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DECLARATION OF CONDOMINIUM

Crossmann Communities of North Carolina, Inc., a North Carolina corporation with its principal place of business in Brunswick County, North Carolina, hereinafter referred to as "Declarant," does hereby make, declare and establish this Declaration of Condominium on this 7th day of December, 1999, as and for the plan of dwelling ownership of Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc., being the property and improvements hereinafter described.

I.

ESTABLISHMENT OF CONDOMINIUM

Declarant is the owner of the fee simple title to that certain real property (Phase I) together with easements for ingress and egress to and from such property situated in Brunswick County, State of North Carolina, which property is described on Exhibit "A" attached hereto and incorporated herein by reference, and on which property there has been constructed one (1) three-story building containing a total of six (6) condominium living units and their supporting facilities, areas designated for parking spaces and other appurtenant improvements. The building is of wood frame construction as more particularly shown on Exhibit "B" hereto. There are no basements. Declarant does hereby submit the above-described property and improvements to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina (North Carolina Condominium Act), and hereby declares the same to be a condominium to be known and identified as "Sunset Village at Sandpiper Bay Golf & Country Club Association, Inc.," sometimes hereinafter referred to as the "Condominium".

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof as Exhibit "B" is a survey of the land and graphic descriptions and plans of the improvements constituting the Condominium (the "Condominium Plan"), identifying the Units and Common Elements, as said terms are hereinafter defined, and their respective locations and approximate dimensions. Each Unit has been assigned an Identifying Number on said Exhibit "B" and no Unit bears the same Identifying Number as any other Unit. The Condominium Plan is recorded in Condominium Plat Book 8 at Page 5256, Brunswick County Public Registry.

ALTHOUGH PORTIONS OF SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB ARE LOCATED ADJACENT TO PROPERTY ON WHICH IS CURRENTLY LOCATED A GOLF COURSE AND RELATED FACILITIES, SUCH GOLF COURSE AND RELATED FACILITIES ARE OWNED BY AN UNRELATED THIRD PARTY AND ARE NOT OWNED OR CONTROLLED BY DECLARANT. NO OWNER SHALL ACQUIRE ANY RIGHTS IN SUCH GOLF COURSE AND RELATED FACILITIES BY VIRTUE OF HIS

OWNERSHIP OF A UNIT(S) WITHIN SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB CONDOMINIUM. FURTHER, DECLARANT MAKES NO REPRESENTATIONS REGARDING THE CONTINUED EXISTENCE OF SAID GOLF COURSE OR AS TO THE FUTURE USE OF THE PROPERTY ON WHICH SAID GOLF COURSE IS CURRENTLY LOCATED.

III.
DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration (unless content shall clearly indicate otherwise) shall have the following meanings:

- A. "Association" means council of co-owners as defined by the Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc., the corporate form by which the council of co-owners shall operate Sunset Village at Sandpiper Bay Golf & Country Club Condominium.
- B. "Assessment" means a Unit Owner's pro rata share of the common expenses which from time to time is assessed against a Unit Owner by the Association in acceptance with the terms of this Declaration.
- C. "Building" means a structure containing in the aggregate two or more Units comprising a part of the Condominium.
- D. "Common Elements" means and includes the elements described in Section 47C-1-103 of Chapter 47C of the General Statutes of North Carolina, known as the North Carolina Condominium Act, and in this Declaration (including Exhibits), as "Common Elements" and also the following:
 - 1. Easements through Units for conduits, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to Units and the general Common Elements; provided, however, such easements through a Unit shall be only according to the plans and specifications for the Building, or as the Building is constructed unless otherwise approved in writing by the Unit Owner;
 - 2. An easement of support in every portion of a Unit which contributes to the support of a Building;
 - 3. Easements through the Units and general Common Elements for maintenance, repair and replacement of the Units and general Common Elements;

4. Installations for the furnishing of utility services to more than one Unit or to the general Common Elements or to a Unit other than the one containing the installation, which installation shall include ducts, plumbing, wiring and other facilities for the rendering of such services; and
 5. The tangible personal property required for the maintenance and operation of the Condominium, even though owned by the Association.
- E. "Common Expense" means the expenses for which the Unit Owners are liable to the Association and include:
1. Expenses of administration, management, maintenance, insurance, operation, repair or replacement of the Common Elements and of the portions of Units which are the responsibility of the Association;
 2. Expenses declared Common Expenses by provisions of this Declaration; and
 3. Any valid charges against the Condominium as a whole.
- F. "Common Surplus" means the excess of/or receipts of the Association, including, but not limited to Assessments over the amount of Common Expenses.
- G. "Condominium" refers to Sunset Village at Sandpiper Bay Golf & Country Club Condominium and means the form of individual ownership of a particular Unit in a Building together with the common right to a share with other co-owners in the general Common Elements.
- H. "Co-owner" or "Owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof, which owns a Unit within a Building.
- I. "Limited Common Elements" shall have the meaning attributed thereto in Article V of this Declaration.
- J. The term "Unit" or "Units" herein may also be described as "Villas" or "Dwellings".

IV.

THE PROPERTY

The lands and improvements which are submitted to the Sunset Village at Sandpiper Bay Golf & Country Club Condominium are described as follows:

FOR PROPERTY DESCRIPTION SEE ATTACHED Exhibit "A" WHICH IS INCORPORATED HEREIN AND MADE A PART AND PARCEL HEREOF.

All parcels of Land are submitted subject to all recorded easements and to the covenants and provisions of the Declaration.

The easements reserved by the Declarant shall include, but not be limited to, the easements expressly reserved by the Declarant pursuant to the terms of this Declaration and the Exhibits and Amendments hereto, as well as non-exclusive easements over the roads, driveways, and parking areas for ingress and egress (including vehicular ingress and egress) and for the installation and maintenance of utilities. Such easements may be assigned, mortgaged or otherwise conveyed by Declarant, including a partial or non-exclusive assignment, mortgage or conveyance of such rights held by Declarant.

Declarant reserves the right as hereinafter provided in Article VII to incorporate within the land and to subject to this Declaration additional parcels of land for the purpose of incorporating Phases II through C, or any of them, into the Association, which may be incorporated collectively and which Phases may be incorporated in any sequence as Declarant in its sole discretion may decide. The parcels of land to be incorporated as Phases II through C will be shown on one or more additional exhibits to be added by amendment to this Declaration.

V.

UNITS, COMMON ELEMENTS AND
LIMITED COMMON ELEMENTS

The Condominium consists of Units, Common Elements, and Limited Common Elements as said terms are hereinafter defined.

Units, as the term is used herein, shall mean and comprise the six (6) separate and numbered Units which comprise Phase I and are described in Exhibit "B" to this Declaration, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings of each Unit, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior loadbearing walls and/or unfinished bearing partitions, and further excluding all pipes, ducts, wires, conduits and

other facilities running through any interior wall or partition for the furnishing of utility services to Units and Common Elements.

Common Elements, as the term is used herein, shall mean and comprise all of the real property, improvements and facilities of the Condominium other than the Units, as same are hereinabove defined, and shall include easements through Units for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility service to Units and Common Elements, easements of support in every portion of a Unit which contributes to the support of the improvements, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the Owners of all such Units. The term "Common Elements" may be further defined in other provisions of this Declaration and the exhibits and amendments hereto by specific designation of certain improvements and facilities as Common Elements. Such further designation of Common Elements shall not act to limit the definition of Common Elements as herein provided, but is intended to be in addition thereto.

Limited Common Elements as the term is used herein shall mean and comprise the following: (A) grade-level patios or stoops, balconies and screened porches accessible by normal means from the Unit, immediately adjacent to the Unit; (B) storage room adjacent to the Unit; and (C) all water, power, telephone, electricity, plumbing, gas and sewage lines located in the Unit; provided, however, that the portion of said lines located in a common compartment for, or installation of, such lines shall be Common Elements as described above. Limited Common Elements are intended for the exclusive use and benefit of the Unit which it is associated with. In all other respects, and except as specifically provided in this Declaration, Limited Common Elements shall be treated as, and included within the definition of the term Common Elements.

VI.

OWNERSHIP OF UNITS AND APPURTENANT
INTEREST IN COMMON ELEMENTS

Each Unit shall be conveyed and treated as individual property capable of independent use and fee simple ownership, and the Owner or Owners of each Unit shall own, as an appurtenance to the ownership of each said Unit, an undivided interest in the Common Elements, the undivided interest appurtenant to each said Unit being that which is hereinafter specifically assigned thereto. The percentage of undivided interest in the Common Elements assigned to each Unit shall not be changed except with the unanimous consent of all of the Owners of all of the Units and except as provided in Article VII with regard to the amendments of this Declaration to submit additional Phase(s) into this Condominium Association. There shall also be appurtenant to each Unit the exclusive right to the use of the Limited Common Elements appurtenant to that Unit in accordance with the provisions of this Declaration.

VII.

DEVELOPMENT RIGHTS

- A. Addition of Real Estate to Condominium; Creation of Additional Units, Common Elements and Limited Common Elements. Declarant hereby reserves the right for fifteen (15) years from the date of recording of this Declaration to add additional real estate to the Condominium, and to create upon such additional real estate, additional Units, Common Elements and Limited Common Elements, all without the consent of any Unit Owner or mortgagee. The additional property shall be referred to as Phase II through Phase C. Each additional phase shall consist of one building containing not less than two (2) units and not more than fifteen (15) units and associated Common Elements. If the Declarant exercises its right and option to add Phases II through C (or one or more of said Phases), the property of said phase then submitted will become an integral part of Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc. once the appropriate amendment to this Declaration has been filed as hereinafter provided. In the event Declarant elects to add additional phases to the Condominium, such expansion could result in the addition of up to five hundred thirty (530) additional Units. The total number of Units in the Condominium shall not exceed five hundred thirty-six (536). Additional real estate, if added to the Condominium, will be located within the land described in Exhibit "C" attached hereto and incorporated herein by reference. Declarant shall have no obligation of any kind to add any or all of the additional phases described herein to the Condominium nor to add any additional phases in any particular sequential order. Declarant makes no representations that any buildings or Units constructed within such additional phases will be similar in exterior appearance, design, size, structure, building material or in interior lay-out to the original buildings and Units constructed within the Condominium.

In the event Declarant elects, in accordance with the provisions of the Declaration to proceed with the development of Phase II through C or so many of said phases as it might elect, within the time provided in the Master Deed, the percentage of undivided interest appurtenant to each Unit in Phase I and any Phase(s) previously submitted, as of the date of recording the amendment incorporating each additional Phase, will automatically be the percentage to be set forth in a chart which Declarant must record as part of its election to construct and submit Phase II through C, or so many of them as Declarant might elect. Such percentage interest shall be determined by the ratio of the statutory value of the individual Unit as the same bears to the total statutory values of all Units within the Condominium. Provided, however, the assigned values to be reflected in the chart for Units in additional phases must be the values provided in the following schedule depending on the type of Unit involved as follows:

<u>Type</u>	<u>Statutory Value</u>
Studio	\$ 67,800
1 Bedroom Unit	\$ 70,600
2 Bedroom Unit (Approx. 815 sq. ft.)	\$ 76,650
2 Bedroom Unit (Approx. 1,035 sq. ft.)	\$ 87,600
3 Bedroom Unit	\$ 92,400
4 Bedroom Unit	\$102,400

The actual percentage interest of each Unit may be computed in accordance with the following formula with the result obtained from such formula being then expressed as a percentage:

$$\frac{\text{Statutory Value of the Unit}}{\text{Total Statutory Value of all Units submitted to the Horizontal Property Regime}} = \text{Percentage Interest of the Unit (Expressed as a Percentage).}$$

- B. Conversion of Units to Common Elements. Declarant hereby reserves the right for fifteen (15) years from the date of recording of this Declaration to convert an existing Unit or Units owned by Declarant entirely to Common Elements, without the consent of any Unit Owner or mortgagee. Declarant's right under this Paragraph B shall apply to Units created under this original Declaration as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Paragraph A of this Article, if the amendment adding such real estate so provides.

If Declarant elects to exercise its right to convert Units to Common Elements, Declarant shall file an amendment to this Declaration reallocating the allocated interest appurtenant to the former Unit(s) equally among the remaining Units in the Condominium.

