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Onslow County, NC
Rebecca L. Pollard Reg. of Deeds
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STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE HAMMOCKS AT PORT SWANSBORO HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION, made on the date hereinafter set forth by The Hammocks at Port Swansboro, a corporation organized under the laws of the State of North Carolina with its principal office located in Onslow County, North Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Swansboro Township, Onslow County, North Carolina, which is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

SECTION 1. "Association" shall mean and refer to The Hammocks at Port Swansboro, Inc., its successors and assigns.

SECTION 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 4. "Eligible First Mortgage Holder" shall mean any holder of a first mortgage, who files with the secretary of the association, notice, that they are holding a mortgage on the lot.

SECTION 5. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners.

SECTION 6. "Storage Area" shall mean such area that is retained by Declarant for the storage of boats, recreational vehicles, etc...

SECTION 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

SECTION 8. "Declarant" shall mean and refer to The Hammocks at Port Swansboro, LLC, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II PROPERTY RIGHTS

SECTION 1. Owner's Easement of Enjoyment.

Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. The right of the Association to suspend the voting rights and right to use of the recreational facilities, if any, by an Owner for any period during which any assessment against his Lot remains unpaid; any for a period not exceed sixty (60) days for any infraction of its published rules and regulations; and

b. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication to transfer signed by two-thirds (2/3) of each class of members and fifty-one percent (51%) of the mortgage holders has been recorded.

SECTION 2. Delegation of Use.

Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of the family, his tenant, or contract purchases who reside on the property.

SECTION 3. Parking Rights.

Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not less than two (2) automobile parking spaces, which shall be located near the Lot together with the right of ingress and egress in and upon said parking area. The Association shall insure not less than two (2) vehicle parking spaces for each dwelling.

SECTION 4. Common Control Area.

The Association shall govern any and all repairs, replacements, and maintenance of the Common Control Areas.

SECTION 5. Traffic Island Maintenance.

The Association shall maintain in an orderly fashion all traffic islands which are landscaped or upon improvement may be placed on any road within the subdivision.

SECTION 6. Exterior Maintenance.

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot subject to dues and assessments as follows:

- a. Repair any fences and gates in the common area;
- b. Maintain the lawn grasses from the curb to the front fence, side yard and rear yard, to include, but not limited to mowing, trimming, edge, in and removal of clippings, any nutrients, weed control chemicals and insect control chemicals as required;
- c. Wash each house at the discretion of the Board of Directors, to prevent unsightly appearance;
- d. To provide general exterior maintenance to all building within the common area.
- e. Provide maintenance, repairs and upkeep at the expense of the owner who fails to Maintain acceptable appearance of his/her property.
- f. To maintain all streets, front, side and rear lawns and drainage lines to include storm water control lines.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Membership.

Every Owner of a Lot and the storage area which is subject to assessment shall be a member of the Association. Membership shall be appurtenance to and may not be separated from ownership of any Lot or storage area which is subject to assessment.

SECTION 2. Voting Rights.

The Association shall have two (2) classes of voting membership:

Class A. The Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned and for the storage area. When more than one person holds an interest in any Lot or storage area, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- a. Within One Hundred Twenty Days (120) when the total votes outstanding in the Class A membership is seventy-five (75%) percent of the total votes outstanding in the Class B membership, or
- b. On the fifth anniversary of the conveyance of a Lot or other parcel within the development.

After termination of the Class B membership, if Declarant still owns Lots, said Declarant shall for all purposes be deemed a Lot Owner and shall be entitled to the same rights and privileges of Class A Members.

SECTION 3. The rights of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association and according to the provisions of Article II Section 1(a) herein.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Lot owned within the Properties and the storage area, hereby covenants, and each Owner of any Lot or storage area by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges, and (2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. Purpose of Assessments.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property, and in particular, but not limited to, for the acquisition, improvement and maintenance of Property, services and facilities, for the exterior maintenance of the Buildings and for the use and enjoyment of the Common Elements, including, but not limited to, the cost of repairs, replacements and additions; the cost of labor, equipment, materials, management and supervision; the payment of taxes and public assessments assessed against the Common Elements; the procurement and maintenance of insurance in accordance with the Bylaws or as deemed appropriate by the Board; the employment of counsel, accountants and other professionals for the Association when necessary; and, such other needs as may arise.

SECTION 3. Maximum Annual Assessment.

Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Twelve Hundred and 00/100 Dollar (\$1200.00) per Lot or storage area and may be paid monthly, quarterly, semi-quarterly or annually as determined by the Association. However, this annual assessment fee must be paid in advance for the first year only at the time of closing.

a. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

b. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

c. Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts and reserves for future needs.

d. The board of Directors may fix the annual assessment at an amount not in excess of the maximum.

SECTION 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

SECTION 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty percent (50%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. Uniform Rate of Assessment.

Both annual and special assessments must be fixed at a uniform rate for all Lots and storage area and shall be collected on a monthly basis.

SECTION 7. Date of Commencement of Annual Assessments Due Dates.

