

6200

RECORDED TO RECORD
PAGE
INDEX

SEP 21 11 42 AM 1978
DECLARATION CREATING UNIT OWNERSHIP OF PROPERTY IN
NEW HANOVER COUNTY UNDER THE PROVISIONS OF CHAPTER
47A OF THE GENERAL STATUTES OF NORTH CAROLINA
REGISTRAR
NEW HANOVER CO., N.C.

THIS DECLARATION made this 22 day of Sept., 1978, by
Sands Investments No. 2, Inc., a South Carolina Corporation having
its principal office at Myrtle Beach, South Carolina, and being
authorized to do business in the State of North Carolina, herein-
after referred to as "Declarant", under and by virtue of the pro-
visions of Chapter 47A of the General Statutes of North Carolina;

WITNESSETH:

WHEREAS, the Declarant is the owner of that tract or
parcel of land described in paragraph 1 below, and

WHEREAS, the Declarant will convey the property describ-
ed in paragraph 1 below subject to certain protective and restric-
tive covenants, conditions, restrictions, reservations, liens, and
charges as hereinafter set forth into unit ownership (sometimes
referred to as "Condominium" Ownership), said property with improve-
ments to be known as "A Place at the Beach-Carolina Beach," in the
manner provided for by the provisions of chapter 47A of the General
Statutes of North Carolina;

NOW, THEREFORE, the Declarant does hereby publish and
declare that all of the property described in paragraph 1 below
shall be held, conveyed, hypothecated, incumbered, used, occupied,
and improved subject to the following covenants, conditions, re-
strictions, uses, limitations and obligations, all of which are
declared and agreed to be in futherance of a plan for the improve-
ment of said property and the division thereof into condominium
units, and shall be deemed to run with the land and shall be a
burden and a benefit to Declarant, its successors and assigns and
any person acquiring or owning any interest in the real property
and improvements, their grantees, successors, heirs, executors,
administrators, devisees and assigns.

20
HAMILTON
AND
BARLEY
ATTORNEYS AT LAW
WOREHEAD CITY, N.C.

1. Description of Property. All that certain tract or
parcel of land with the buildings and improvements thereon erected
or hereafter erected, situated, lying and being, in the County of
New Hanover, State of North Carolina, and being more particularly
described as follows:

1138 1114-2

Located in the County of New Hanover, State of North Carolina and being all of Lots 7, 8, 9, and 10 in Block 15 of Carolina Beach, as shown on map recorded in Map Book 3, Page 50 of the New Hanover County Registry, North Carolina.

2. Development Plan. "A Place at the Beach-Carolina Beach"

will be developed in the following manner: The Declarant shall construct on the property, or cause to be constructed on the property, two residential buildings, one of which shall contain six separate residential units, the other of which shall contain eighteen separate residential units, so that there will be a total of twenty-four separate residential units. The Declarant shall also construct on the property parking lots as shown on Exhibit "A" attached hereto and by reference made a part hereof. Further, Declarant shall construct a swimming pool on the property as shown on Exhibit "A".

3. Description of Buildings. The smaller of the two buildings (the building closest to Carolina Beach Avenue) shall contain six residential units substantially similar in size, floor-plan and material used in construction. The larger of the two buildings (the building furthest from Carolina Beach Avenue) shall contain eighteen residential units substantially similar in size, floor-plan and materials used in construction and also substantially similar in size, floor-plan and materials to those units in the smaller of the two buildings.

Each individual unit shall contain eight hundred sixty-four gross square footage.

The larger of the two buildings shall contain fifteen-thousand five hundred fifty-two gross square footage, consisting of eighteen individual units. The smaller of the two buildings shall contain five-thousand one-hundred eighty-four gross square feet, consisting of six individual units. Each unit in the project shall be a one-floor, two bedroom model and shall consist of a kitchen, living room with balcony, master bedroom, additional bedroom, one and one-half baths, storage closet and two clothes closets.