- C. Declarant Rights Assignable. The right to submit additional Phases to the Condominium Association is assignable by the Declarant. If Declarant elects to assign such right, the assignee shall be solely responsible therefor including, but not limited to the quality of construction and compliance with this Declaration.
- D. Method of Exercising Development Rights. In the event Declarant exercises any of its development rights under Paragraphs A, B, C, or D of this Article, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Declaration in the public records of Brunswick County, North Carolina, such amendment to refer specifically to the recording data identifying this Declaration. Such amendment shall assign an Identifying Number to any new Unit created thereby, describe any new Common Elements and Limited Common

Elements created thereby and, in case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. If appropriate, the amendment shall reallocate the allocated interest in the Common Elements among all Units then located in the Condominium.

In addition to the execution and recordation of the amendment to the Declaration described above, Declarant shall record in the public records of Brunswick County, either new plats and plans of the Condominium evidencing the changes effected by Declarant's exercise of its development rights, or new certifications of the plats and plans previously recorded if the Condominium continues to conform to those plats and plans.

Each Unit Owner shall be deemed by his acceptance of the deed to a Unit to have consented to the Development Rights reserved in this Article and to any amendments previously or thereafter executed by Declarant pursuant to this Article and to Article XXXVI (Amendment of Declaration of Condominium). Except as provided in this Declaration, the allocated interest in the Common Elements appurtenant to each Unit shall not be changed except with the unanimous consent of all Unit Owners and with the consent of all of the institutional lenders holding first mortgages or deeds of trust on the Units.

Any and all of the Development Rights reserved under this Article VII may be exercised as to any, all or none of the real estate described in Exhibit "A", Exhibit "B" and Exhibit "C" of this Declaration, at different times and from time to time, and in any sequence, all in the sole discretion of the Declarant.

VIII.

**RESTRICTION AGAINST FURTHER SUBDIVIDING OF
UNITS; REALLOCATION OF LIMITED
COMMON ELEMENTS; SEPARATE CONVEYANCE
OF COMMON ELEMENT INTEREST PROHIBITED**

No Unit may be divided or subdivided.

Limited Common Elements may be reallocated by two or more Unit Owners between or among whose Units reallocation is made. The Association, at the expense of such Unit Owners, shall prepare and record the executed amendment in the names of Unit Owners executing same, in the same manner as a deed, in the public records of Brunswick County, North Carolina.

Except as otherwise provided in this Declaration, the allocated interest in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the allocated interest in the Common

Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such allocated interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transaction 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 allocated interest in Common Elements, 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 describes said Unit by the Identifying Number assigned thereto in Exhibit "B" without limitation or exception, shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership by more than one person or entity as tenants in common or as joint tenants.

IX.

CONDOMINIUM SUBJECT TO RESTRICTIONS

The Units, Common Elements and Limited Common Elements shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use thereof and setting forth the obligations and responsibilities incident to ownership of each Unit and its allocated interest in the Common Elements, and said Units, Common Elements and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium.

Listed below is the recording data for all easements and licenses which have been recorded:

- A. Easements, setback lines and any other matters shown on plat recorded in Book 19, Page 206, Brunswick County Registry.
- B. Mineral Rights reserved in Deed Book 611, Page 660 and Notice of Mineral Claim dated August 4, 1987 and recorded in Deed Book 703, Page 366, Brunswick County Registry.
- C. Reserved right-of-way for ingress, egress, regress and access in and over the insured tract to maintain the golf course, including the construction, maintenance and up keep of golf cart path and maintenance vehicle pathways from Stone Canyon Development Company, Inc to North Star Carolina Corporation recorded in Deed Book 1188, Page 1128, Brunswick County Registry.
- D. Utility Easement to construct, install, operate and maintain electrical transmission lines from International Paper Company to Brunswick Electric Membership Corporation recorded in Deed Book 534, Page 804, Brunswick County Registry.
- E. Right-of-way Easement from North Star Carolina Corporation to Atlantic

Telephone Membership Corporation recorded in Deed Book 717, Page 685, Brunswick County Registry.

- F. Agreement and Covenant To Share Costs, Sandpiper Bay Golf Plantation, dated July 10, 1998 and recorded July 10, 1998 in Deed Book 1235, Page 79, and as subsequently amended in First Amendment to Agreement and Covenant to Share Costs Sandpiper Bay Golf Plantation dated November 30, 1998 and recorded December 9, 1998, in Deed Book 1236, Page 183, Brunswick County Registry.
- G. Easements and Restrictions as listed in Deed from Stone Canyon Development Company, Inc. to Crossmann Communities of North Carolina, recorded in Deed Book 1278 at Page 838, February 3, 1999, records of Brunswick County, including but not limited to:
1. Limitations on access to golf course;
 2. Restrictions against use of billboards, signs, clotheslines, animal pins, parking of trailers and boats;
 3. Proper maintenance, repair and replacement of screened porches;
 4. Restrictions against channeling or directing drainage, water run-off onto golf course; and
 5. Restrictions on use of golf course lakes for swimming, boating, diving or wading.
- H. Plat of Survey prepared by Norris & Ward Land Surveying, Steve M. Norris, R.L.S., dated January 25, 1999 and recorded in Map Book 20 Page 524, shows the following:
1. Fifteen (15') foot maintenance easement along lake;
 2. Sixty (60') foot access easement; and
 3. Cart path.

X.

PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON ELEMENTS

The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Unit Owners for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, and for the furnishings or services and facilities for which the same are reasonably intended, for the enjoyment of said Unit Owners. Notwithstanding anything above provided in this Article, Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc., hereinafter identified, shall have the exclusive right to establish the rules and regulations pursuant to which a Unit Owner, his family, guests and invitees, may be entitled to use the Common Elements, including the right to

a Unit Owner, his family, guests and invitees, may be entitled to use the Common Elements, including the right to make permanent and temporary assignments of parking spaces, and to establish regulations concerning the use thereof.

XI.

EASEMENTS FOR UTILITIES

Declarant hereby reserves, for the benefit of itself, its successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power and authority to grant and accept easements to and from any private or public authority, agency, public service district, public or private utility or other person or company upon, over, under and across all or any portion of the Common Elements for constructing, installing, replacing, repairing, operating, maintaining and using master television antenna, television cable systems and/or telephone systems. Such easements may be granted or accepted by Declarant with respect to the Common Elements without notice to or consent by the Association or Unit Owners. Telephone, master television antennas and/or cable system services may be provided to the project pursuant to the terms of agreements between the Association and Declarant, its affiliates, its successors or assigns, or third parties. However, nothing herein shall obligate Declarant to provide any such services.

Pursuant to this provision, Declarant has granted, or intends to grant, an easement to Atlantic Telephone Service for the purpose of providing telephone service to the project and this Declaration is granted subject to the terms of that Easement. Pursuant to the terms of said Easement and related agreements, all equipment used for the purposes of providing telephone service to the project, is and shall remain the property of Atlantic Telephone Service.

XII.

RESTRAINT UPON SEPARATION AND PARTITION
OF COMMON ELEMENTS

Recognizing that the proper use of a Unit by its Unit Owner(s) is dependent upon the use and enjoyment of the Common Elements in common with the Unit Owners of all other Units, and that it is in the interest of all Unit Owners that the ownership of the Common Elements be retained in common by the Unit Owners, it is hereby declared that the allocated interest in the Common Elements 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.

XIII.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

If any portion of the Common Elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements as a result of the construction or repair of any building or if any such encroachment shall occur hereafter as a result of settlement or shifting of any building or otherwise, a valid easement for the encroachment and for the maintenance of the same, so long as the building stands, shall exist. In the event any Building, any Unit, any adjoining Unit, or any adjoining Common Element shall be partially or totally destroyed as the result of fire or other casualty or as the result of condemnation or eminent domain proceedings, and the reconstructed building, Unit or part of the Common Elements encroaches upon any Unit or over any Unit, or upon any portion of the Common Elements due to such reconstruction, the reconstruction shall be permitted and valid easements for such encroachments and maintenance thereof shall exist so long as the building shall stand.

XIV.

PERCENTAGE OF UNDIVIDED INTEREST IN
COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in the Common Elements appurtenant to each Unit in Phase I is that percentage of undivided interest which is set forth and assigned to each Unit in that certain Schedule which is annexed hereto and expressly made a part hereof as Exhibit "D" or, following submission of additional Phase(s), calculated in accordance with the schedule set forth in Exhibit "B".

XV.

EASEMENT FOR AIR SPACE

The Owner of each Unit shall have an exclusive easement for the use of the air space occupied by said Unit as it exists at any particular time and as said Unit may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

XVI.

ADMINISTRATION OF THE CONDOMINIUM
BY SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB
CONDOMINIUM ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the Condominium by the Unit Owners, a nonprofit North Carolina corporation known and designated as Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc. (hereinafter referred to as the "Association") has been organized, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. The Unit Owner(s) of each Unit shall automatically become members of said corporation upon his, their or its acquisition of an ownership interest in title to any Unit and its allocated interest in the Common Elements, and the membership of such Unit Owner(s) shall terminate automatically upon such Unit Owner(s) being divested of such ownership interest in the title to such Unit, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said corporation or to any of the rights or privileges of such membership except as set forth in Article XLI (Right of Declarant to Representation on Board) hereof. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Board of the Association (hereinafter referred to as the "Board") of said Association may deem to be in the best interests of the Association.

The Board may delegate the following powers and duties to a profit or nonprofit corporation (or unincorporated association) which exercises such other powers and duties on behalf of one or more condominiums or for the benefit of the Unit Owners of one or more condominiums:

- A. To make, levy and collect assessments against Unit Owners and Units to defray the Common Expenses of the Condominium;
- B. To maintain, repair, replace, operate and manage the Common Elements wherever the same is required to be done and accomplished by the Association and to approve any expenditure made or to be made for said purposes;
- C. To contract for the management of the Condominium and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Executive Board or the membership of the Association;

- D. To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units and the appurtenances thereto, and to assess the same against the Unit Owners and their respective Units subject to such liens;
- E. To purchase insurance for the protection of the Unit Owners and the Association against casualty and liability in accordance with Article XXVIII of this Declaration;
- F. To pay all costs of power, water, sewer and other utility services rendered to the Condominium and not directly billed to the Unit Owners; and
- G. To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium including the Common Elements.

XVII.

RESIDENTIAL USE RESTRICTION APPLICABLE TO UNITS

Each Unit is hereby restricted to residential use by the Owner or Owners thereof, their immediate families, guests, and invitees; provided, however, there shall be no restriction as to the length of time which an Owner may rent his or her Unit. Further, provided, however, that so long as Declarant shall retain any interest in any Unit or have the right to add any additional Phase(s) to the Condominium, it may utilize a Unit or Units of its choice, from time to time, for sales offices, models, and/or other usages for the purpose of selling and marketing Units in the Condominium or in other projects in which Declarant or its affiliates may have an interest.

No Unit or any portion thereof may be submitted to a plan of interval ownership or any form of timesharing. Provided however, nothing herein shall be construed as limiting the right of any Owner of any Unit from renting or leasing his or its Unit.

XVIII.

SPECIAL DECLARANT RIGHTS

- A. Sales and Management Offices; Model Units; Advertising on Common Elements. Declarant shall have the right to maintain a sales office, a management office, and no more than 10 Unit models in Units and to display advertising signs upon the Common Elements during the period of Unit sales. Any such offices, model Units or signs may be located within such Units and upon such portions of the Common Elements as Declarant shall elect, and Declarant shall have the right at any time and from time to time to relocate any offices, model Units or signs from their previous location to another location. Further still, Declarant may assign this commercial usage right to such other persons or entities as it may choose;

provided, however, that when all Units have been conveyed and the Declarant, its successors and assigns, no longer has the right to add any additional Phase(s) to the Condominium, this right of commercial usage shall immediately cease. Further, the Declarant shall have the right and easement to install and maintain signage on portions of the Common Elements to be used relative to Declarant's marketing of Units within the Condominium, and other projects in which the Declarant or its affiliates may have an interest, as long as Declarant owns a Unit(s) within the Condominium or has the right to add an additional Phase(s) to the Condominium. Such rights shall terminate when all Units in all phases of the Condominium are sold and conveyed to third parties and Declarant has no right to add additional phases.

- B. Easements through Common Elements. Declarant shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary for the exercise of any of the Development Rights set out in Article VII of this Declaration or the Special Declarant Rights reserved in this Article; as may be reasonably necessary to construct improvements on the land described in Exhibit "C" and, as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Declaration or under the North Carolina Condominium Act.