The annual assessments provided for all herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

SECTION 8. Effect of Nonpayment of Assessments; Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum or such other rate as the Association may determine. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorney's fees, and/or proceed with any other permissible legal remedy then available to the Association. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

SECTION 9. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 10. Foreclosure of Liens for Unpaid Common Expenses.

In an action brought by the Board of Directors to foreclose on a Lot because of unpaid Common Expenses, the Board, acting on behalf of all Lot Owners, or on behalf of any one or more individual Lot

Owners, if so interested, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage convey or otherwise deal with the same, subject, however to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses may be maintainable without foreclosing or waiving the lien securing the same.

ARTICLE V
ARCHITECTURAL CONTROL

No site preparation or initial construction, erection or installation of any improvements including, but not limited to, building, fences, signage, walls, screens, plantings or other structure shall be commenced, erected or maintained upon the Property, or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration thereto be made by any Lot Owner until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the reasonable discretion of the Board of Directors of the Association, or by the reasonable discretion of the architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with, provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding the foregoing. The Association shall have the right, at its election, but not required, to enter upon any of the Property during site preparation or construction, erection or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workman-like manner, utilizing approved methods and good quality materials.

ARTICLE VI
INSURANCE

Section 1. Insurance to be Maintained by the Association.

(a) Commencing not later than the time of the first conveyance of a lot to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

- (1) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies, and
- (2) Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

(b) If the insurance described in subsection (a) of this section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by

United States mail to all Lot Owners. The Declaration may require the Association to carry any other insurance, and the Association in any event may carry any other insurance it deems appropriate to protect the Association or the Lot Owners.

(c) Insurance policies carried pursuant to subsection (a) of this section shall provide that:

- (1) Each Lot Owner is an insured person under the policy to the extent of the Lot Owner's insurable interest,
- (2) The insurer waives its right to subrogation under the policy against any Lot Owner or member of the Lot Owner's household;
- (3) No act or omission by any Lot Owner, unless acting within the scope of the owner's authority on behalf of the Association, will preclude recovery under the policy; and
- (4) If, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(d) Any loss covered by the property policy under subdivision (a)(1) of this section shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Lot Owners and lien holders as their interests may appear. Subject to the provisions of subsection (h) of this section, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Lot Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the planned community is terminated.

(e) An insurance policy issued to the Association does not prevent a Lot Owner from obtaining insurance for the Lot Owner's own benefit.

(f) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot Owner, mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Lot Owner, and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(g) Any portion of the Property for which insurance is required under subdivision (a)(1) of this section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Association is terminated, (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Lot Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of owners assigned to the limited common elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If any portion of the Property is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the planned community, (ii) the insurance proceeds attributable to limited Common Elements which are not rebuilt shall be distributed to the owners of the lots to which those Limited

Common Elements were allocated, or to lien holders, as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to all the Lot Owners or lien holders, as their interests may appear, in proportion to the common expense liabilities of all the lots.

Notwithstanding the provisions of this subsection, G.S. 47F-2-118 (termination of the planned community) governs the distribution of insurance proceeds if the planned community is terminated.

SECTION 2. Liability Insurance.

The Association shall obtain and maintain a Comprehensive General Liability Insurance Policy covering all Common Areas, public ways and other areas that are under its supervision. The policy shall provide coverage of at least \$300,000 for bodily injury and property damage for any single occurrence. The premium for said policy shall be paid by the Association.

SECTION 3. Fidelity Bond.

The Association shall have Fidelity Bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. A management agent that handles funds for the Association shall be covered by its own Fidelity Bond.

Except for Fidelity Bonds that a management agent obtains for its personnel, all other bonds shall name the Association as an obligee and their premiums shall be paid by the Association as a common expense.

The Fidelity Bonds shall be in a sufficient amount to cover the aggregate of the following:

- a. The maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force;
- b. The sum of three (3) months assessments of all amounts in the project; and
- c. All reserve funds of the Association.

Section 4. Insurance to be maintained by the Lot Owner.

The Association shall not provide nor purchase insurance for the repair or replacement of any Building. It shall be, and hereby is, the responsibility of each Lot Owner to procure and obtain the following types of insurance coverage:

(1) Property insurance on the Lot Owner's individual Lot insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the

insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies, and

(2) Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Lot.

SECTION 5. Notice to Association and Mortgagors.

All insurance policies and bonds must include a provision that calls for ten (10) days written notice to the Association and each holder of a first mortgage before the bond or insurance can be canceled or substantially modified for any reason.

ARTICLE VII USE RESTRICTIONS

SECTION 1. Land Use and Building Type.

No Lot shall be used except for residential purposes except in the storage area. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single family dwelling not to exceed three (3) stories in height, unless approved by the Board of Directors. Any building erected, placed or altered on any Lot shall be subject to the provisions of the Article V of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

SECTION 2. Nuisances.

No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

SECTION 3. Temporary Structures.

No structure of a temporary character, such as a basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently.

SECTION 4. Animals.

No livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other common household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are at all times not a nuisance to other Owners, properly leashed or confined in an approved area. All persons owning pets are required to keep all Lots and Common Elements clear of waste from their pets at all times. Any person walking a pet within the Property shall be responsible for the immediate removal of their pet's waste material.

SECTION 5. Outside Antennas.

No outside radio or television antennas shall be erected on any Lot or Dwelling unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

SECTION 6. Exterior Lights.

All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot shall be clear, white or non-frost lights or bulbs.

SECTION 7. Storage Area Maintenance.

The storage area shall be fenced with opaque fencing not less than six (6) feet in height with no access to any person other the declarant, Lot owners and their invitees. All boats, recreational vehicles, etc...should be registered to a lot owner.

Insurance. Nothing shall be kept, and no activity shall be conducted, on the Property which will increase the rate of insurance, for the Property or the contents thereof.

No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his townhome or on the Common Elements which will result in the cancellation of insurance on any portion of the Property or the contents thereof, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Elements. Any increase in insurance premium attributed to a Lot Owner shall be charged to that Lot Owner.

Section 8. Offensive Behavior.

No immoral, improper, offensive or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, order, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with.

Section 9. Parking.

No boats, trailers, campers, motor homes, commercial trucks or tractors shall be parked on the Property or on any right of way of any street adjoining the Property by any Lot Owner, its family members, tenants or contract purchasers, except as may be permitted by the Rules and Regulations.

Section 10. Signs.

No Owner shall display, or cause to allow to be displayed, to public view any sign, placard, poster, billboard or identifying name or number upon any Building, or any portion of the Common Elements, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority, provided, however that any mortgagee who may become the Owner of any Lot, or their respective agents may place "For Sale" or "For Rent" signs on any unsold or unoccupied townhome.

Section 11. Alterations.

No person shall undertake, cause or allow any alteration of structures in or upon any portion of the Common Elements except at the directions or with the express written consent of the Association.

Section 12. Common Elements Use.

The Common Elements shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the townhomes, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

ARTICLE VIII
EASEMENTS

SECTION 1. Utility and Drainage.

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the front and rear ten (10) feet of each lot and within all commons walls. Within these easements, no structure, planting or other material shall be placed or permitted, to remain which may interfere with the installation and maintenance of drainage, or which may obstruct or retard the flow of water.

SECTION 2. Emergency Repairs.

The Association is hereby granted a permanent easement to enter any properties, including any individually owned Lot, for the sole purpose of effectuating emergency repairs.

SECTION 3. Ingress and Egress.

Each Lot Owner shall have an unrestricted right of ingress and egress to their Lot. This right shall pass and inure to the benefits of all future Lot Owners.

SECTION 4. Encroachment.

Any and all encroachments and violations of less than one foot shall be deemed a minor violation and each Owner or the Association shall be deemed to have granted an easement appurtenant to the violating Lot for said encroachment.

ARTICLE IX
GENERALD PROVISION

SECTION 1. Enforcement.

The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2. Severability.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way effect any other provisions which shall remain in full force and effect.

SECTION 3. Document Availability.

The Association shall have current copies of the Declaration, By-Laws, and other rules concerning the project as well as its own books, records and financial statements available for inspections by Lot Owners or by holders, insurers and guarantors of first mortgages that are secured by Lots and improvements within the development. These documents shall be available during normal business hours and other reasonable circumstances.

There shall be an annual audited statement prepared each year with copies made available to the Lot Owner, and any holder, insurer or guarantor of any first mortgage that is secured by a Lot within the development any lot owner or holder insures or guarantees any eligible first mortgage may at their expense obtain an audited statement.

SECTION 4. Condemnation, Destruction or Liquidation.

The Association will be deemed to represent the Owners in any losses or proceeds from condemnation, destruction or liquidation of all or a part of the Common Areas and shall have the authority to negotiate, settle and otherwise make agreements on behalf of all Lot Owners and any and all sums payable shall be distributed to the Lot Owners and their mortgage holders. Any and all funds shall be distributed to each of the Lot Owners in equal shares. However, all first mortgage holders shall be given ten (10) days prior to any disbursements to the Lot Owners.

SECTION 5. Limitation on Ability to Sell and Lease.

No Lot Owners right to sell, convey, transfer or mortgage his Lot shall be restricted. However, no Lot shall be leased for less than one hundred and eighty (180) days.

SECTION 6. Mortgage Approval.

The following actions will require the prior written approval of at least fifty-one percent (51%) of the eligible holders: Annexation of additional properties, other than contained herein, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

SECTION 7. Amendment.

The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty-five (35) years from the date of this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than fifty percent (50%) of the Lot Owners.

IN WITNESS WHEREOF, the Hammocks Home Owners Association hereto has set their hand and seal this the 5th day of Sept 2014.

Rhodium Date 9/5/2014
President

Michael a. Favato Date Sept. 5, 2014
Director

North Carolina

Carteret County

I, Andrea Marie Phillips Notary Public for said County and State, do hereby certify
that Michael Favata personally appeared before me this day and
acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the 05th day of Sept, 2014.

Notary Public Andrea Marie Phillips

My commission expires Nov 01, 2014, 20