Kitchens in each unit shall be furnished with pre-finished wood cabinets, laminated plastic counter tops, electric range with hood, electric refrigerator, and dishwasher. Full bathrooms shall contain fiberglass tubs or showers, porcelain water closet, lavatory, and vanity tops. Half baths shall contain lavatory, porcelain water closets and vanity tops.

Party walls shall be stud wall construction with 5/8 inch gypsum board on either side. The gypsum board shall be covered with 1/4 inch pre-finished plywood paneling.

All living areas shall be carpeted except for baths and kitchen areas which shall be covered with vinyl.

Mechanical equipment in each unit shall consist of two thermostatically controlled wall mounted heat pumps and an electrical water heater. Each residence or unit shall have its own electric meter.

Specifics such as style, construction, materials and finishes are best described in the plans and specifications for the construction of this project, a copy of which is attached hereto and made a part hereof and referred to as Exhibit "B", showing all particulars of the building, including their location, layout, ceiling and floor elevations, dimensions of the units and the location of the common areas and facilities affording access to each unit. Such plans and specifications were drawn by William Clark, Registered Architect, having offices in Myrtle Beach, South Carolina, and being licensed to practice in the State of North Carolina.

4. Unit Designation. The unit designations of each condominium and each condominium building, its location, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth in Exhibits "A" and "B" attached hereto and made a part hereof. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of the perimeter walls, ceilings, and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement, or movement of the building or by permissible repairs, construction or alteration.

The units shall be numerically designated as follows: The units closest to Carolina Beach Avenue shall be designated A-1 on the first floor, A-2 on the second floor, A-3 on the third floor. The other units in the same building (smaller of the two) shall likewise be designated B-1, B-2 and B-3. The units in the larger of the two buildings shall be designated, from north to south, C-1, C-2, C-3 through H-1, H-2 and H-3. In all cases the unit designated #1 shall be on the first floor, the unit designated #2 shall be on the second floor and the unit designated #3 shall be on the third floor.

5. Swimming Pool. There shall be constructed on the property as shown on Exhibit "A", attached hereto, one rectangular shaped swimming pool which shall bear the approximate dimensions of 16 feet by 39 feet.

6. Common Areas and Facilities. The common areas and facilities consist of all parts of the multi-unit building situated on the property

now or hereafter made subject to this declaration, other than the individual dwelling units therein as previously defined, including, without limitation, the following: (a) The land on which the buildings are erected described in paragraph 1 above. (b) All foundations, columns, girders, beams, supports and other structural members. (c) The roofs and all exterior walls and interior walls, except those partitioned walls wholly within a unit, and the crawl space underneath each of the buildings. (d) All sewer and water pipes (e) All other parts of the property and all apparatus and installations existing in the building or upon the property for the common use which are necessary or convenient to the existence, maintenance or safety of the property, including, but not limited to, the swimming pool, parking lots, stairways and sidewalks.

7. Rental Units. Units may be rented pursuant to rules and regulations as prescribed by "A Place at the Beach-Carolina Beach, Inc."

8. Owners Association. To efficiently and effectively provide for the administration of the condominium project by the owners of units, a non-profit North Carolina corporation, known and designated as "A Place at the Beach-Carolina Beach, Inc." has been organized, and the said corporation shall administer the operation and management of the condominium and shall undertake and perform all acts and duties incident thereto in accordance with the terms, provisions, and conditions of this declaration, and in accordance with the terms of the Articles of Incorporation of "A Place at the Beach-Carolina Beach, Inc.", hereinafter referred to as the Association, and the by-laws of said Association. A true copy of the Articles of Incorporation and By-laws of said Association are annexed hereto and expressly made a part hereof as Exhibits "C" and "D", respectively. The owner and owners of each unit shall automatically become members of the Association upon said owner or owners acquisition of an ownership interest in title to any unit and its appurtenant, undivided interest in common elements, and membership of such owner or owners shall terminate automatically upon each owner or owners 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 the Association, or to any of the rights or privileges of such membership. In the administration of the operation and management of the condominium project, said Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration, levy and 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 Governors of said Association may deem to be in the best interests of the condominium project.