XIX.

USE OF COMMON ELEMENTS SUBJECT TO
RULES OF ASSOCIATION

Subject to the terms and provisions of this Declaration, the use of Common Elements by the Owner or Owners of all units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the Association.

In addition to the rules and regulations promulgated by Association, the property is hereby restricted such that the only pets which are permitted within the Condominium, including the Units and the Common Elements are companion pets such as birds, domesticated cats, fish, dogs and other small mammals. Under no circumstances are exotic cats, non-human primates, reptiles, horses or other farm livestock or zoo type animals permitted within the Condominium. Pets must be on a leash or carried when on any Common Elements. It shall be the Owner's obligation to dispose of waste material from pets. The Board shall have the right to order the removal of any pet which, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be permanently removed from the Condominium. A pet not on a leash shall be deemed a nuisance. Failure to properly dispose of the waste material from a pet shall be deemed a nuisance.

In addition to the rules and regulations promulgated by the Association, the property is hereby restricted such that no trailers, campers, mobile homes, boats, watercraft or unregistered, abandoned or inoperable motor vehicles are permitted within the Common Elements or Limited Common Elements.

In addition to the foregoing, no grills of any kind may be located within a Unit nor shall any other cooking devices be located, maintained or used on any Common Element, except in areas specifically designated for their use by Association. Further, the Association may promulgate additional rules and regulations regarding the use and storage of grills and cooking devices.

XX.

THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES:
RESTRICTION AGAINST NUISANCES

No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Unit Owner shall permit or suffer anything to be done or kept in his Unit or on the Common Elements, including any Limited Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Unit Owner undertake any use or practice which shall create and constitute a nuisance to any other Unit Owner, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

XXI.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any Unit, regardless of whether the Unit Owner is present at the time of such emergency, the Board of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Unit, if required by the Association, shall deposit under the control of the Association a key to such Unit.

XXII.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements, the Unit Owner(s) of

each Unit shall permit a duly constituted and authorized agent of the Association to enter such Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

XXIII.

LIMITATION UPON RIGHT OF UNIT OWNERS TO
ALTER AND MODIFY UNITS; NO
RIGHT TO ALTER COMMON ELEMENTS

- A. A Unit Owner may, after acquiring an adjoining Unit and obtaining the written consent of the Board, remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element, if such acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Such removal of partitions or creation of apertures as described in this paragraph is not an alteration of Unit boundaries.
- B. The Association, through the Board (or its Architectural Control Committee), shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium (including painting or other decoration, the installation of electrical wiring, television or radio antennae or any other objects or devices which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. No Unit Owner shall cause any object to be fixed to the Common Elements (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or to any Limited Common Elements or in any manner change the appearance of the Common Elements or Limited Common Elements without the written consent of the Association being first obtained.
- C. Without limiting the foregoing, but except as hereinafter provided, no Owner shall install any receiving or transmitting device which requires any exterior protrusion, nor shall any antennas or other receiving or transmitting devices be located on any balcony, porch, patio or deck. Notwithstanding the foregoing, the following types of antennas may be installed, but only in accordance with reasonable rules and regulations to be promulgated by the Association:
- (a) a dish antenna that is one (1) meter or less in diameter and is designed to receive direct broadcast satellite service, including direct to home satellite service;

- (b) an antenna that is one (1) meter or less in diameter or diagonal measurement and is designed to receive video programming services via multi-channel multi-point distribution (wireless cable) providers (MMDS); or (c) an antenna that is designed to receive television broadcast signals.
- D. Further, no clotheslines shall be placed or maintained on the exterior of any Unit (including on any balconies, porches, patios or decks). In addition, for the purpose of aesthetic harmony, all window treatments shall include a uniform white backing which shall be visible from the exterior of the Unit. All patios, balconies, porches and decks which are a part of a Unit shall be maintained in a neat and orderly appearance by the Owner of the Unit for which its use is intended. Patios, balconies, porches and decks shall not be used for storage.
- E. Any Unit Owner desiring to make any improvements, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Board which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition to the granting of approval of any request made under this Article, the Association may require that the Unit Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Unit Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Unit Owner, and any subsequent Owner of the Unit, by acceptance of a deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth in Article XXXIII, and subject to the lien rights described in said Article.

XXIV.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENT THEREFOR

The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements (including the right to grant and establish upon, over and across the Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and the Common Elements) which do not materially prejudice the rights of any Unit Owner in the use and enjoyment of his Unit, provided the making of such alterations and improvements are approved by the Board, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all Unit Owners. However, where any alterations and improvements are exclusively or substantially for the benefit of the Unit Owner(s) of certain Unit(s) requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Unit Owner(s) of the Unit(s) exclusively or substantially benefitted, the assessment to be levied in such proportion as may be determined by the Board.

XXV.

MAINTENANCE AND REPAIR OF UNITS BY UNIT OWNERS

Every Unit 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 Unit Owners, every Unit Owner being expressly responsible for the damages and liability which his failure to do so may engender. Each Unit Owner shall be liable and 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 serving the Unit, all exterior window and door glass, screens and screened porches, and those portions of utility fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to the Unit. Each Unit Owner shall further be responsible and liable for the maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors within his Unit including painting, decorating and furnishings, and all other accessories which such Unit Owner may desire to place or maintain in his Unit. Whenever the maintenance, repair and replacement of any item for which a Unit Owner is obligated to maintain, replace or repair 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, repair or replacement except that such Unit Owner shall be, in said instance, required to pay such portion of the costs of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

If a Unit Owner fails to perform any maintenance or repair within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, the Association may perform such maintenance as it deems necessary, twenty days (20) after giving written notice to such Unit Owner of the necessary maintenance. The cost of such maintenance performed by the Association shall be assessed exclusively against such Unit Owner and the assessment shall be the personal obligation of such Unit Owner and a lien against such Unit to the same extent provided under Article XXXIII (Assessments: Liability, Lien and Enforcement) of this Declaration.

XXVI.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS
BY THE ASSOCIATION

Except as otherwise herein expressly provided, the Association shall be responsible for the maintenance, repair and replacement of all of the Common Elements, including those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements for the furnishing of utility and other services to more than one of the Units and said Common Elements, and should any incidental damage be

caused to any Unit by virtue of any work which may be done or cause to be done by the Association in the maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. The Association shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary in the exercise and discharge of its maintenance rights and obligations reserved and imposed by this Declaration or under the North Carolina Condominium Act. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense 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 and 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 or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

In addition to the foregoing, the Board shall cause to be maintained a termite bond covering the buildings comprising the Condominium which will provide coverage for the repair, replacement or retreatment of any portion of the buildings which are damaged or destroyed by infestation of termites or other wood-boring organisms. Such bond shall be maintained in full force and effect at all times and the cost thereof shall be a Common Expense of the Association.

XXVII.

PERSONAL LIABILITY AND RISK OF LOSS
OF OWNER OF UNIT AND SEPARATE
INSURANCE COVERAGE, ETC.

The Owner of each Unit may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such Owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such Owner's Unit or upon the Common Elements. All such insurance obtained by the Owner of each Unit shall, wherever such provision shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners of Units, the Association, and the respective servants, agents and guests of said other Owners and the Association, and such other insurance coverage may be obtained from the insurance company from which the Association obtains coverage against the same risk, liability or peril, if the Association has such coverage and if it is available. Risk of loss of or damage to any furniture, furnishings, personal effects and other personal property (other than such furniture, furnishings and personal property constituting a portion of the Common Elements) belonging to or carried on the person of the Owner of each Unit, or which may be stored in any Unit or in, to or upon Common Elements shall be borne by the Owner of each such

Unit. All furniture, furnishings and personal property constituting a portion of the Common Elements and held for the joint use and benefit of all Owners of all Units shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. The Owner of a Unit shall have no personal liability for any damages caused by the Association, any Owner or otherwise in connection with the use of the Common Elements. The Owner of a Unit shall be liable for injuries or damage resulting from an accident in his own Unit, to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

XXVIII.

INSURANCE AUTHORITY TO PURCHASE

Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the managing agent or Board, as trustees for the Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or mortgagee endorsements or to the holders of first mortgages on the Units or any of them.

Such insurance policies must provide, to the extent available, that:

- A. Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;
- B. The insurer waives its right to subrogation under the policy against any Unit Owner, members of his household, the Association and their respective servants, agents and guests;
- C. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;
- D. If, at any time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the Policy described in this Article, the Association's policy provides primary insurance; and
- E. The insurer issuing the Policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner and to 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.

Each Unit Owner may obtain insurance, at his own expense, affording coverage upon his Unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

XXIX.

INSURANCE COVERAGE TO BE MAINTAINED:
USE AND DISTRIBUTION OF INSURANCE PROCEEDS

Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium:

1. Casualty insurance covering the Common Elements and Units, except such personal property as may be owned by the Unit Owners, shall be procured in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier, such coverage to afford protection against (i) loss or damage by fire or other hazards covered by the standard extended coverage or other perils endorsements; and (ii) such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings similar in construction, location and use to the Condominium, including but not limited to vandalism, malicious mischief, windstorm, wind driven rain damage, water damage and war risk insurance, if available;
2. Public liability and property damage insurance in such amounts and in such form as shall be required by the Association to protect the Association and the Owners of all Units, including but not limited to, water damage, legal liability, hired automobile, nonowned automobile and off premises employee coverage;
3. Worker's Compensation insurance to meet the requirements of law;
4. Director's and Officer's liability coverage providing coverage for the Directors and Officers of the Association; and
5. Such other insurance coverage, other than title insurance, as the Board, in its sole discretion may determine from time to time to be in the best interest of the Association and the Owners of all of the Units.

All liability insurance maintained by the Association shall contain cross liability endorsements to cover liability of all Owners of Units as a group as to each Unit Owner.

All insurance coverage authorized to be purchased shall be purchased by the Association for itself and for the benefit of all of the Owners of all Units. The cost of obtaining the insurance coverage authorized above is declared to be a Common Expense, as are all other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

All policies of casualty insurance covering the Condominium shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successor, and the insurance proceeds from any casualty loss shall be held for the use and benefit of the Association and all of the Owners of all Units and their respective mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. The Association is hereby declared to be "Insurance Trustee" acting by and through the Board and is appointed as authorized agent for all of the Owners of all Units for the purpose of negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy or policies of casualty insurance and resulting in loss of or damage to insured property.

The Association shall have the right to delegate the duties of the Insurance Trustee to some other party and all parties beneficially interested in such insurance coverage shall be bound by said delegation.

The Insurance Trustee shall not be liable for the payment of premiums, for the renewal of any policy or policies of casualty insurance, for the sufficiency of coverage, for the form or content of the policies or for the failure to collect any insurance proceeds.

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of the Association and the Owners of all Units and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. The Association, as a Common Expense, may pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution of insurance proceeds to Owners of Units and their mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of the Association, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to the Association, such Certificate to certify unto said Insurance Trustee the name or names of the Owners of each Unit, the name or names of the mortgagee or mortgagees who may hold a mortgage or mortgages encumbering each Unit, and the respective percentages of any distribution which may be required to be made to the Owner or Owners of any Unit or Units, and

his or their respective mortgagee or mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering a Unit shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the Owner or Owners of any Unit or Units, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the Owner or Owners of any Unit or Units, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of Common Elements and as to which a determination is made not to repair, replace or restore such personal property. So long as any lender shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, such lender shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage to Common Elements and/or Unit, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such Common Elements, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all Units and their respective mortgagees, the distribution to be separately made to the Owner of each Unit and his said mortgagee or mortgagees, if any, and shall bear the same ratio to the total excess insurance proceeds as the undivided interest in Common Elements appurtenant to each Unit bears to the total undivided interests in Common Elements appurtenant to all Units. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Association shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be deposited by the Association with the Insurance Trustee, in said latter event, may be paid by the Association out of its Reserve for Replacements Fund, and if the amount in such Reserve for Replacements Fund is not sufficient, then the Association shall levy and collect an assessment against all Owners and their Units in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of loss of or damage to property covered by such casualty insurance, the Association shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premiums for such bonds as the Board may deem to be in the best interest of the membership of the Association. Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of the repair, replacement or reconstruction thereof, the

additional monies required to completely pay for such repair, replacement or reconstruction of said loss or damage, shall be deposited with said Insurance Trustee not later than thirty (30) days from the date on which said Insurance Trustee shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the Association, the insurance proceeds, when received by the Insurance Trustee, shall be paid to the Association. In the event of the loss of or damage to personal property constituting a portion of the Common Elements, and should the Board determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Insurance Trustee shall be paid to Association.

