easements, leases or licenses for utility purposes for the benefit of the condominium, 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, 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.

D. Ingress, and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the common areas and facilities; and for vehicular traffic over, through and across such portions of the common areas and facilities as from time to time may be paved and intended for such purposes, for all unit owners of units in CEDAR POINT VILLAS, their guests, families, invitees, lessees, the Association, the Declarant, its successors and assign.

E. In the event that any unit shall encroach upon any of the common areas and facilities, or any other unit or units, for any reason not caused by the purposeful or negligent act of the unit owner, or agents of such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment upon the common areas and facilities or upon a unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the common areas and facilities shall encroach upon any unit, then an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any unit for so long as such encroachment shall naturally exist. If any unit or common areas and facilities shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such unit-and/or common areas and facilities in accordance with this Declaration, there exist encroachments of portions of the common areas and facilities upon any unit, or of any unit upon any other unit or upon any portion of the common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

ARTICLE VII

THE ASSOCIATION

To efficiently and effectively provide for the administration and maintenance of CEDAR POINT VILLAS by the unit owners, a nonprofit North Carolina Corporation known and designated as the CEDAR POINT VILLAS CONDOMINIUM OWNERS ASSOCIATION, INC. (hereinafter the "Association"), has been organized, a true copy of its Articles of Incorporation having been recorded in Book 12, Page 137, in the office of the Register of Deeds of Carteret County, North Carolina, and the provisions thereof are incorporated herein by reference. The Association shall admin-

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nister the operation and management of the condominium, CEDAR POINT VILLAS, and shall undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and its duly adopted By-Laws. A true copy of the original By-Laws are attached hereto in Exhibit "C" and expressly made a part hereof by reference.

A. Declarant Control: Until Seventy (70S) Percent of the units in all phases are conveyed, or until such time as the Declarant advises Association that it does not intend to construct any further units, the Board of Directors of the Association shall consist of those three (3) individuals appointed by the Declarant to the initial Board of Directors of the Association as stated in its Articles of Incorporation, or their successors or replacements, as provided for in the duly adopted By-Laws of the Association. Until said ate, said Board shall exclusively be responsible for the total operation and management of the Association, exercising all **powers**, duties and obligations th~~ereof~~, free from interference or control by any and all unit owners; provided, however, that said Board shall manage and operate the Association in a manner consistent with the terms and conditions of this Declaration, any and all supplements or amendments hereto, the Association's Articles of Incorporation, and its duly adopted By-Laws; provided, further, however, that lthe Declarant may by written notice to each unit owner at any time prior to the above-referenced date manifest its intention to cause the resignation of said Board of Directors at which time the initial meeting of the membership of the Association shall be called for the purpose of the election of a new Board of Directors of the Association from the membership thereof, who shall then become responsible for the operation and management of the Association.

B. Membership and Voting Rights: Membership and voting rights in the Association shall be as provided in Article 6 (IV) of its Articles of I~~ncorporation~~ referred to and incorporated herein as stated hereinabove, membership being mandatory for all unit owners of all units of CEDAR POINT VILLAS,

C. Powers: The Association stiall have all powers granted to it as provided in Article 5 (V) of said Articles of Incorporation.

~~411ff-amtueir&1tE~~Expenses: The common expenses of the Association shall be shared by the unit owners in the same proportions that the undivided interest in the common areas and facilities appurtenant to each owner's unit bears to the total of all undivided interests in the common areas and facilities appurtenant to all units, and **as** assessments against the unit owners and their u•its is provided for hereinbelow.

E. Manalement and Maintenance:

1. The Association, as a common expense, shall be responsible for the maintetnrtt&e, repat...--ancl replacement err all of the common areas and facilities, including those portiolfs thereof wnlOft cOntNbute to the support of the buildings, and all conduits, ducts, plumbing, wiring and other facilities located in the common areas and facilities for the furnishing of utility and other services to the units and **said** common areas and facilities, and should any incidental damage be caused to any unit by virtue of any work which may be done or caused to be done by the Association in the **main-**tenance, repair or replacement of any common areas and facilities, the Association shall, at its expense, repair such incidental **damage**. Whenever the **main-**tenance, repair and replacement of **any item** for which the Association is obligated to **maintain**, replace or repair at its e~~xpense~~ is occasioned by any act of a unit owner, his **immediate** family, **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 making such maintenance, repair or replacement, except that the unit owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and 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 maintenance, repair or replacement.

2. The Association shall have the right to make or cause to be made such alterations or improvements to the common areas and facilities which do not prejudice the rights of the owner of any unit in the use and enjoyment of his unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alteration or improvements are exclusively or substantially for the benefit of the owner or owners of a certain unit or units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the owner or owners of the unit or units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

3. The Association may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance and management of the property. All the powers and duties of the Association, necessary or convenient for such maintenance and management may be delegated to and vested in the manager by the Board of Directors, except such as are specifically required by this Declaration, the By-Laws or the Unit Ownership Act to have the approval of the Board of Directors of the Association. The manager is hereby further authorized to recommend the annual budget and, upon approval thereof by the Board of Directors, make assessments for common expenses and collect such assessments as provided in this Declaration and the By-laws, subject always to the supervision and right of approval of the Board of Directors.