9. Interest in Common Areas. The owner or owners of each unit of this condominium project shall own an undivided interest or share in the common areas and facilities as follows: For each of units A-1, A-2, A-3, B-1, B-2, B-3, the percentage of unit ownership shall be 3.8941. For each of the remaining units the percentage of unit ownership shall be 4.2581.

The percentage of undivided interest of each owner or owners in the common area is appurtenant to the residence owned by him. No appurtenance may be separated from the residence to which it appertains and such appurtenance shall be deemed to be conveyed or encumbered or to be otherwise passed with the residence whether or not expressly mentioned or described in a conveyance or other instrument describing the residence.

The percentage of undivided interest in the common areas appurtenant to each residence now or hereafter made subject to this Declaration is based on relative values assigned by the Declarant to each residence or unit solely for this purpose. The value so assigned is based upon the relation that the fair market value of the unit, as of the date of the Declaration, bears to the then fair market value of all the units having an interest in said common areas and facilities. Provided, however, that such values do not necessarily reflect or represent the selling price of such residential unit and no opinion, appraisal, sale or market value transaction at a greater or lesser price than the assigned value recited herein or hereafter in an amended Declaration shall be interpreted as requiring or permitting any change in the percentage of undivided interest assigned herein.

10. Percentage of Common Expenses. The owner or owners of each unit of "A Place at the Beach-Carolina Beach" shall share in the common expenses of said condominium project at a rate equal to said unit's interest in the undivided common areas and facilities as determined in paragraph 9 above.

11. Use. The buildings and each of the units contained therein shall be used for residential purposes only; provided, however, that so long as Sands Investments No. 2, Inc. shall retain any unsold units within said project, it may utilize any unit or units owned by it for Sales Offices, Model, or other usage for the purpose of selling units within said project. Sands Investments No. 2, Inc., may assign this limited commercial usage right to such other persons or entities as it may choose; provided, however, that when all

units have been sold, this right of commercial usage by Sands Investments No. 2, Inc., or its assigns, shall immediately cease. Further, one additional unit may, subject to the rules and regulations promulgated by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." be used as a Managers Office and/or for the purpose of conducting a rental program for the benefit of the owners. The use of the buildings is, or may be, restricted under the By-laws of "A Place at the Beach-Carolina Beach, Inc." which by-laws are attached hereto as Exhibit "C" and made a part hereof.

11. Persons to Receive Service of Process. H. Buckmaster Coyne, Jr. is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium, and such person's residence or place of business is First-Citizens Bank Building, Arendell Street, Morehead City, North Carolina, 28557. All correspondence to said process agent shall be addressed as above.

12. Easements. Each unit owner shall have an easement in common with the owners of all other units to use all pipe, wire, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Governors at "A Place at the Beach-Carolina Beach, Inc." or its designee, shall have the right of access to each unit to inspect the same, to remove therefrom such items which are in violation of any applicable law, regulation, by-law or rule and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Board of Governors of "A Place at the Beach-Carolina Beach, Inc." may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair, and replace, water lines, pipes, sewer lines, telephone wires and equipment, and electrical conduits, wires, over, under, along and on any portion of the common areas; each unit owner hereby grants the Board of Governors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner, such instruments as may be necessary to effectuate the foregoing.

13. Right of Entry into Units in Emergencies. In case of any emergency originating in or threatening any unit, regardless of whether the

owner is present at the time of such emergency, the Board of Governors, or its designee, or the building superintendent or managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and the right of entry shall be immediate; and to facilitate entry in the event of any such emergency, the owner of each unit, as required by the Board of Governors, shall deposit with the Board of Governors or its designee a key to such dwelling.