XXX.

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

- A. If any part of the Condominium shall be damaged by casualty, the damaged area shall be reconstructed or repaired unless:
 - 1. The Condominium is terminated as provided in Article XXXV hereof; or
 - 2. Repair or replacement would violate any state or local health or safety statute or ordinance; or
 - 3. The Unit Owners, by a vote of Unit Owners owning at least eighty percent (80%) of the allocated interests (including one hundred percent (100%) of the Owners of Units which shall not be rebuilt or whose Limited Common Elements shall not be restored), determine not to rebuild or restore all or any portion of the damaged area.
- B. In the event the Condominium is terminated, insurance proceeds shall be distributed in accordance with Article XXIX of this Declaration.
- C. Any reconstruction or repair shall be performed substantially in accordance with the plans and specifications contained herein and on file with Brunswick County, North Carolina.
- D. If the damage is only to those parts of one or more Units for which the responsibility for maintenance and repair is that of such Unit Owner(s), then such Unit Owner(s) 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.

- E. Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board deems necessary or appropriate.
- F. When the damage is to both Common Elements and Units or to Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the Common Elements, then to the cost of repairing the Units.
- G. In the event the Unit Owners determine, pursuant to Paragraph A of this Article, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows:
 - 1. Proceeds attributable to damaged Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Condominium.
 - 2. Proceeds attributable to Units and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Unit Owners and lienholders of Units which are not to be rebuilt or restored and to the Unit Owners and mortgagees of the Units appurtenant to the damaged Limited Common Elements, in proportion to the damage to such Units and/or Limited Common Elements; and
 - 3. Any remaining proceeds shall be distributed among all Unit Owners and lienholders, as their interests may appear, in proportion to the allocated interests appurtenant to each Unit.
- H. Each Unit Owner shall be deemed to have delegated to the Board of the Association his right to adjust with insurance companies all losses under policies purchased by the Association.
- I. All remittances to Unit Owners and lienholders shall be payable jointly to them.
- J. In the event that the Unit Owners vote not to rebuild a damaged Unit, that Unit's allocated interest in the Common Elements shall be automatically reallocated among the remaining Units at the time of such vote, in proportion to each remaining Unit's (exclusive of the damaged Unit) respective allocated interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Declaration reflecting such reallocation.

XXXI.

CONDEMNATION OF COMMON ELEMENTS OR UNITS

- A. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award thereof shall be paid to the Unit Owner. If the condemning authority does not acquire the Unit's share of allocated interest in the Common Elements, then the Unit's allocated interest shall be automatically reallocated to all remaining Units in proportion to each remaining Unit's (exclusive of the condemned Unit) respective allocated interest prior to the taking. The Association shall prepare, execute and record an amendment to the Declaration reflecting such reallocation. Any portion of a Unit remaining after condemnation of that Unit shall thereafter be a part of the Common Elements.
- B. In the event a portion of the Limited Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of Limited Common Elements shall be paid to the Association as trustee for Unit Owners, and the Association shall apportion the award among the Unit Owners of Units to which such Limited Common Elements were allocated at the time of the taking, in shares of equal value, or in such other proportion as the Association, in its sole discretion, shall determine.
- C. In the event a portion of the Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the Common Elements shall be paid to the Association.

XXXII.

ASSOCIATION TO MAINTAIN REGISTER
OF UNIT OWNERS

The Association shall at all times maintain a register setting forth the names of the Unit Owners. 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. Further, each Unit Owner shall notify the Association of the names of the parties holding any mortgage or mortgages on his 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 record all pertinent information relating thereto.

XXXIII.

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Association is 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 will be continuing or nonrecurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "Common Expense." To provide the funds necessary for such proper operation and management, the Association heretofore has been granted the right to make, levy and collect assessments against the Owners of all Units and said Units. In furtherance of said grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium, the following provisions shall be operative and binding upon the Owners of all Units, to-wit:

- A. All assessments levied against the Owners of Units and said Units, including the Association should it own any Unit, shall be uniform and, unless specifically otherwise provided for in this Declaration, the assessments made by the Association shall be in such proportion that the amount of assessment levied against each Owner of a Unit and his Unit shall bear the same ratio to the total assessment made against all Owners of Units and their Units as does the undivided interest in Common Elements appurtenant to each Unit bear to the total undivided interest in Common Elements appurtenant to all Units.
- B. The assessment levied against the Owner of each Unit and his Unit 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.
- C. The Board, with the assistance of the Management Agent, shall establish an annual budget in advance for each fiscal year which shall correspond to the calendar year, and 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 (as hereinafter provided), such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board, 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 (or non-delivery) of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment. Should the Board at any time determine, in the sole discretion of said Board, 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, said Board shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

- D. Upon the initial sale of each Unit by the Grantor, each Owner purchasing such Unit from the Grantor shall pay over to the Association the amount of \$200.00 which shall not be a prepaid assessment, but shall constitute a separate payment to provide a working capital reserve.
- E. The Board, in establishing said annual budget for the operation, management and maintenance of the Condominium shall include therein a sum to be collected and maintained as a reserve fund for replacement of Common Elements, which reserve fund shall be for the purpose of enabling the Association to replace and/or conduct major repairs upon, structural elements and mechanical equipment constituting a part of the Common Elements as well as the replacement of personal property and amenities which may constitute a portion of the Common Elements held for the joint use and benefit of all of the Owners of all Units.
- F. The Board, in establishing said annual budget for operation, management and maintenance of the Condominium, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by Owners of Units, as a result of emergencies or for other reason placing financial stress upon the Association.
- G. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration and the Articles of Incorporation and By-Laws of the Association and as the monies for any assessment are paid to the Association by any Owner of a Unit the same may be commingled with the monies paid to the Association by the other Owners of Units. Although all funds and other assets of the Association, and any increments thereto or profits derived therefrom, or from the leasing or use of Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit.
- H. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid to the Association on or before the due date for such payment. When in default, the Board may accelerate the remaining installments of the annual assessment upon

notice thereof to the Unit Owner, whereupon the entire unpaid balance of the annual assessment shall become due upon the date stated in the notice, which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated installment is not paid within thirty (30) days after its due date, the Association, through its Board, may proceed to enforce and collect the assessment against the Unit Owner owing same in any manner provided for by the Act, including the rights of foreclosure and sale. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of 18% per annum until such delinquent assessment or installment thereof, and all interest due thereon, have been paid to the Association. Further, a late fee of \$25.00 shall be assessed for each installment not paid within 30 days after the due date thereof.

- I. The Owner or Owners of each Unit shall be personally liable to the Association for the payment of all assessments, regular or special, which may be levied by the Association while such person or persons is or are Owner or Owners of a Unit in the Condominium. In the event that any Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Owner or Owners of any Unit shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.
- J. In addition to all of the foregoing, each Owner of a Unit, at the time of the original conveyance of the Unit from the Grantor, shall pay to Association an advance assessment for insurance in an amount to be determined by Association's Board in its reasonable discretion, and such determination shall be deemed final.
- K. No Owner of a Unit may exempt himself from liability for any assessment levied against such Owner and his Unit by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of the Unit, or in any other manner.
- L. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and management results in benefit to all of the Unit Owners, 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 allocated interest, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Unit Owner(s) 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 late charges, fines and all costs and expenses,

including reasonable attorneys' fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant allocated interest in the Common Elements. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed under power of sale under the laws of the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Unit 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 rate of twelve percent (12%) per annum 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.

- M. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the office of the Clerk of Superior Court of Brunswick County, North Carolina, in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Unit encumbered thereby, the name of the record owner(s), 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 until all sums secured by said lien as herein provided shall have been duly paid. Such claims of lien include only assessments which are due and payable when the claim of lien is recorded, plus interest, fees, charges, late charges, fines, costs attorneys' 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, it shall be satisfied of record.

The lien provided for herein shall be subordinate to: (i) any liens and encumbrances recorded before the docketing of the lien (including any mortgage or deed of trust); and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit. Any person, firm or corporation acquiring title to any Unit and its appurtenant allocated interest in the Common Elements by virtue of any foreclosure of a first deed of trust, deed in lieu of foreclosure of a first deed of trust or judicial sale relating to a first deed of trust, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Unit and its allocated interest in the Common Elements

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 an Unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Unit Owners as a part of the Common Expense, including such purchaser, its heirs, successors and assigns, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment for the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

- N. Whenever any Unit may be leased, sold or mortgaged by the Unit Owner(s) thereof, the Association, upon written request of the Unit Owner(s), 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 on account of 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 such Unit and its Unit Owner(s) 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 of such purchase or mortgage proceeds shall be applied by the lessee or purchaser 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 any Unit Owner who is responsible for payment of such delinquent assessment.

- O. 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 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.
- P. In any voluntary conveyance of a Unit, the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of the Grantee to recover from the Grantor the amounts paid by the Grantee therefor.
- Q. Until the Association makes a common expense assessment for each Phase, the Declarant shall pay all the Common Expenses of that Phase as per North Carolina Condominium Act §47C-3-115.

XXXIV.

COMMON SURPLUS

Common Surplus, means 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 Expenses, shall be owned by the Unit Owners in the same proportion that the allocated interest in Common Elements appurtenant to each Unit Owner's(s') Unit bears to the total of all allocated interest in Common Elements appurtenant to all Units. The Common Surplus shall be held by the Association in the manner prescribed in, and subject to, the terms, provisions and conditions of this Declaration; provided, however, that the Association shall have the sole discretion as to whether any distribution of Common Surplus should be made to Unit Owners and, if so, when. Nothing in this Article shall require periodic distributions of Common Surplus. 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 current Unit Owners in accordance with their allocated interest in Common Surplus.

XXXV.

TERMINATION

This Declaration and said plan of Condominium ownership may only be terminated by the agreement of Unit Owners to which at least ninety (90%) percent of the allocated interest in the Common Elements are allocated, expressed in a termination agreement to that effect executed in the same manner as a deed, and provided that the holders of all liens affecting any of the Units consent thereto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the allocated interest of the Unit Owner in the Condominium. The termination agreement shall become effective when it has been recorded in the public records of Brunswick County, North Carolina, and shall specify a date after which it will be void unless then recorded.

XXXVI.

AMENDMENT OF DECLARATION OF CONDOMINIUM

Except for any alteration in the percentage of ownership in Common Elements appurtenant to each Unit, or alteration of the basis for apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, in which said instances consent of all of the Owners of all Units and their respective mortgagees shall be required, and except for any alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant, and the Lender which said rights and privileges granted and reserved unto the said Declarant and the Lender shall only be altered, amended or modified with the respective

express written consent of the said Declarant or Lender, as the case may be, this Declaration may be amended in the following manner:

An amendment or amendments to this Declaration may be proposed by the Board acting upon a vote of the majority of the Directors, or by the members of the Association owning a majority of the Units in the Condominium, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Declaration being proposed by said Board or members, such proposed amendment or amendments shall be transmitted to the President or Secretary 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, and 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 postal 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 such notice to such member. At such meeting, the amendment or amendments proposed must be approved by an affirmative vote of sixty-seven (67%) percent of the members owning a Unit in the Condominium in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted, and 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 Brunswick County, North Carolina, within thirty (30) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording data identifying the Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to all of the Owners of all Units, but delivery and mailing 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 at or prior to such meeting. Furthermore, no amendment to this Declaration shall be adopted which would operate to affect the validity or priority of any mortgage held by a mortgagee or which would alter, amend or modify in any manner whatsoever the rights, powers and privileges granted and/or reserved herein in favor of any mortgagee or in favor of Declarant without the consent or all such mortgagees or Declarant as the case may be. Notwithstanding anything contained herein, the Declarant, its successors or assigns, may, without the consent of the Unit Owners or Mortgagees, at any time prior to fifteen (15) years from the date of filing of this Declaration, amend this Declaration in the manner set forth in Article VII so as to subject any additional

Phase(s) to the provisions of this Declaration and the North Carolina Condominium Act so as to make such additional Phase(s) an integral part of Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc. Any such amendment shall, together with this Declaration, contain all of the particulars required by the said Condominium Act of North Carolina and from and after the recording of any such amendment, Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc. shall include the Phase then being submitted as well as all Phases previously submitted. The Units in future Phases are to be of similar design as those Units in Phase I except as more particularly provided in Exhibit "B" hereto. The designation of each Unit number and its proportionate interest in the Common Elements is set forth in Exhibit "B" which is attached hereto and made a part and parcel hereof.