4. Unit Owners Maintenance:

Every owner shall perform promptly all maintenance and repair work within his unit which, if omitted, would affect the condominium, either in its entirety or in a part belonging to other owners, every owner being expressly responsible for the maintenance, repair and replacement, as the case may be... of all air conditioning and heating equipment, stoves, refrigerators, fans or other appliances or equipment, including any fixtures and their connections required to provide water, light, power, telephone, sewage and sanitary service to his unit. Such owner shall be responsible and liable for the maintenance, repair and replacement of the surfaces of any and all walls, ceilings and floors which are a part of his unit, including painting, decorating and furnishings and all of the accessories which such owner may desire to place or maintain in his unit. Whenever the maintenance, repair and replacement of any item which the owner of a unit is obligated to maintain, repair or replace 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 making such maintenance,

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2. Coverage: AJL buildi"ngs and improvements upon the land and all personal property included in the common sand facilitiis shall be insured in an amo"irrtr--" equal N-tfie mafimum insurable replacement value, excluding foundation and excaiation costs, or by Ninety (gQj) Percent co-insurance coverage or by such other form of policy as the Board of Directors annually determines will most reasonably provide the funds necessary to repair or reconstruct the insured improvements. Such coverage .shall afford protection against:

- a. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
- b. Such other risks as from **time to time** shall b customarily covered with respect to buildings! similar in construction, location and use as the buildings on the real property, including,, but not limited to, vandalism and malicious 3..! 2.hler.

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Flood Insurance: Flood insura ce may be purchased by the Homeowners; i the Homeowners Association feels it is necessary. ,Yu.s r Co/Vlc..7VT.S)

4. Public Liability Insurance: Public liabqity insurance shall be secured by e ssocia on in such amount and with such coverage as shall **be deemed** necessary by the Board of Directors, including, but not limited to, an endorsement to cover liability of the unit owners as a group or to a **single** unit owner. There shall also be obtained such other insurance coverage as the Board of Directors or manager shall determine from time to time to be desirable or necessary.

5. Premiums: Premiums upon insurance policies purchased; by the Association shall be paid by the Association and chargeable to the Association **as a** common expense.

6. Proceeds: All insurance proceeds purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association and the unit owners and their mortgag-ees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance Trustee under this

Association is hereby irrevocably appointed agent for each unit owner and his appointed agent for each unit owner and his mortgagee as their interests may appear for the purpose of compromising and settling claims ; arising under insurance policies purchased by the Board of Directors for the benefit of the Association and the unit owners; said Board of Directors or its designee is hereby further empowered to execute and deliver releases to the insurance carrier upon the payment of claims. The Board of Directors' duty or its designee's duty upon receipt of such proceeds shall be to hold the same in trust for the purposes elsewhere stated herein or in the By-Laws for the benefit of the Association and the unit owners and their mortgagees, as their. interests may appear.

7, Distribution of Insurance Proceeds: Proceeds of insurance policies shall be payable to the Board of Directors of CEDAR POINT VILLAS CONDOMINIUM OWNERS ASSOCIATION, INC., as Insurance Trustee, and shall be distributed to or for the benefit of the beneficial owners in the following manner:)

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- a. Expense or the Trust: All expenses of the Insurancoe Trustee shall be first paid or provision made therefor, if **any**;
- 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 cost thereof as determined in paragraph F(7) hereof. Any proceeds remaining after defraying such cost shall be distributed as surpluses to the beneficial owners of the damaged units pursuant to paragraph H hereof.
- c. Failure to Reconstruct or Repair: If it is determined, as provided in paragraph F(7) hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed as surpluses to the beneficial owners of the damaged units thereof pursuant to paragraph H hereof.
- d. Mortgagees: In the event a mortgagee-endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or particplate in the determination as to whether any **damaged** property shall be reconstructed or repaired.

8. Damage and Destruction:

Determination to Reconstruct or Repair: If any part of the condominium property shall be **damaged** by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

- a. Common Areas and Facilities: If the damaged improvement is a common area or facility, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.
- b. Units:
 - (1) Partial Destruction: If the damaged improvement is a unit, and if the mlnaton as provided in subparagraph (ii) below does not **take** place, **the damaged** property shall be reconstructed or repaired unless within Sixty (60) days after the casualty it is determinP-d by agreement in the manner elsewhere provided that the condominium shall be terminated.
 - (11) Total Destruction: If **more** than Two-Thirds (2/3) of the units are destroyed and the owners of Three-Fourths (3/4) of the units in the entire condominium should determine not to proceed with repair or restoration, then the procedurj set forth in Section 47A-25 of the North Carolina 3tatutes, and any a-endments thereto shall take place.