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

15. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all the condominium unit owners and the holders of first liens thereon, except such liens as may arise or be created against the several units and their respective common interest under the provisions of the North Carolina Unit Ownership Act.

16. Nature of Interest in Units. Every condominium unit, together with its undivided interest in the common areas and facilities, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, and easements contained therein and in the by-laws, rules, regulations, resolutions and decisions of "A Place at the Beach-Carolina Beach, Inc." adopted pursuant thereto.

17. Insurance. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policy. All policies upon the condominium property shall be purchased by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." for the benefit of the Association and the unit owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense and upon their personal property and for their personal liability and living expenses such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazard covered by standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the land heretofore described.

Public liability insurance shall be secured by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." in such amount and with such coverage as shall be deemed necessary by such Board, including, but not limited to, an endorsement to cover liability of the unit owners as a group to a single unit owner. There shall also be obtained workmen's compensation insurance to meet the requirements of law and other insurance coverage as said Board of Governors shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums for insurance policies purchased by "A Place at the Beach-Carolina Beach, Inc." shall be paid by "A Place at the Beach-Carolina Beach, Inc." as a common expense.

(d) Insurance Carrier. So long as Citizens Savings Association of Mexico, Missouri, hereinafter referred to as Lender, is the holder of a deed of trust on any unit or units or is a participant with any other lending institution who holds a deed of trust on any unit, said Citizens Savings Association shall have the right to approve the company or companies with whom the Board of Governors shall place insurance (i.e. Casualty Insurance Coverage) and such casualty insurance coverage shall only be placed with such company or companies as are approved by such Lender.

(e) Proceeds. All insurance policies purchased by said Board of Governors shall be for the benefit of "A Place at the Beach-Carolina Beach, Inc." and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to "A Place at the

Beach-Carolina Beach, Inc." as insurance trustee under this Declaration. The sole duty of "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-laws and for the benefit of the unit owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to common areas and facilities: An undivided share for each unit owner or owners, such share being the same based on the percentage of undivided interest in the common areas and facilities attributable to each unit as designated in paragraph 9 above.

(ii) Proceeds on account of damage to units shall be held in the following undivided shares:

(A) When the buildings are to be restored:

For the owners of damaged units in proportion to the costs of repairing the damage suffered by each unit owner, which costs shall be determined by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc."

(B) When the buildings are not to be restored:

An undivided share for each unit owner in said building, such share being the percentage of said proceeds which the unit owner's undivided interest in the common area compares to the total undivided interest in the common areas of all the units within the damaged building.

(iii) When a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

18. Distribution of Insurance Proceeds. Proceeds of insurance policies received by "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner.

a. Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefore.

- b. Reconstruction or repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof as provided by paragraph 19 hereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners under the provisions of paragraphs 17(e)(ii)(B) and 17(e)(iii).
- c. Failure to reconstruct or repair. If it is determined, as provided in paragraph 19 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners as provided in paragraphs 17(e)(ii)(B) and 17(e)(iii).

19. Damage and destruction. Except as hereinafter provided, damage to or destruction to any building shall be promptly repaired and restored by "A Place at the Beach-Carolina Beach, Inc." using the proceeds of insurance on the building or buildings destroyed for that purpose and unit owners of the building or buildings destroyed shall be liable for assessment of any deficiency. However, if any multiple unit building shall be more than two-thirds destroyed by fire or other casualty and if the owners of three-fourths of the units in any damaged or destroyed building elect not to proceed with reconstruction or restoration then, in such event:

- a. The owner of each unit not to be constructed or restored shall be liable to "A Place at the Beach-Carolina Beach, Inc." in a sum equal to five times the current yearly assessment, such assessment being severance or severance damages to compensate the remaining unit owners for increased common interest expenses, and thus, larger assessments from "A Place at the Beach-Carolina Beach, Inc."