XXXVII.

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 the By-Laws of the Association and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the Owner or Owners of any Unit shall entitle the Association or the Owner or Owners of other Unit or 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, By-Laws of the Association, or its rules and regulations, shall be grounds for relief which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof and which relief may be sought by the Association, or, if appropriate, by an aggrieved Owner of a Unit.
- B. The Owner or Owners of each Unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his or their act, neglect or carelessness, or by that of any member of his or their family, or his 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 proceeding arising because of an alleged default by the Owner of any Unit, the Association, if successful, shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be determined by the Court.
- D. The failure of the Association or of the Owner of a Unit to enforce any right, provision, covenant, or condition which may be granted by this Declaration or

other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner of a Unit 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 or to preclude the person thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such person at law or in equity.
- F. The failure of the Declarant, or the Lender to enforce any right, privilege, covenant or condition which may be granted to them, or either of them, by this Declaration or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant or condition in the future.

XXXVIII.

USE OR ACQUISITION OF INTEREST IN THE CONDOMINIUM
TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF
DECLARATION, RULES AND REGULATIONS

All present or future Owners, tenants or other persons who use the facilities of the Condominium in any manner are subject to the provisions of this Declaration and all documents appurtenant hereto and incorporated herewith, and the mere acquisition or rental of any Unit or the mere act of occupancy of any Unit, shall signify that the provisions of this Declaration are accepted and ratified in all respects.

XXXIX.

RIGHT OF DECLARANT TO SELL OR LEASE UNIT
OWNED BY IT

So long as Declarant shall own any Unit, the said Declarant shall have the absolute right to lease or sell any such Unit to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interest.

XL.

ANNUAL REPORTS TO BE PROVIDED TO LENDER

So long as any Lender selected by Declarant is the Owner or holder of a mortgage encumbering a Unit in the Condominium, the Association shall furnish said Lender, upon such Lender's request, with at least one (1) copy of the Annual Financial Statement and Report of the Association audited and prepared by Certified Public Accountants satisfactory to Lender and setting forth such details as the said Lender may reasonably require, including a detailed statement of annual carrying charges or income collected, and operating expenses, such Financial Statement and Report to be furnished within ninety (90) days following the end of each fiscal year.

XLI.

RIGHT OF DECLARANT TO REPRESENTATION
ON BOARD OF THE ASSOCIATION

For a period ending one hundred twenty (120) days after the conveyance of seventy-five percent (75%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant, but in any event no longer than: two (2) years after a Declarant has ceased to offer Units for sale in ordinary course of business; or two (2) years after the last exercise of any Development Rights set out in Article VII of this Declaration; or fifteen (15) years from the date of recording of this Declaration, whichever occurs first, Declarant shall have the right to designate and select a majority of the persons who shall serve as members of the Board.

Not later than 60 days after conveyance of twenty-five percent (25%) of the Units (including Units which may be created pursuant to special rights) to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant, not less than thirty-three percent (33%) of the members of the Board shall be elected by Unit Owners other than the Declarant.

In the event of dissolution of Declarant at a time when it is the Unit Owner of a Unit, then the rights of the Declarant under this Article shall pass to and may be exercised by its successors receiving ownership of any such Unit in dissolution.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on the Board, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board and to replace

such person or persons with another person or other persons to act and service in the place of any member or members of the Board so removed for the remainder of the unexpired term of any member or members of the Board so removed. Any Board member designated and selected by Declarant need not be a resident in the Condominium. However, Declarant shall be responsible for the payment of any assessments except as provided for in Paragraph Q Article XXXIII of which may be levied by the Association against any Unit or Units owned by the said Declarant, and for complying with the remaining terms and provisions hereof in the same manner as any other Unit Owner.

XLII.

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.

XLIII.

LIBERAL CONSTRUCTION

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

XLIV.

DECLARATION OF CONDOMINIUM BINDING
ON ASSIGNS AND SUBSEQUENT UNIT OWNERS

The restrictions and burdens imposed by the covenants 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 Elements. This Declaration shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Unit Owners, and their respective heirs, legal representatives, successors and assigns.

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

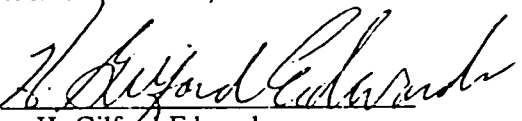
H. Gilford Edwards
Crossmann Communities of North Carolina, Inc.
10239 Beach Drive, SW
Calabash, North Carolina 28467

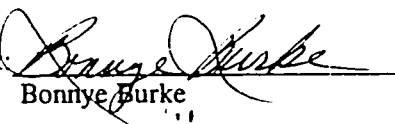
XLVI.

CONTRACT RIGHTS OF ASSOCIATION

The undertakings and contracts authorized by the initial Board (including contracts for the management of the Condominium) shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board duly elected by the membership after the property identified herein has been submitted to the plan of condominium ownership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board in accordance with all applicable condominium documents; and provided further that any undertaking or contract entered into by the Association at a time the Declarant has the right to appoint a majority of the Board shall contain a provisions reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other party(ies) thereto.

CROSSMANN COMMUNITIES OF
NORTH CAROLINA, INC.

By: 
H. Gilford Edwards
Its: Vice President

Attest: 
Bonnie Burke
Its: Assistant Secretary

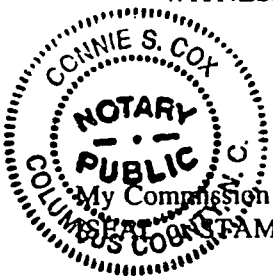


CORPORATE SEAL

STATE OF North Carolina
COUNTY OF Brunswick

I, the undersigned, a Notary Public of said County and State, do hereby certify that Bonnye Burke personally appeared before me this day and acknowledged that she is the Assistant Secretary of Crossmann Communities of North Carolina, Inc., a North Carolina corporation, and that by authority duly given, and as the act of the corporation, foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by herself as its Assistant Secretary;

WITNESS my hand and official seal or stamp, this the 7th day of December, 1999.



Connie S. Cox
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

The Foregoing (or annexed) Certificate(s) of CONNIE S COX

Notary(ies) Public is (are) Certified to be Correct.

This Instrument was filed for Registration on this 8th Day of December, 1999
in the Book and Page shown on the First Page hereof.

Robert J. Robinson /c/
ROBERT J. ROBINSON, Register of Deeds

EXHIBIT "A"
TO
DECLARATION FOR SUNSET VILLAGE AT
SANDPIPER BAY GOLF & COUNTRY CLUB CONDOMINIUM

ALL AND SINGULAR, all that certain piece, parcel or tract of land, with improvements thereon, situate, lying and being in Brunswick County, State of North Carolina and being more particularly shown and designated as "Phase I" containing .16 acres, more or less, as shown on a plat entitled "As Build Survey of Building 8, Phase I, Sunset Village At Sandpiper Bay Golf & Country Club Condominium Association, Inc." prepared by Norris & Ward Land Surveyors, P.A. dated on the 29th day of November, 1999 and recorded in Plat Book 8, at Page 56, records of Brunswick County, reference to which is incorporated herein and made a part and parcel hereof.

SUBJECT to easements and restrictions of record.

This being a portion of the property conveyed to Crossmann Communities of North Carolina, Inc. by deed of Stone Canyon Development Company, Inc. and North Star Carolina Corporation, dated February 2, 1999 and recorded February 3, 1999, in Deed Book 1278, at Page 838, records of Brunswick County, North Carolina.

Inst. # 32061 Book 1346 Page: 669

EXHIBIT "B"
TO
DECLARATION

Note: Exhibit "B" is a survey prepared by Norris & Ward Land Surveyors, P.A., dated November 29, 1999 (the "Survey"), which shows the location of the building and other improvements of Phase I and a set of floor plans and elevation for Building 3 (Phase I) dated November 22, 1999 prepared by Daniel Peter Rogers, the aforesaid sets of floor plans are collectively referred to herein as the "Plans". The Plans and Survey show graphically the dimensions, area and location of each Unit therein and the dimensions, area and location of Common Elements and Limited Common Elements affording access to each Unit. Both the Survey and Plans are recorded in Condominium Plat Book 8 at Page 52-56, records of Brunswick County, North Carolina and are incorporated herein by this reference. Said Exhibit further includes the following:

There is one building, identified as Building 3, containing six (6) Units in Phase I. Each Unit is identified by the Building Number as shown on the Survey followed by a letter as shown on the Plans. Each Unit which has the number "3" as the first digit of its Unit identification number is located in Building 3, as shown on the Survey and Plans. Phase I, for purposes of this Declaration shall consist of Building 3 and the Units contained therein. Building 3 is three (3) levels in height and contains two (2) Units on each level. Units having the number 3A and 3B in its Unit number designation are located on the ground level of the building. Units having the number 3C and 3D are on level two (2) of the building. Units having the number 3E and 3F are located on level three (3) of the building. Each Unit is individually numbered using the Unit number identified or shown both on the Plans and on Exhibit "B" to this Declaration.

As shown on the Plans, each Unit has an entrance door opening from the walkway into the entrance area of the individual Unit. Access to the second and third levels of each building is by way of two (2) sets of stairways. The stairways are Common Elements.

Parking is provided in the parking areas shown on the Survey within the property being submitted herewith as Phase I pursuant to the terms of this Declaration. The parking areas are also Common Elements.

Each Unit within Phase I is a two bedroom Unit. Each two (2) bedroom Unit, as shown on the plans, contains a living room, kitchen, two (2) bedrooms, two (2) baths and closets as shown on the Plans. The screened porches and the storage rooms, as shown on the Plans, are Limited Common Elements for the use and benefit of the Unit from which they are directly accessible and adjacent to.

As to each Unit: All built-in kitchen appliances, the refrigerator, heating and air-conditioning units and condensers, hot water heater and bathroom fixtures located in each Unit

EXHIBIT "B" continued.

are a part of the Unit in which they are located and are not Common Elements. The air handling units which serve each Unit are a part of the Unit which it serves and are not Common Elements, notwithstanding that they are located outside of the Unit.

References to areas as Common Elements or common areas in this Exhibit shall be in addition to and read in conjunction with the further designation of Common Elements as set out in other portions of this Declaration and the Survey and Plans making up the balance of this Exhibit "B".

This Exhibit "B" shall be amended if Phase II through Phase C, or any one or more of such phases, shall become a part of the Sunset Village at Sandpiper Bay Golf and Condominium Association, Inc. in accordance with the terms of this Declaration.

Tract # 32061 Book 1346Page: 671

EXHIBIT B

PHASE I
BUILDING 3

CERTIFICATION

I, DANIEL PETER ROGERS, CERTIFY THAT THIS PLAN CONTAINS ALL THE CREATION, RECORDING, AND RECORDING INFORMATION THAT ALL STRUCTURAL, CONSTRUCTION, AND MECHANICAL SYSTEMS ARE SUBSTANTIALLY COMPLETE IN ACCORDANCE WITH THE PLAN.

I FURTHER CERTIFY THAT THESE PLANS AND ELEVATIONS ACCURATELY REFLECT THE LAYOUT, LOCATION, CENTER AND FIELD DIMENSIONS AND ARE IN ACCORDANCE WITH THE DIMENSIONS OF THE TRACT AS SHOWN.