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Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as exhibits; or, if not, then according to plans and specifications approved by the Board of Directors of the Association and if the damaged property is a unit by the owners of all damaged units therein, which approvals shall not be unreasonably withheld.

Responsibility: If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

Estimate of Costs: Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the costs to rebuild or repair.

Assessments: If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds or the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged units, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments on account of damage to common areas and facilities shall be in proportion to the unit owner's share in the common areas and facilities.

G. Association to Maintain Register of Owners and Mortgagees:

The Association shall at all times maintain a register setting forth the names of the owners of all of the units. In the event of the sale or transfer of any unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any unit. The owner of each unit, shall notify the Association of the names of the parties holding any mortgage or mortgages on any unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

H. Assessments, Liability, Lien and Enforcement:

The Association has been given the authority to administer the operation and management of the condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the owners of all units. To properly administer the operation and management of the condominium, the Association will incur for the mutual benefit of all of the owners of units, costs and expenses which are sometimes herein referred to as "common expense". To provide the funds necessary for such proper opera-

1 ion, management and capital improvement, the Association has
;eretofore been granted the right to make, levy and collect
|ssessments against the unit owners and their units. In
,urthrance of this grant of authority to the Association to make,
jlevy and collect assessments to pay the costs and expenses for the
:operation, management of and capital improvements to the con-
!omlnium, the-following provi[]lon[] shall bo operative and binding
i []pon all the owner[] of all units:

- 1) All assessments levied against the unit owners and their units shall be uniform and, unless specifically otherwise provided for in this Deolaration, all assessments made by the Association shall be in such an amount that any assessment ltl.v-ied against a unit qim[]r;Hll:and.:his:,,uni[]-shall".:bear the same ratio to the t[]J.,.,.,.M[]essment made against all unit owners and t)lp-, \;Dii;Units.,as the undivided i'nterest in common areas and facilities appurtenant to each condominium unit bears to the total undivided interest in common areas and facilities appurtenant to all units. Should the Association be the owner of a unit or units, the assessment which would otherwise be due and payable to the Association by the owner of such unit or Units, reduced by the amount of income which may be derived from the leasing of such unit or units by the Association, shall be apportioned and the assessment therefor levied ratably among the owners of all units which are not owned by the Associa,tion, based upon their proportionate interest in common areas and facilities, exclusive of the interests therein appurtenant to any unit or units owned by the Association.
- 2, Assessments provided for herein shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of the Association. Such assessments shall comme[]ae for each unit on the first day of the first month following the recordation of the deed from said unit in the Carteret County, North Carolina, Registry from the Declarant to the unit owner.
- 3, The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (wtlJ.iP.hi;iio.[]al;llii\c,o[]r.e.spond..;to.the::oal[]ndar,year, except that l'n the initial year of operation'of the condominium, the fiscal year shall commence with bhe closing of the sale of the first condominium unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the condominium, including a reasonable allowance for contingencies-and reserves, such budget to take into acco[]nt projected anticipated inco[]e which is to be applied in reduction of the amounti required to be collected as an assessment each year. ..J:h'e...Bo-a-rd' of lp'i""ea-tto[]s,1sn-all "k-keep...separate.1,...ln...aaooordance...wi th RJlllag-ra-ph II hereof, items relating-to-operation..and ma;tifit.tenance.. from.items relating to:capital improve- []lnts. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be delivered to each owner of a unit and the assessment for said year shall be established based upon such budget, although the delivery of a cop of said budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments 1t.may deem to be necessary; however,

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1. The owner or owners of each unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association **against** such unit while such party or parties are owner or owners of a unit. In the event that any unit owner or owners are in default in payment of any assessment or installment thereof owed to the Association, such unit owner or owners shall be personally liable, jointly and severally, for interest on such delinquent assessments or installment thereof as above provided, and for a reasonable attorney's fee whether suit be brought or not.

a. No owner of a unit may exempt himself from liability for any assessment levied against him or his unit by waiver of the use or enjoyment of any of the common areas and facilities, or by abandonment of the unit or in any other way.

9. Recognizing that proper operation and management of the condominium requires the continuing payment of costs and expenses therefor, and **that** such proper operation and maintenance results in benefit to all of the owners of units, and that the payment of such common expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each unit owner, the Association is hereby granted a lien upon each unit and its appurtenant undivided interest in common areas and facilities, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each such unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's **fee**, which **may be** incurred by the Association in enforcing this lien upon said unit, and its appurtenant undivided interest in common areas and facilities. The lien granted to the Association may be foreclosed in the manner provided by North Carolina General Statute 47A-22 and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the owner of any unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any unit expressly subject to such lien **rights**.

10. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of Carteret County, North Carolina, which claim shall state the description of the unit encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect

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until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or deed or trust and attorney's fee or corporation acquiring title to any unit and its appurtenant undivided interest in common areas and facilities by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale shall be liable and obligated only for assessments as shall accrue and become due and payable for said unit and its appurtenant undivided interest in common areas and facilities subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a unit by foreclosure, deed in lieu of foreclosure or judicial sale, all assessments or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all units as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

11. Whenever any unit may be leased, sold or mortgaged by the owner thereof, the Association, upon written request of the unit owner shall furnish to the proposed lessee, purchaser or mortgagee a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such unit. Such statement shall be executed by any officer of the Association and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

In the event that a unit is to be leased, sold or mortgaged at the time when payment of any assessment against the owner of said unit and such unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds or such purchase or mortgage proceeds shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the owner of any unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter

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seeking, by foreclosure action enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit **at law** to collect **any sum** then remaining owing to Association.

I. Common Surplus: Common surplus, meaning all funds and other assets of the Association (including excess of receipts of the Association, including, but not limited to assessments, rents, profits and revenues from whatever source over amount of the common expense), shall be owned by the **owners** of all units in the same proportion that the undivided interest in common areas and facilities appurtenant to each owner's unit bears to the total of all undivided interest in common areas and facilities appurtenant to all units; provided, however, that **said** common surplus shall be held by the Association in the manner, and subject to the terms, provisions and conditions of this Declaration, **imposing** certain limitations and restrictions upon the use and distribution thereof, Except for distribution of any insurance indemnity herein provided, or upon termination of the condominium, any attribution or distribution of common surplus which may be made from time to time shall be made to the then owners of units in accordance with their percentage interest in common surplus as declared herein.

J. SEWER TREATMENT FACILITY: That a Sewer Treatment Facility shall be provided to Association as per Article II, Paragraph U, and pursuant to the Lease Agreement attached hereto as Exhibit "E".

K. WATER: That Association shall have the right to **draw water** from the wells that are placed on Exhibit "A", and Association shall be responsible for seeing that water **gets** applied to the units after said wells and pumping stations have been installed by Declarant, as well as maintenance and upkeep of same.

ARTICLE VIII

Termination

The condominium shall be terminated, if at all, in the following manner:

A. The termination of the condominium may be effected only by the unanimous agreement of all unit owners of all units of CEDAR POINT VILLAS expressed in an instrument to that effect fully recorded and provided that the holders of all liens affecting any of the units consent thereunto, or **agree**, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property as provided in Subparagraph C below. The termination shall become effective when such agreement has been recorded in the public records of Carteret County, North Carolina.

B. If it is determined in the manner elsewhere provided that the condominium shall not be reconstructed after casualty, the condominium plan of ownership shall be terminated and this Declaration revoked. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in the Public Records of Carteret County, North Carolina,

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C. After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the unit or units formerly owned by such unit owners shall have mortgages and liens upon the respective undivided shares of the unit owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the common areas and facilities previously owned by each unit owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the unit owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a common expense.

D. Following termination, the property may be partitioned and sold upon the application of any unit owner. Following a termination, if the Board of Directors determines by not less than a Three-Fourths (3/4) vote to accept an offer for the sale of the property, each unit owner shall be bound to accept an offer for the sale of the property, each unit owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such forms as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the Board of Directors acting collectively as agent for all unit owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

ARTICLE IX

Amendment of Declaration of Condominium

A. Other than as provided for in Article III hereinabove, this Declaration may be amended in the following manner: An amendment or amendments to this Declaration may be proposed by the Board of Directors of the Association in acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the units, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association for a date not sooner than Twenty (20) days nor later than Sixty (60) days from receipt by him of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than Ten (10) days nor more than Thirty (30) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the time any amendment or amendments are proposed, they must be approved by a majority of the members owning a majority of the units. Thereupon, such amendment or amendments of this Declaration of condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities, as a deed, shall be recorded in the Public Records of Carteret County, North Carolina, within Ten (10) days, from the date on

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which the same became effective, such amendment or amendments to specifically refer to the recording date identifying the Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed on record by the officers of the Association shall be delivered to the owners of all units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

B. Except as is provided for in Article III hereinabove, no alteration in the percentage of ownership in common areas and facilities appurtenant to each unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of common surplus, shall be made without the prior written consent of all of the owners of all units and all of the institutional lenders holding first mortgages or first deeds of trust on the units.

C. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of an institutional lender or institutional lenders holding mortgages or deeds of trust shall be made without prior written consent of all institutional lenders holding mortgages on units in the condominium being first had and obtained.

D. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of said party being first had and obtained.

ARTICLE X

Remedies in Event of Default.

The owner or owners of each unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended or supplemented from time to time. A default by the owner of any unit shall entitle the Declarant, the Association or the owner or other units to the following relief:

A, Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved unit owner.