- b. In lieu of severance damages set out in the preceding paragraph, and as liquidated damages therefore, the owner of each individual unit not to be restored or replaced shall convey his, her, its or their undivided interest in the property herein known as "A Place at the Beach-Carolina Beach, Inc." to the individual unit owners who are not subject to severance damages, in common, in shares, so that each grantee shall take a percentage ownership in the whole, vis a vis the other grantees, the same as that share of common property that grantee owned before the disaster. "A Place at the Beach-Carolina Beach, Inc." is expressly given the right to enforce this liquidated damages provision for the owners and shall be entitled to collect any expenses reasonably incurred in enforcing this provision from the party refusing to pay voluntarily.
- c. Immediately upon determination by the unit owners in a building not to repair or rebuild the building following a disaster, each unit owner's membership and right to vote in the Association shall terminate.
- d. In the event of damage to or destruction of the common facilities and if the insurance proceeds available are insufficient to repair or restore said building or improvements, then all of the unit owners, then members of "A Place at the Beach-Carolina Beach, Inc." shall be liable

for assessments of any deficiency in the same proportion as their percentage of unit ownership.

20. Reconstruction and Repair. Any reconstruction or repairs shall be in accordance with the plans and specifications of the original buildings, portions of which are attached hereto as Exhibit "B". The Board of Governors of "A Place at the Beach-Carolina Beach, Inc.", however, shall have the right to modify said plans.

21. Repair, etc. Covered by Owners. The owner or owners of each unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence, or carelessness, or by the act of any member's family or his or her guest, employee, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Board of Governors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of the unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. In any proceeding arising out of an alleged violation of this provision of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." or any rules or regulations promulgated pursuant thereto, by the owner of any dwelling, the Board of Governors, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney fees as may be determined by the Court, but in no event shall the owner of any unit be entitled to such attorney fees.

22. Transfer of Units. The unit owner may not mortgage his unit or any interest therein without the approval of the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." except as to a first mortgage lien made to a bank, life insurance company, federal savings and loan association, or other lending institution. "A Place at the Beach-Carolina Beach, Inc." may, and is hereby so authorized, to impose reasonable conditions upon which approval as to any other mortgagee shall be given.

So long as the Declarant herein shall own any unit, the said Declarant shall have the absolute right to lease, sell, or mortgage any such unit to any person, firm or corporation, upon the terms or conditions that it shall deem to be in its own best interest, and notice to or approval of the Board of Governors shall not be necessary.

23. Units subject to the Declaration, By-laws, Rules and Regulations. All present and future owners, tenants and occupants of units

shall be subject to, and shall comply with the provisions of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." and any rules and regulations as may be adopted in accordance with said By-laws, as said Declaration, By-laws, rules and regulations may be amended from time to time. Acceptance of a deed of conveyance or the entering into of a lease, or the entering into of occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-laws, and any rules and regulations which may be adopted are accepted and ratified by each owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed of conveyance or lease. Citizens Savings Association of Mexico, Missouri, construction lender, does hereby agree to join in the execution of this Declaration for the purpose of being bound by the terms and conditions set forth in this Declaration.

24. Tax Status of Association. The Declarant has initially incorporated "A Place at the Beach-Carolina Beach, Inc." as a non-profit corporation pursuant to the provisions of Chapter 55A of the North Carolina General Statutes. The Declarant does not warrant, however, that the tax exempt status of the said corporation shall continue nor shall Declarant become liable to any unit owner or any association of unit owners as a result of any subsequent change of the corporation's tax status.

25. Amendment of Declaration. Amendments to this Declaration may be made only upon the approval of at least sixty-six and two thirds (66 2/3%) per cent in number and in common interest of all unit owners, cast in person or by proxy in a meeting duly held in accordance with the provisions of the By-laws of "A Place at the Beach-Carolina Beach, Inc." provided, however, that paragraph 19 shall not be amended without the vote of at least seventy-five (75%) per cent in number and in common interest of all unit owners. No amendment shall be effective until recorded in the Office of the Register of Deeds of New Hanover County. Provided, further, that no amendment to this Declaration shall be made to alter the Declarant's rights and options created hereunder or any rights and options of Declarant created by the By-laws of "A Place at the Beach-Carolina Beach, Inc.", and, to insure same, no amendment to this Declaration shall be made without joinder of Declarant while Declarant retains ownership of at least one unit.