WITNESS MY ORIGINAL SIGNATURE AND REGISTRATION HEREON AND SEAL THIS 22 DAY OF NOVEMBER 1999



Daniel Peter Rogers

4899

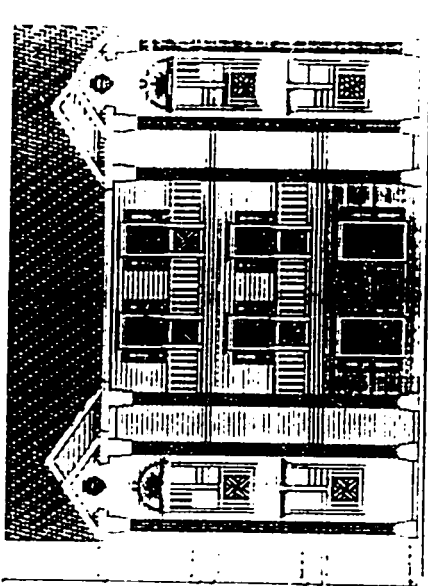
REGISTERED ARCHITECT

I, A NOTARY PUBLIC IN THE STATE OF CALIFORNIA, DO HEREBY CERTIFY THAT DANIEL PETER ROGERS IS A REGISTERED ARCHITECT IN THE STATE OF CALIFORNIA AND THAT HE HAS APPLIED FOR THE LICENSE TO PRACTICE ARCHITECTURE IN THE STATE OF CALIFORNIA AND THAT HE IS CURRENTLY PENDING FOR LICENSURE IN THE STATE OF CALIFORNIA.

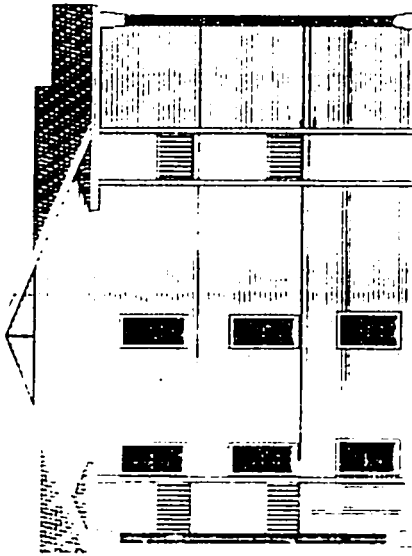
NOVEMBER 22 1999

Debra Kaye
NOTARY PUBLIC

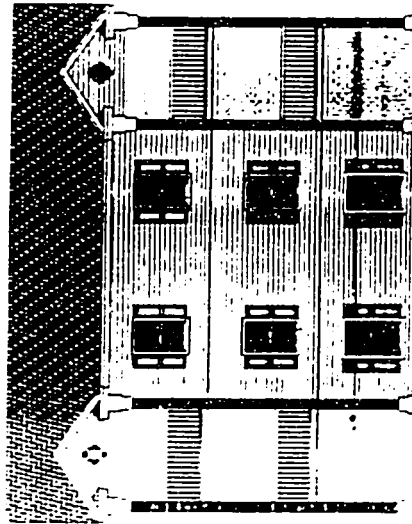
MY COMMISSION EXPIRES 4-30-2002



FRONT ELEVATION



LEFT SIDE ELEVATION



REAR ELEVATION

EXHIBIT B

AREAS
 UNIT 3 UNIT 3 B UNIT 3 A
 TOTAL AREA PER UNIT 3 UNIT 3 A
 TOTAL AREA PER UNIT 3 UNIT 3 B
 TOTAL AREA PER UNIT 3 UNIT 3
 MAINTENANCE AND STAIRS
 ENTRANCE PORCH STAIRS
 TOTAL BUILDING AREA 1,198.00

PHASE I
 BUILDING 3

VERIFICATION

I, DANIEL PETER ROBERT, ARCHITECT, THIS PLAN CONTAINS ALL INFORMATION REQUIRED BY 9-4-10, 3-103 AND ALL ALL STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS ARE SUBSTANTIALLY COMPLETE IN ACCORDANCE WITH THE PLAN. I FURTHER CERTIFY THAT THESE PLANS ELEVATIONS, ACCUMULATED PERCENTAGE LAYOUT, LOCATION, CEILING AND FLOOR ELEVATIONS, UNIT NUMBER AND DIMENSIONS OF THE UNIT 3 UNIT 3 A.

WITNESS MY ORIGINAL SIGNATURE
 REGISTRATION NUMBER 1899
 THIS 22 DAY OF NOVEMBER
 1999

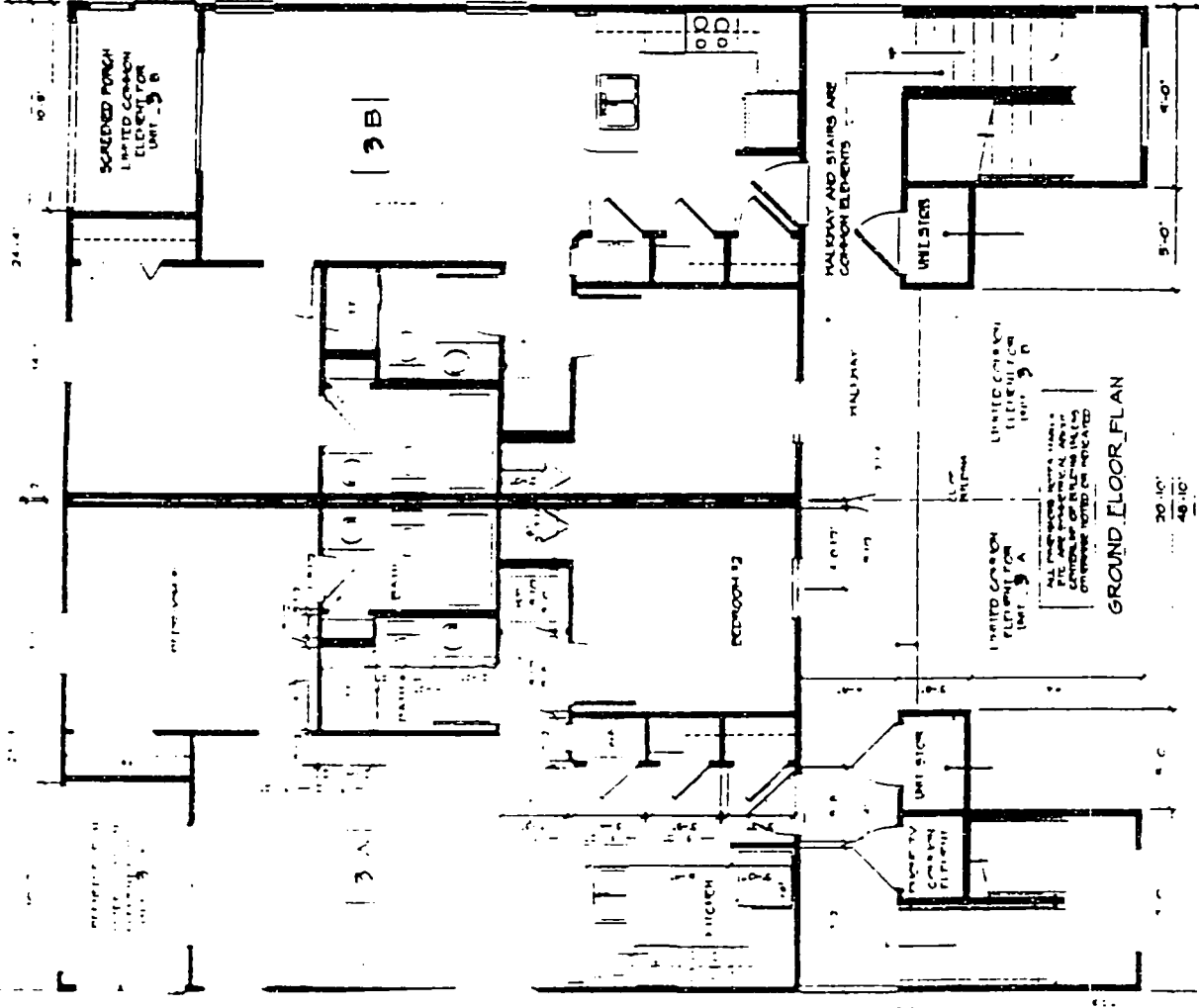


Daniel Peter Robert
 ARCHITECT
 1899
 REGISTRATION NUMBER

I, A NOTARY PUBLIC IN
 BRUNSWICK COUNTY, NORTH CAROLINA
 THAT DANIEL PETER ROBERT, A
 REGISTERED ARCHITECT PERSONALLY
 APPEARED BEFORE ME, THIS DAY, AND
 ACKNOWLEDGED THE EXECUTION OF THE
 FOREGOING INSTRUMENT TO BE HIS
 HAND AND OFFICIAL SEALING THEREON.
 THIS 22 DAY OF NOVEMBER
 1999

Doreen K. King
 NOTARY PUBLIC

MY COMMISSION EXPIRES
 4-30-2002



GROUND FLOOR PLAN

20' 10"
 48' 10"

RECORD OF POOR QUALITY DUE TO
 CONDITION OF ORIGINAL DOCUMENT

EXHIBIT B

AREAS

SCREENED PORCH	10.00
UNIT 3	10.00
UNIT 4	10.00
UNIT 5	10.00
UNIT 6	10.00
UNIT 7	10.00
UNIT 8	10.00
UNIT 9	10.00
UNIT 10	10.00
UNIT 11	10.00
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UNIT 299	10.00
UNIT 300	10.00

PHASE I
BUILDING 3

CERTIFICATION

I, DANIEL PETER BOWLER, ARCHITECT, REGISTERED ARCHITECT NO. 4099, CERTIFICATE OF REGISTRATION IN EFFECT FROM 11/22/1999 TO 11/22/2000, HEREBY CERTIFY THAT THIS PLAN CONTAINS ALL THE WORK PROVIDED BY ME AND MY FIRM, AND THAT I AM A MEMBER OF THE ARCHITECTS ASSOCIATION OF CALIFORNIA. I AM NOT PROVIDING ANY PROFESSIONAL SERVICES TO ANY OTHER PARTY IN CONNECTION WITH THIS PROJECT.

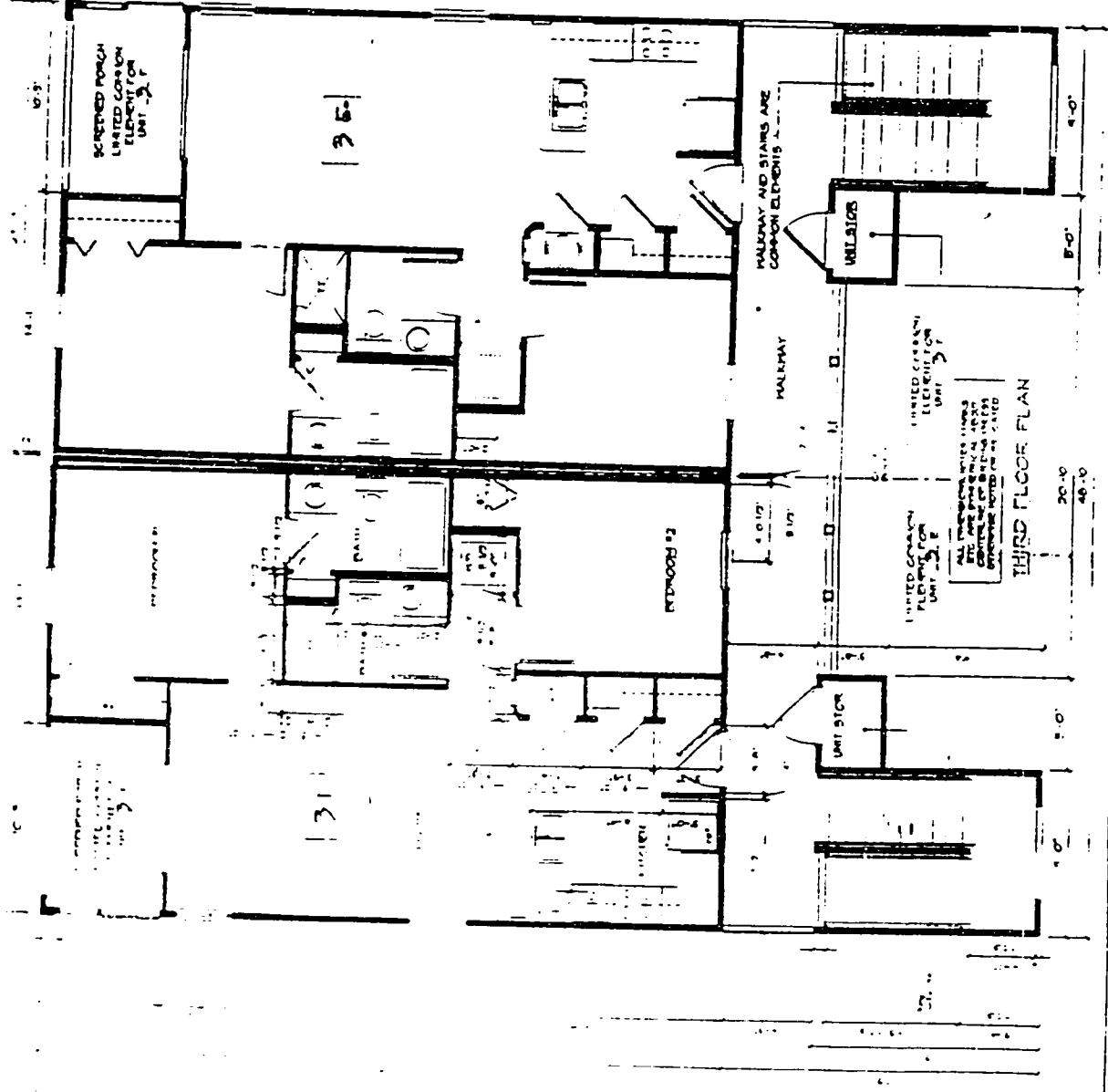
I, DANIEL PETER BOWLER, ARCHITECT, REGISTERED ARCHITECT NO. 4099, CERTIFICATE OF REGISTRATION IN EFFECT FROM 11/22/1999 TO 11/22/2000, HEREBY CERTIFY THAT THIS PLAN CONTAINS ALL THE WORK PROVIDED BY ME AND MY FIRM, AND THAT I AM A MEMBER OF THE ARCHITECTS ASSOCIATION OF CALIFORNIA. I AM NOT PROVIDING ANY PROFESSIONAL SERVICES TO ANY OTHER PARTY IN CONNECTION WITH THIS PROJECT.