A. ... repair, or replacement **required** by his act, negligence or carelessness, or by, **itself** or his family, or their guests, employees, agents or lessees, but only to the extent that such expense **is not met** by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceedings arising because of an alleged default by a unit owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and **such** reasonable attorney's fees as may be determined by the Court, but in no event shall any unit owner be entitled to **any** attorney's fees.

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D. The failure of the Association or any unit owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above-mentioned documents, shall not constitute a waiver of the right of the Association or of the unit owner to enforce such right, provision, covenant or condition in the future.

E. All rights, remedies and privileges granted to the Association or the owner or owners of a unit pursuant to any terms, provisions, covenants or conditions of this Declaration or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or **more** shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

F. The failure of the Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

G. The failure of an institutional lender or institutional lenders to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration or other above-mentioned documents shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XI

Rights Reserved Unto Institutional Lenders

"Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders. So long as any institutional lender or institutional lenders shall hold any mortgage upon any unit or units, or shall be the owner of any unit or units, such institutional lender or institutional lenders shall have the following rights:

A. To approve the company or companies with whom casualty insurance is placed.

B. To examine, at reasonable **times** and upon reasonable notice, the books and records of the Association and to be furnished **at least** one copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Association, such financial statement and report to be furnished by April 15th of each calendar year.

C. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment, other than as provided by Article III hereinabove, to this Declaration, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

D. To be given notice of default by any owner owning a unit encumbered by a mortgage held by the institutional lender or institutional lenders, such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders, or to the place which it or they may designate in writing. Whenever any institutional lender or institutional lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, identifying the unit or units upon which any such institutional lender or institutional lender hold any mortgage or mortgages, or sufficient pertinent facts to identify any mortgage or mortgages which may be held by or for them, and

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lwhich notice shall designate the place to which notices are to be given by the Association to such iflstitutional lender or institutional lenders.

ARTICLE XII

Severability

In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XIII

Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

ARTICLE XIV

Declaration of Condominium Binding on Assigns and Subsequent Owners

The restrictions and burdens imposed by the Articles of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each unit and its appurtenant undivided interest in common areas and facilities. This Declaration shall be binding upon the Declarant, its successors and assigns, and upon all parties who may subsequently become owners of units in the condominium, and their respective heirs, devisees, legal representatives, successors and assigns. This Declaration and the exhibits attached hereto and amendments hereof shall be construed and controlled by and under the laws of the State of North Carolina.

ARTICLE XV

Eminent Domain

In the event of a taking by eminent domain for condemnation or a conveyance in lieu of condemnation of part or all of the common areas and facilities, the award of such taking shall be payable to the Association, which shall represent the owners named in the proceedings. Said award shall be utilized to the extent possible for the repair, restoration, replacement or improvement of the remaining common areas and facilities, if only part are taken. If all or more than Two-Thirds (2/3) of all of the general common areas and facilities are taken, it shall be deemed a destruction of more than Two-Thirds (2/3) of all of the general common areas and facilities and the condominium shall be terminated as hereinbefore provided. Any funds not utilized (in case of a partial taking) shall be applied in payment of common expenses otherwise assessable. In the event of a taking of all or part of a unit, the award shall be made payable to the owner of such unit and his mortgagee, if any, as their interests may appear.

ARTICLE XVI

The following named individual is designated as the person to receive service of process for the Association:

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Stephen H. Hicks, II
1009 Channel Drive
Emerald Isle, NC 28557

ARTICLE XVII

Warranties and Representations

The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the condominium, except as specifically set forth herein, and no person shall rely upon any warranty or representation not so specifically made herein. Any estimates of common expenses, taxes or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

JOINDER AND CONSENT OF TRUSTEE/BENEFICIARY/MORTGAGEE: NCNB National Bank of North Carolina and TIM, Inc., a North Carolina Corporation, as Trustee join in the execution of this Declaration creating unit ownership of property under the provisions of Chapter 47-A of the General Statutes of the State of North Carolina, for the sole purpose of subjecting, submitting and subordinating any and all right, title and interest, the property described in said Declaration that they have, or either of them has, or may have, by virtue of that Deed of Trust recorded in Book 522, Page 497, of the Carteret County Registry, said Deed of Trust, every provision hereof, and to jurisdiction of CEDAR POINT VILLAS.

IN WITNESS WHEREOF, NCNB National Bank of North Carolina, has caused this Joinder and Consent to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors this 17th day of March, 1988; and TIM, Inc., as Trustee, has caused this Joinder and Consent to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors this 17th day of March, 1988; and the Declarant, CEDAR POINT VILLAS, INC., has caused this Declaration of Condominium to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

NCNB NATIONAL BANK OF NORTH CAROLINA

Handwritten scribbles and marks, including a large 'L' and various symbols.

BY: Zit
1/1r President

Secrta

TIM, INC/
BY: ib-u:4 n

Handwritten marks and a stamp that reads "SECRETARY" with a large 'A' and 'JP'.