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

27. Waiver. No provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations which may occur.

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

29. Law Controlling. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 30th day of September, 1978.

SANDS INVESTMENTS NO. 2, INC.

President



ATTEST:

Secretary

Signature
QUALITY DUE TO
REPRODUCTION OF ORIGINAL DOCUMENT
B. B. 104 - 14

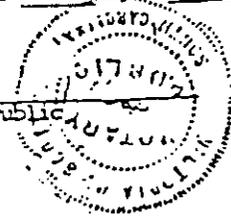
STATE OF ~~NOGORKYNOGOKORRY~~ South Carolina

COUNTY OF _____

I, _____, a Notary Public do hereby certify that Leslie M. Morris, Jr. personally appeared before me this day and acknowledged that he is the President of SANDS INVESTMENTS NO. 2, INC., a South Carolina Corporation, and doing business in the State of North Carolina, and that, by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by its Secretary.

WITNESS my hand and notarial seal this the _____ day of _____, 1978.

Notary Public



My commission expires:

9/2/86

Signature
QUALITY DUE TO
REPRODUCTION OF ORIGINAL DOCUMENT
B. B. 104 - 14

All living areas shall be carpeted except for baths and kitchen areas which shall be covered with vinyl.

Mechanical equipment in each unit shall consist of two thermostatically controlled wall mounted heat pumps and an electrical water heater. Each residence or unit shall have its own electric meter.

Specifics such as style, construction, materials and finishes are best described in the plans and specifications for the construction of this project, a copy of which is attached hereto and made a part hereof and referred to as Exhibit "B", showing all particulars of the building, including their location, layout, ceiling and floor elevations, dimensions of the units and the location of the common areas and facilities affording access to each unit. Such plans and specifications were drawn by William Clark, Registered Architect, having offices in Myrtle Beach, South Carolina, and being licensed to practice in the State of North Carolina.

4. Unit Designation. The unit designations of each condominium and each condominium building, its location, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth in Exhibits "A" and "B" attached hereto and made a part hereof. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of the perimeter walls, ceilings, and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement, or movement of the building or by permissible repairs, construction or alteration.

The units shall be numerically designated as follows: The units closest to Carolina Beach Avenue shall be designated A-1 on the first floor, A-2 on the second floor, A-3 on the third floor. The other units in the same building (smaller of the two) shall likewise be designated B-1, B-2 and B-3. The units in the larger of the two buildings shall be designated, from north to south, C-1, C-2, C-3 through H-1, H-2 and H-3. In all cases the unit designated #1 shall be on the first floor, the unit designated #2 shall be on the second floor and the unit designated #3 shall be on the third floor.

5. Swimming Pool. There shall be constructed on the property as shown on Exhibit "A", attached hereto, one rectangular shaped swimming pool which shall bear the approximate dimensions of 16 feet by 39 feet.

6. Common Areas and Facilities. The common areas and facilities consist of all parts of the multi-unit building situated on the property

now or hereafter made subject to this declaration, other than the individual dwelling units therein as previously defined, including, without limitation, the following: (a) The land on which the buildings are erected described in paragraph 1 above. (b) All foundations, columns, girders, beams, supports and other structural members. (c) The roofs and all exterior walls and interior walls, except those partitioned walls wholly within a unit, and the crawl space underneath each of the buildings. (d) All sewer and water pipes (e) All other parts of the property and all apparatus and installations existing in the building or upon the property for the common use which are necessary or convenient to the existence, maintenance or safety of the property, including, but not limited to, the swimming pool, parking lots, stairways and sidewalks.