Daniel Peter Bowler
ARCHITECT
4099
REGISTRATION NUMBER

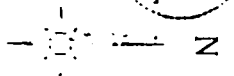
I, DANIEL PETER BOWLER, ARCHITECT, REGISTERED ARCHITECT NO. 4099, CERTIFICATE OF REGISTRATION IN EFFECT FROM 11/22/1999 TO 11/22/2000, HEREBY CERTIFY THAT THIS PLAN CONTAINS ALL THE WORK PROVIDED BY ME AND MY FIRM, AND THAT I AM A MEMBER OF THE ARCHITECTS ASSOCIATION OF CALIFORNIA. I AM NOT PROVIDING ANY PROFESSIONAL SERVICES TO ANY OTHER PARTY IN CONNECTION WITH THIS PROJECT.

Daniel Peter Bowler
ARCHITECT
4099
REGISTRATION NUMBER



RECORD OF POOR QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT

EXHIBIT "B"



CALL TABLE

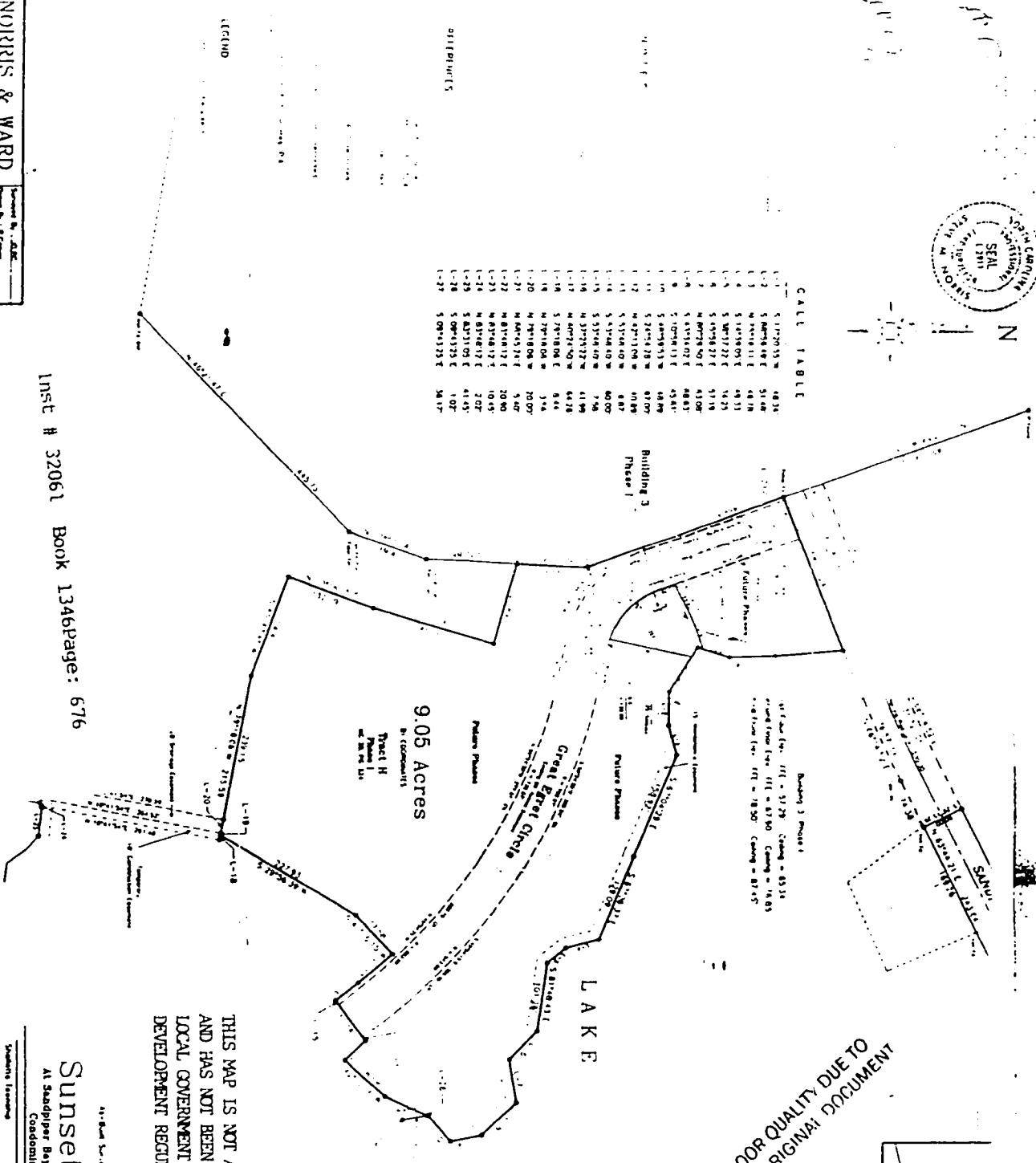
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1-3	42418.11 E	48.18
1-4	51418.05 E	48.51
1-5	51472.22 E	42.25
1-6	51498.22 E	51.18
1-7	440778.07 E	43.08
1-8	51451.02 E	48.83
1-9	51026.11 E	45.81
1-10	51449.51 W	48.89
1-11	52454.28 W	87.07
1-12	44271.08 W	10.88
1-13	51516.47 W	40.7
1-14	51324.40 W	40.07
1-15	53184.47 W	7.96
1-16	44277.22 W	41.98
1-17	44202.40 W	64.28
1-18	51418.04 E	51.4
1-19	44271.04 W	31.4
1-20	44445.24 E	20.07
1-21	44445.24 E	5.87
1-22	44148.12 E	20.80
1-23	44148.12 E	10.93
1-24	44148.12 E	2.02
1-25	44211.02 E	41.43
1-26	50643.24 E	10.7
1-27	50643.24 E	38.17

NORRIS & WARD
 Land Surveyors, P.A.
 North Carolina & South Carolina

Prepared by: J. Edgar
 Checked by: J. Edgar
 Date: 11/11/11
 File No: 11111

Inst # 32061 Book 1346page: 676

L A K E



9.05 Acres

L A K E

THIS MAP IS NOT A CERTIFIED SURVEY
 AND HAS NOT BEEN REVIEWED BY A
 LOCAL GOVERNMENT AGENCY FOR LAND
 DEVELOPMENT REGULATIONS.



Sunset Village
 At Sandpiper Bay Golf and Country Club
 Condominium Association

RECORD OF POOR QUALITY DUE TO
 CONDITION OF ORIGINAL DOCUMENT

EXHIBIT "C"

Being all of Tract F, area 2 and Tract H as per plat recorded on December 9, 1997
in Map Cabinet 19 at Page 206, records of Brunswick County, North Carolina.

Inst. # 32061 Book 1346Page: 677

EXHIBIT "D"

STATEMENT OF COMMON ELEMENTS PERCENTAGE INTEREST

Schedule of Percentage (%) of undivided interest in the Common Elements appurtenant to Units in Sandpiper Bay Golf & Country Club Condominium Association, Inc., including Phase I, and if developed, Phases II through C, inclusive. Statutory Value is for statutory purposes only and has no relationship to the actual value of each Unit.

UNIT NUMBER	Statutory Value	Percentage Interest (Phase I)
PHASE I		
3A	\$76,650	16.67
3B	\$76,650	16.67
3C	\$76,650	16.67
3D	\$76,650	16.67
3E	\$76,650	16.67
3F	\$76,650	16.67
Total Statutory Value for Phase I	\$459,900	100.000% (rounded to nearest one thousandth)

In addition, up to 89 additional buildings may be added to Sandpiper Bay Golf & Country Club Condominium Association, Inc. as Phases II through C, or any one or more of them. As each Phase is added, the total statutory value of all Phases submitted and constituting Sandpiper Bay Golf & Country Club Condominium Association, Inc. at that time and the percentage interest of each Unit therein may be determined using the formula hereinafter set forth. To determine the percentage interest of each Unit, a formula shall be utilized with the statutory value of the type of each Unit as set forth in the chart below as the numerator with the total statutory value of all of the Units within Sandpiper Bay Golf & Country Club Condominium at that time (including the Phase being submitted and any Phases previously submitted) as the denominator. The resulting fraction shall then be expressed as a percentage rounded to the nearest .0001. The statutory value of each Unit to be contained within Phases II through C, or any of them, if constructed and submitted, shall be in accordance with the chart contained herein. The building number as referred to herein has no relationship to the Phase in which it will be contained, but is merely for identification.

In the event that the Declarant elects, in accordance with the provisions of the Declaration to which this Exhibit is attached, to proceed with the development of Phases II through Phase C, or so many of said Phases as it might elect, within the time provided in the Declaration, the percentage of undivided interest appurtenant to each Unit in Phase I through Phase C (or so many

of such Phases as may be constructed and submitted), as of the date of recording the amendment incorporating each additional Phase will automatically be the percentage to be set forth in a chart(s) which Declarant must record as a part of its election to construct and submit Phase II through C, or so many of them as Declarant might elect to construct and submit to Sandpiper Bay Golf & Country Club Condominium Association, Inc. Such percentage interest shall be determined by the ratio of the statutory value of the individual Unit as the same bears to the total statutory values of all Units within the Condominium. Provided, however, the assigned values to be reflected in the chart for Units in additional Phases must be the values provided in the following schedule depending on the type of Unit involved as follows:

<u>Type</u>	<u>Statutory Value</u>
Studio	\$ 67,800
1 Bedroom Unit	\$ 70,600
2 Bedroom Unit (Approx. 815 sq. ft.)	\$ 76,650
2 Bedroom Unit (Approx. 1,035 sq. ft)	\$ 87,600
3 Bedroom Unit (Approx. 1,312 sq. ft)	\$ 92,400
4 Bedroom Unit	\$102,000

The Declarant may construct in Phase II and any subsequent Phases through Phase C any combination of the Types of Units set forth in the chart above, provided that Declarant at the time of recording its election, specifies in the chart amending this Exhibit "D", the percentage interest of each Unit in Phase I and so many additional Phases as might have at that time been incorporated hereunder, using the values of the different Units assigned above.

Each additional Phase shall have a minimum total statutory value based on the sum of all statutory values of all Units within that Phase of \$ 406,800 and a maximum total statutory value of all Units within that Phase of \$1,020,000. Therefore, the minimum and maximum percentage interest of each Unit within Phase I, at any time during the development and submission of additional Phase or Phases to Sandpiper Bay Golf & Country Club Condominium Association, Inc. may be determined by use of the formula hereinafter provided.