CEDAR POINT VILLAS, INC.
BY: Steph H. Hicks, II
President

Handwritten marks and a stamp that reads "SECRETARY" with a large 'H' and 'JK'.

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STATE OF
 COUNTY OF
 I, 1-1, 1-1, 1-1, 1-1, Notary Public of the County
 and State afor aid: diTcertify that Lois N. Hicks personally came
 before me this day and acknowledged that she is Secretary of CEDAR
 JOINT VILLAS, INC., a North Carolina Corporation, and that, by
 authority duly given and as the act of the Corporation, the
 foregoing instrument was signed in its name by its President,
 sealed with its corporate seal and attested by her as its
 Secretary.

Witness my hand and Notarial Seal this 4th day of (11.11.11),
 111986.

11/11/11
 Notary Public

MY Commission Expires: 11/11/11

STATE OF
 COUNTY OF
 I, 1-1, 1-1, 1-1, 1-1, Notary Public of the County
 and State foresaid, do certify that 1-1, 1-1, 1-1,
 personally came before me this day and acknowledged that he
 is Secretary of NCNB NATIONAL BANK OF NORTH
 CAROLINA, a North Carolina Corporation, and that, by authority
 duly given and as the act of the Corporation, the foregoing
 instrument was signed in its name by its President, sealed
 with its corporate seal and attested by 1-1 as its
 Secretary.

Witness my hand and Notarial Seal this 17th day of 11.11.11
 111986.

11.11.11
 Notary Public

MY Commission Expires: 11.11.11

STATE OF
 COUNTY OF
 I, 1-1, 1-1, 1-1, 1-1, Notary Public of the County
 and State, foresaid, do certify that (1-1, 1-1,
personal) came before me this day and acknowledged that he
 is Secretary of TIM, Inc., a North Carolina
 Corporation, and that, by authority duly given and as the act of
 the Corporation, the foregoing instrument was signed in its name
 by 1-1 as its President, sealed with its corporate seal and attested
 by 1-1 as its Secretary.

Witness my hand and Notarial Seal this 17th day of 11.11.11,
 111916.

11.11.11
 Notary Public

MY Commission Expires: 11.11.11

NORTH CAROLINA
 CARTERET COUNTY
11/11/11 (the foregoing certificate(s)) or M.: at: Ghv > u J l ((di/JML) r

is (are) certified to be correct. This fostr 1.1 iilent was l(e) Q.t.ed
 recorded in this office in Book 11

Witness my hand and Notarial Seal this 18th day of 11.11.11
11:00 o'clock a.H.

SHARON PINER
 REUS 1 Eef EDS
 Deputy

EXHIBIT A

.BEING all of that property in White Oak Township, Carteret County, North Carolina, and being more particularly set forth and shown on that map entitled "Final Physical Survey for Cedar Point Villas", dated January 15, 1986, prepared by Powell Surveying Company, Beaufort, North Carolina, said map being recorded in Book of Maps for Unit Ownership Book 10K, at **Page** 56, Carteret County Registry, and that by reference **said** map is herein incorporated.

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EXHIBIT D

At the recording of this Declaration, Declarant anticipates that it will build and sell One Hundred Fifty-Three (153) units, and will do so in four (4) phases. Declarant is not obligating itself to build all four (4) phases, and if Declarant does not construct all phases as anticipated, then the undivided interest in the common areas that will be conveyed to **each owner** will be subject to change and modification.

In the event Declarant builds only Phase I, then the percentages in undivided interest of the common areas will be those percentages as set forth beside each unit number, as hereinafter set forth under that column entitled "Phase I"

In the event Declarant builds Phase II, then the percentages in undivided interest of the common areas will be those percentages as set forth beside each unit number, as hereinafter set forth under that column entitled "Phase II".

In the event Declarant builds Phase III, then the percentages in undivided interest of the common areas will be those percentages as set forth beside each unit number, as hereinafter set forth under that column entitled "Phase III".

In the event the Declarant builds Phase IV, then the percentages in undivided interest of the common areas will be those percentages as set forth beside each unit number, as hereinafter set forth under that column entitled "Phase IV".

That the percentages of ownership in the undivided interest will be changed immediately upon Declarant filing an amended Declaration for any additional phases that it builds.