7. Rental Units. Units may be rented pursuant to rules and regulations as prescribed by "A Place at the Beach-Carolina Beach, Inc."

8. Owners Association. To efficiently and effectively provide for the administration of the condominium project by the owners of units, a non-profit North Carolina corporation, known and designated as "A Place at the Beach-Carolina Beach, Inc." has been organized, and the said corporation shall administer the operation and management of the condominium and shall undertake and perform all acts and duties incident thereto in accordance with the terms, provisions, and conditions of this declaration, and in accordance with the terms of the Articles of Incorporation of "A Place at the Beach-Carolina Beach, Inc.", hereinafter referred to as the Association, and the by-laws of said Association. A true copy of the Articles of Incorporation and By-laws of said Association are annexed hereto and expressly made a part hereof as Exhibits "C" and "D", respectively. The owner and owners of each unit shall automatically become members of the Association upon said owner or owners acquisition of an ownership interest in title to any unit and its appurtenant, undivided interest in common elements, and membership of such owner or owners shall terminate automatically upon each owner or owners 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 the Association, or to any of the rights or privileges of such membership. In the administration of the operation and management of the condominium project, said Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration, levy and collect assessments in the manner hereinafter

1138 1117

-5-

provided, and to adopt, promulgate and enforce such rules and regulations, governing the use of the units and common elements as the Board of Governors of said Association may deem to be in the best interests of the condominium project.

9. Interest in Common Areas. The owner or owners of each unit of this condominium project shall own an undivided interest or share in the common areas and facilities as follows: For each of units A-1, A-2, A-3, B-1, B-2, B-3, the percentage of unit ownership shall be 3.894%. For each of the remaining units the percentage of unit ownership shall be 4.258%.

The percentage of undivided interest of each owner or owners in the common area is appurtenant to the residence owned by him. No appurtenance may be separated from the residence to which it appertains and such appurtenance shall be deemed to be conveyed or encumbered or to be otherwise passed with the residence whether or not expressly mentioned or described in a conveyance or other instrument describing the residence.

The percentage of undivided interest in the common areas appurtenant to each residence now or hereafter made subject to this Declaration is based on relative values assigned by the Declarant to each residence or unit solely for this purpose. The value so assigned is based upon the relation that the fair market value of the unit, as of the date of the Declaration, bears to the then fair market value of all the units having an interest in said common areas and facilities. Provided, however, that such values do not necessarily reflect or represent the selling price of such residential unit and no opinion, appraisal, sale or market value transaction at a greater or lesser price than the assigned value recited herein or hereafter in an amended Declaration shall be interpreted as requiring or permitting any change in the percentage of undivided interest assigned herein.

10. Percentage of Common Expenses. The owner or owners of each unit of "A Place at the Beach-Carolina Beach" shall share in the common expenses of said condominium project at a rate equal to said unit's interest in the undivided common areas and facilities as determined in paragraph 9 above.

11. Use. The buildings and each of the units contained therein shall be used for residential purposes only; provided, however, that so long as Sands Investments No. 2, Inc. shall retain any unsold units within said project, it may utilize any unit or units owned by it for Sales Offices, Model, or other usage for the purpose of selling units within said project. Sands Investments No. 2, Inc., may assign this limited commercial usage right to such other persons or entities as it may choose; provided, however, that when all

-6-

units have been sold, this right of commercial usage by Sands Investments No. 2, Inc., or its assigns, shall immediately cease. Further, one additional unit may, subject to the rules and regulations promulgated by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." be used as a Managers Office and/or for the purpose of conducting a rental program for the benefit of the owners. The use of the buildings is, or may be, restricted under the By-laws of "A Place at the Beach-Carolina Beach, Inc." which by-laws are attached hereto as Exhibit "C" and made a part hereof.