The actual percentage interest of each Unit may be computed in accordance with the following formula with the result obtained from such formula being then expressed as a percentage:

$$\frac{\text{Statutory Value of the Unit}}{\text{Total Statutory Value of all Units then submitted to the Condominium}} = \text{Percentage Interest of The Unit (Expressed as a Percentage)}$$

EXHIBIT "E"

Inst # 32061 Book 1346 Page: 680

BY-LAWS

OF

**SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB
CONDOMINIUM ASSOCIATION, INC.**

Prepared by & return to:

**Bellamy, Rutenberg, Copeland
Epps, Gravely & Bowers, P.A.
P.O. Box 357
Myrtle Beach, SC 29578
Attn: SAJ**

BY-LAWS

OF

SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB
CONDOMINIUM ASSOCIATION, INC.

Article I

Name, Principal Office and Definitions

Section 1. Name. The name of the Association shall be Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of North Carolina shall be located in Calabash, County of Brunswick. The Association may have such other offices, either within or without the State of North Carolina, as the Board may determine or as the affairs of the Association may require.

Section 3. Definitions. The capitalized terms used in these By-Laws shall have the same meaning as set forth in the Declaration of Condominium for Sunset Village at Sandpiper Bay Golf & Country Club, as amended, renewed or extended from time to time, as hereinafter sometimes referred to as the "Declaration", unless the context shall prohibit.

Section 4. Purpose. The purpose of the Association is to manage the affairs of Sunset Village at Sandpiper Bay Golf & Country Club, a condominium established pursuant to the terms of the Declaration therefor, filed or to be filed in the Office of the Register of Deeds for Brunswick County, North Carolina.

The Association is not organized for profit and no part of the net earnings, if any, shall inure to the benefit of any member or individual person, firm or corporation.

The Association shall have all of the common law and statutory powers of a nonprofit corporation. The Association shall also have all of the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Unit which is subject by the Declaration to assessment by the

Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

Class I. Class I members shall be all those Owners as defined in Article XV, in the Declaration. Class I members shall be entitled to one vote for each Unit in which they hold the interest required for membership. When more than one person holds such interest or interests in a Unit, all such persons shall be members; however, they shall select one (1) member to vote, which such member shall be designated as the "Voting Member" and shall be so designated in writing to the Secretary of the Association. In no event shall a greater amount than one vote be cast with respect to any Unit.

Class II. The sole Class II member shall be the Declarant. The Class II membership shall continue only so long as Declarant, its successors or assigns, is the Owner of twenty-five (25%) percent of the Units (including Units which may be created pursuant to Special Declarant Rights). Declarant reserves the right at any time to terminate Class II membership by filing an instrument in the records of the Clerk of Court of Brunswick County, so doing and in any event the Class II membership shall terminate no later than fifteen (15) years from the date of recording of the Declaration. The Class II member shall be entitled to four (4) votes for each Unit in which it holds the interest required for membership as defined in Article XV in the Declaration.

Section 3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as may be designated by the Board of Directors ("Board") either within the properties or as convenient thereto as possible and practical.

Section 4. Annual Meetings. The first meeting of the membership, whether a regular or special meeting, shall be held within ninety (90) days after the expiration of one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no more than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the membership shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting shall be held at a date and time as set by the Board.

Section 5. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Voting Members representing at least ten (10%) percent of the total votes of the Association. The

notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 6. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 7. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member or alternate shall be deemed waiver by such Voting Member of notice of the time, date and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 8. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted.

Section 9. Voting. The voting rights of the Members shall be as set forth in the Articles of Incorporation, and such voting rights provisions are specifically incorporated herein.

Section 10. Proxies. Voting Members may vote in person or by Proxy.

Section 11. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners or other group as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 12 Quorum. Except as otherwise provided in these By-Laws or in the Declaration or Articles of Incorporation, the presence in person or by alternate of the Voting Members representing fifty-one (51%) percent of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum in attendance. Further, at any recessed meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted which might have been transacted at the original meeting notwithstanding the withdrawal of enough members to leave less than a quorum in attendance.

Section 13. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 14. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Voting Members.

Article III
Board, Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board, of whom each Member shall have one (1) vote. Except as provided in Section 2 of this Article, the Directors shall be Members. In the case of an Owner which is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a Director. The initial Board shall consist of three (3) persons. The names and addresses of the first Board of the Association, who shall hold office until the first annual meeting of members and until qualified successors are duly elected and have taken office, shall be as follows:

H. Gilford Edwards	10239 Beach Drive, SW Calabash, NC 28467
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Edward H. Stone	10239 Beach Drive, SW Calabash, NC 28467
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Bonnye Burke

10239 Beach Drive, SW
Calabash, NC 28467

Section 2. Directors During Class II Control. The Directors who shall serve on the Board of the Association shall be selected in the following manner. The Declarant shall select all Class II Directors during the Declarant control period. The period of Declarant control shall terminate no later than the earlier of: (i) one hundred twenty (120) days after conveyance of seventy-five (75%) percent of the Units to Unit Owners other than Declarant; (ii) two (2) years after Declarant has ceased to offer Units for sale; or (iii) two (2) years after any development rights to add new Units was last exercised.

Not later than sixty (60) days after conveyance of twenty-five (25%) percent of the Units (including Units which may be related pursuant to special rights) to Unit owners other than Declarant at least one (1) member and not less than twenty-five (25%) percent of the members of the Board shall be elected by Unit owners other than Declarant.

Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units (including Units which may be created pursuant to special rights) to Unit owners other than Declarant, not less than thirty-three (33%) percent of the members of the Board shall be elected by Unit Owners other than Declarant.

Within one hundred twenty (120) days after conveyance of seventy-five (75%) percent of Units to Unit Owners other than Declarant, the Declarant shall call a meeting, as provided in Article II, Section 5, of these By-Laws for special meetings, to advise the membership of the termination of the Class II member's control or, in the alternative, shall notify each member by U. S. Mail that the Class II membership has terminated.

The Directors selected by the Class II member pursuant to this Section need not be Members as provided in Section 1 of this Article.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Class II member, so long as the Declarant control period exists.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of period of Declarant control, but in that event he may require for the duration of the period of Declarant control, that specified actions of the Board, be approved by the Declarant before they become effective. This veto power shall be exercisable only by the Class II member, its successors, and assigns who specifically take this power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class II member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee by

certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board meetings with Article III, Sections 6 and 7, of these By-Laws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class II member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of the meeting relative to any prospective action, policy, or program to be implemented by the Board, any committee, or the Association. The Class II member and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board.

Section 4. Number of Directors. The number of Directors in the Association shall not be less than three (3) nor more than five (5), as provided below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Class II member, nominations for election to the Board shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Voting Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

At the first annual meeting of the membership after the termination of Class II control, Directors shall be elected by the Voting Members for terms as outlined below:

Directors (not appointed by Declarant) already serving on the Board will serve a two (2) year term. Remaining Directors elected (to elect a total of five (5) Directors) by Association will serve one (1) year. Members of the Board shall hold office until their respective successors shall have been elected by the Association. Directors may be elected to serve any number of consecutive terms. Each Director elected thereafter shall serve for a two (2) year term.

Section 7. Removal of Directors and Vacancies. After termination of the Class II control, any Director of the Association may be removed, with or without cause, by a vote of the Voting Members with a majority vote of the membership. Any Director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon

removal of a Director, a successor shall then and there be elected to fill the vacancy by the Voting Members responsible for such removal.

Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board and it may appoint a successor. Any Director appointed by the Board shall serve for the remainder of the term such successor was appointed to fill.

Section 8. Voting Procedure for Directors. At any election of Directors to the Board, each Voting Member may cast, in respect to each vacancy, as many votes as he or she is entitled to exercise under the Articles of Incorporation. The candidates receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given by use of the Director's telephone number or shall be sent to the Director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least three (3) days before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may recess the meeting until such time and place as they may determine. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by Voting Members holding a majority of the total vote of the Association at a regular or special meeting of the Association; provided any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. Subject to the provisions of Section 17 of this Article, all meetings of the Board shall be open to all Voting Members, but Voting Members other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any Voting Member may speak.

Section 17. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

The Board shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) making Assessments to defray the Common Expenses, establishing the means and methods of collecting such Assessments, and establishing the period of the installment payments of the annual Assessment; provided, unless otherwise determined by the Board, the annual Assessment for each Unit's proportionate share of the Common Expenses shall be payable in equal monthly installments, or as determined by the Board;
- (c) providing for the operation, care, upkeep, and maintenance of all of the Common Areas;
- (d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members, not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting principles;

(m) making available to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Unit, and all other books, records, and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the condominium.

Section 19. Management Agent.

(a) The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 18 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee or penalty on ninety (90) days' or less written notice.

Section 20. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles shall be employed;
- (b) accounting and controls shall conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise unless it benefits the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;
- (f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (ii) a variance report reflecting the status of all Association ledger accounts in an "actual" versus "approved" budget format;
 - (iii) a balance sheet as of the last day of the preceding period; and
 - (iv) a delinquency report listing all Owners who are delinquent in paying the assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board); and
- (g) an annual report as of the end of the fiscal year consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited basis, by an independent certified public accountant for each fiscal year.

Section 21. Borrowing. The Board shall have the power to borrow money for the purpose of repair or restoration of the Common Areas or for the purpose of funding budgetary shortfalls, without the approval of the membership; provided, however, the Board shall obtain Voting Member approval by majority vote for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 22. Rights of the Association. With respect to the Common Areas, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhoods and other Owners or residents associations, both within and without the properties. Such agreements shall require the consent of two-thirds (2/3) of the Board.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the period of Class II control unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Notwithstanding anything to the contrary contained herein, the Association, through its Board, shall have the right to enter into a declaration of easement and covenant to share costs or similar arrangement whereby the Association assumes maintenance responsibility for property which it does not own, or grants easements to entities which are not Members, in consideration for payment by the Owner of such property or such nonmembers of all or a portion of the costs associated with such maintenance or use.

Section 23. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, except the suspension of voting rights for nonpayment of assessments, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within

which the alleged violator may present a written request to the Covenants Committee (as defined in Article V), if any, or Board for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing before the Covenants Committee shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the membership, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term. The names and addresses of the first officers of the

Association, who shall hold office until the first annual meeting of directors and until successors are duly elected and have taken office, shall be as follows:

<u>Office</u>	<u>Name</u>	<u>Address</u>
President	H. Gilford Edwards	10239 Beach Drive, SW Calabash, NC 28467
Vice President	Bonnye Burke	10239 Beach Drive, SW Calabash, NC 28467
Secretary/ Treasurer	Edward H. Stone	10239 Beach Drive, SW Calabash, NC 28467

Section 3. Removal. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have the responsibility for the preparation of the budget as provided for in the Declaration.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board. Provided however, agreements, contracts and checks may be executed by the Management Agent.

Section 7. Compensation. No officer shall receive any compensation from the Association for acting as such unless approved by the Board; provided any officer may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the Board.

Article V
Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board may appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and conduct all hearings held pursuant to Article III, Section 23 of these By-Laws.

Article VI
Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, **Robert's Rules of Order** (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) **Inspection by Members and Mortgagees.** The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) **Rules for Inspection.** The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors.** Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend these By-Laws. Thereafter and otherwise, but subject to the provisions hereinafter provided, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent of Voting Members representing sixty-seven (67%) percent of the total votes of the Association, including sixty-seven (67%) percent of the votes of Members other than the Declarant. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Further, no amendment of any provision reserving a right specifically in favor of the Declarant may be amended without the Declarant's express consent. No amendment shall be effective until recorded in the public records of Brunswick County, North Carolina.

Article VII

Indemnification

The Association shall indemnify any person who is made a party or is threatened to be made a party to any claim, suit, proceeding or liability by reason of the fact that he is or was a director, officer, employee, agent or representative of the Association to the fullest extent permitted by law, and the Association may advance expenses to any such person to the fullest extent permitted by law. The Association shall also have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, agent or representative of the Association against any liability asserted against him in any such capacity.

IN WITNESS WHEREOF, Sunset Village at Sandpiper Bay Golf & Country Club Condominium Association, Inc., a North Carolina Corporation has caused these presents to be executed this 7 day of December, 1999.

SUNSET VILLAGE AT SANDPIPER BAY GOLF & COUNTRY CLUB CONDOMINIUM ASSOCIATION, INC.

By: H. Gilford Edwards
H. Gilford Edwards
Its: President

Attest: Bonnye Burke
Bonnye Burke
Its: Vice President

CORPORATE SEAL