PERCENTAGE OF OWNERSHIP

UNIT	AT PHASE 1 COMPLETION	AT PHASE 2 COMPLETION	AT PHASE 3 COMPLETION	AT PHASE 4 COMPLETION
110				
A-11	.025	.00	.010	.001
A-12	.026	.014	.010	.001
A-13	.025	.00	.010	.001
A-U	.020	.011	.001	.001
A-15	.020	.011	.001	.006
A-18	.025	.014	.010	.008
A-17	.025	.00	.010	.001
A-21	.025	.014	.010	.001
A-22	.025	.00	.010	.001
A-21	.0211	.00	.010	.008
A-24	.020	.011	.008	.008
A-25	.020	.011	.008	.006
A-28	.0211	.014	.010	.001
A-27	.025	.014	.010	.008
A-31	.028	.014	.010	.001
A-32	.025	.014	.010	.008
A-33	.0211	.014	.010	.001
A-34	.021	.011	.008	.0011
A-38	.021	.011	.008	.001
A-31	.025	.014	.010	.008
A-37	.0211	.00	.010	.008
B-11	.026	.00	.010	.008
11-12	.0211	.00	.010	.008
11-u	.0211	.00	.010	.0011
11-U	.020	.011	.008	.006
B-15	.020	.011	.001	.0011
11-111	.0211	.014	.010	.001
B-17	.0211	.014	.010	.001
a-21	.025	.014	.010	.008
a-22	.00	.014	.010	.001
B-23	.025	.014	.010	.008
U-24	.020	.011	.008	.0011
B-26	.020	.011	.001	.008
11-26	.025	.014	.010	.008
8-27	.025	.014	.010	.008
11-31	.028	.00	.010	.008
8-32	.025	.014	.010	.008
a-u	.0211	.00	.010	.008
11-34	.021	.011	.008	.0011
11-35	.011	.011	.008	.008
B-311	.025	.014	.010	.0011
8-37	.0211	.014	.010	.008
TOTAL				
PHASE ONE:				

Handwritten initials and numbers: "uu", "0.15", and a vertical line with a tick mark.

Handwritten text: "flr3c'1/"

UNIT	AT PHASE 2 COIPLBTION	AT PHASI 3 COIIPUTIOII	AT PHASE , COLPL&TLOIII
110			
c-11	.012	.001	,00'1
c-12	.012	.001	,008
c-u	.012	.008	.008
c-u	.010	.00'1	.001
c-u	.010	.007	.008
c-11	.012	.008	,008
C-17	.012	.001	.00,
c-21	.012	.001	,007
c-22	,012	.001	.007
C-23	.012	.008	.00'1
c-u	,010	,00'1	.008
c-as	,010	,007	.008
C-28	,012	,001	.00'1
C-27	.012	.001	.00,
C-31	.012	.001	.00'1
C-32	.012	,008	,007
C-33	.012	.008	.007
C-:14	,011	.001	.001
C-35	.011	.001	.001
C-34	.012	.008	.007
C-37	.012	,008	.007
D-11	.012	.001	.007
D-12	,012	.001	.008
D-13	.012	,001	.008
O-u	.010	.007	.008
O-u	.012	.001	.001
D-11	.012	.001	,00'1
0-21	,012	,001	.00'1
D-22	.012	,DOI	.00'1
D-23	.012	.001	.00'1
D-24	.010	,00'1	.008
D-25	,012	.001	.007
D-21	.012	,001	,00'1
D-31	.012	,008	,00'1
D-32	.012	.008	,00'1
D-33	.012	.001	.00'1
D-3t	.011	.00'1	,DOI
D-311	.012	.001	.00'1
D-36	.012	.0011	.00'1
TOTAL			
PHASE ONUTIIO:	1		

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UNIT	AT PHASII .J COJIPLITJOII'	AT PHASI 4 COIIPLITJOII
110		
11-11	.001	.00'1
11-12	.008	,001
E-13	,001	,008
t:-U	,00'1	,008
E-U	,001	.001
E-U	.008	.00'1
11-21	.008	.007
E-22	,DOI	.007
11-23	,001	.007
11-2'	.00,	.001
&-25	,001	.00'1
E-21	,DOI	.007
l-u	.001	.007
&-32	,001	.00'1
&-33	.008	.00'1
&-34	,00'1	.00a
l-u	.0011	,00'1
1-30	.001	.00'1
,-11	,001	,007
,-12	,001	,DOI
,-u	.00'1-	.001
,-u	,007	.00a
,-u	.001	,008
r-111	.00a	.007
,-21	.001	,DOT
-22	.00a	.007
11-23	,001	.007
,-u	,00'1	.001
P-25	.001	.007
,-21	.001	,00'1
P-31	.001	,00'1
P-32	.001	,00'1
P-33	,008	,00'1
P-H	.00'1	.001
P-35	.001	.001
V-31	.001	.007
TOTAL		
PHASE ONE,TNOI TUKt:E	1	

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UNIT NO	AT PHASE , CON'LITION
G-11	.00e
G-12	.00e
G-13	.00e
G-14	/.00,
0-111	.001
G-18	.00e
0-21	,001
0-22	,001
G-23	.00e
G-24	.0011
0-25	.00e
G-26	.00a
0-31	.001
0-:12	,DOI
G-33	,DOI
G-34	.00s
G-35	.001
0-36	,DOI
K-11	.00e
H-12	,006
H-13	,DOI
H-14	.00,
H-15	.001
H-16	.001
H-21	,DOI
H-22	.001
H-23	.00e
H-24	,DOIi
H-25	.00e
H-211	,DOI
H-:U	.001
H-32	,DOI
H-33	,DOI
H-3t	,005
H-35	.001
H-311	.001
TOTAL	
ALL PHASES:	I

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THIS LEASE AGREEMENT, made and entered into this 18th day of March, 1986, by and between CEDAR POINT VILLAS, INC., party of the first part, hereinafter referred to as "Lessor" and CEDAR POINT VILLAS CONDOMINIUM OWNERS' ASSOCIATION, INC., party of the second part, hereinafter referred to as "Lessee";

WITNESS ETH:

THAT WHEREAS, Lessee is developing a condominium project, and Lessor is the entity which will operate said condominium project; and

THAT WHEREAS, on the hereinafter described tract of land, there is to be placed a sewage disposal facility, for so long as said Lessee is required to have said sewage disposal facility; and

THAT WHEREAS, the property subject to said Lease is as follows:

BEGINNING at a point, said point being described as being S 18-01-20 E, 70 feet and N 68-25 E, 30.06 feet from the southeast corner of Lot 1128 of the John S. Jones Subdivision, as recorded in Map Book 1, Page 113, Carteret County Registry; running thence from said POINT OF BEGINNING, N 68-25-00 E, 260.15 feet to a point; thence from said point S 19-50 E, 344.29 feet to a point; thence from said point S 71-SB-40 W, 270.52 feet to a point; thence from said point N 18-01-20 W, 327.69 feet to a point; said point being the POINT OF BEGINNING,

This Lease shall be subject to the following terms and conditions:

1. RENTAL: For the term of this Lease as hereinafter set forth, the rental shall be One (\$1.00) Dollar, the receipt of which is hereby acknowledged by Lessor.

2. TERM:

a. The initial term of this Lease shall be for Ten (10) years.

Renewable terms: It is further agreed and understood that this Lease may be automatically renewed without the necessity of Lessee taking any action to renew same, and that same is to be renewed automatically if there is not Municipality or County, or a privately operated utility to provide sewage disposal to the property on which the condominiums known as Cedar Point Villas are located.

It is further agreed and understood that in the event any Municipality or County agency makes sewer available to the condominiums which have been developed by Cedar Point Villas, Inc., known as Cedar Point Villas, then Lessee shall have one year from the date that the sewage treatment is available to them to hook onto the Municipal or County system. In the event there is any remaining time left under the initial term for any of the renewable options as hereinabove set forth, then the one year limitation after sewage treatment is available shall control and this Lease shall terminate pursuant to the condition as set forth above,

3, It is further agreed and understood that Lessors are installing on the above described property certain machinery which is to be used in the sewage treatment plant which is being

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installed in accordance with the North Carolina rules and regulations, in that once said sewage treatment facility is connected, it is to be turned over to Lessee, and Lessee shall be responsible for all maintenance and the operation of said **sewage** treatment facility.

4. It is further agreed and understood that one year after sewage treatment and waste disposal has been **made** available to Lessee, by either a municipal or county agency, that all equipment which is located on the above described property shall become the, sole and separate property of Lessors. It is further agreed and understood that after this Lease has expired **as set** forth above, the obligation for removal of any or all of the equipment located on the above described premises shall be borne solely by Lessors.

IN WITNESS. WHEREOF, said parties **have** hereunto set their hands and seals this the day and year first above written.

CEDAR POINT VILLAS, INC.

BY: /j&(kL fl i/2jv1.g
President

ATTEST: SEAL

0 VJ. Yl<ck
Secretary

NORTH CAROLINA

COUNTY OF ..

I, Jkelley R. Midgett, Notary Public, do certify that Lois N. Hicks personally appeared before me and acknowledged that she is Secretary of CEDAR POINT VILLAS, INC., a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

Witness my hand and Notarial Seal this 18th day of March, 1986.

[Handwritten signature and notary seal]
Notary Seal
J. Y. ...
Notary Public
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COUNTY

My Commission Expires: 10/11/82

Acknowledged and accepted by Cedar Point **Villas** Condominium Owners' Association, Inc.

CEDAR POINT VILLAS CONDOHINIUM ASSOC INC.

BY: .U IL.
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[Circular seal]
seal
ATTEST: SE SEAL
Secretary

MlwSS

NORTH CAROLINA

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COUNTY OF

;

I, Kelley R. Midgett ; a Notary Public of the County and State aforesaid, certify that Dis N. Hicks personally came before me this day and acknowledged that she is Secretary of Cedar Point Villas Condominium Owners' Association, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in **its name by its** President, sealed with its corporate seal and attested by as its Secretary.

Witness my hand and notarial seal, -this 18th day of March, 1986.

Kelley R. Midgett
 Notary Public

Kelley R. Midgett

My Commission Expires 10/1/89

10/1/89

Notary Public

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