11. Persons to Receive Service of Process. H. Buckmaster Coyne, Jr. is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium, and such person's residence or place of business is First-Citizens Bank Building, Arendell Street, Morehead City, North Carolina, 28557. All correspondence to said process agent shall be addressed as above.

12. Easements. Each unit owner shall have an easement in common with the owners of all other units to use all pipe, wire, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Governors at "A Place at the Beach-Carolina Beach, Inc." or its designee, shall have the right of access to each unit to inspect the same, to remove therefrom such items which are in violation of any applicable law, regulation, by-law or rule and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Board of Governors of "A Place at the Beach-Carolina Beach, Inc." may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair, and replace, water lines, pipes, sewer lines, telephone wires and equipment, and electrical conduits, wires, over, under, along and on any portion of the common areas; each unit owner hereby grants the Board of Governors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner, such instruments as may be necessary to effectuate the foregoing.

13. Right of Entry into Units in Emergencies. In case of any emergency originating in or threatening any unit, regardless of whether the

owner is present at the time of such emergency, the Board of Governors, or its designee, or the building superintendent or managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and the right of entry shall be immediate; and to facilitate entry in the event of any such emergency, the owner of each unit, as required by the Board of Governors, shall deposit with the Board of Governors or its designee a key to such dwelling.

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

15. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all the condominium unit owners and the holders of first liens thereon, except such liens as may arise or be created against the several units and their respective common interest under the provisions of the North Carolina Unit Ownership Act.

16. Nature of Interest in Units. Every condominium unit, together with its undivided interest in the common areas and facilities, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, and easements contained therein and in the by-laws, rules, regulations, resolutions and decisions of "A Place at the Beach-Carolina Beach, Inc." adopted pursuant thereto.

17. Insurance. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policy. All policies upon the condominium property shall be purchased by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." for the benefit of the Association and the unit owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense and upon their personal property and for their personal liability and living expenses such other coverage as they may desire.

6200

ADMITTED TO RECORD
PAGE

SEP 27 11 42

DECLARATION CREATING UNIT OWNERSHIP OF PROPERTY IN
NEW HANOVER COUNTY UNDER THE PROVISIONS OF CHAPTER
47A OF THE GENERAL STATUTES OF NORTH CAROLINA
COUNTY CLERK
REGISTRAR
NEW HANOVER CO., N.C.

THIS DECLARATION made this 22 day of Sept., 1978, by
Sands Investments No. 2, Inc., a South Carolina Corporation having
its principal office at Myrtle Beach, South Carolina, and being
authorized to do business in the State of North Carolina, herein-
after referred to as "Declarant", under and by virtue of the pro-
visions of Chapter 47A of the General Statutes of North Carolina;

WITNESSETH:

WHEREAS, the Declarant is the owner of that tract or
parcel of land described in paragraph 1 below, and

WHEREAS, the Declarant will convey the property describ-
ed in paragraph 1 below subject to certain protective and restric-
tive covenants, conditions, restrictions, reservations, liens, and
charges as hereinafter set forth into unit ownership (sometimes
referred to as "Condominium" Ownership), said property with improve-
ments to be known as "A Place at the Beach-Carolina Beach," in the
manner provided for by the provisions of chapter 47A of the General
Statutes of North Carolina;

NOW, THEREFORE, the Declarant does hereby publish and
declare that all of the property described in paragraph 1 below
shall be held, conveyed, hypothecated, incumbered, used, occupied,
and improved subject to the following covenants, conditions, re-
strictions, uses, limitations and obligations, all of which are
declared and agreed to be in futherance of a plan for the improve-
ment of said property and the division thereof into condominium
units, and shall be deemed to run with the land and shall be a
burden and a benefit to Declarant, its successors and assigns and
any person acquiring or owning any interest in the real property
and improvements, their grantees, successors, heirs, executors,
administrators, devisees and assigns.

20

1. Description of Property. All that certain tract or
parcel of land with the buildings and improvements thereon erected
or hereafter erected, situated, lying and being, in the County of
New Hanover, State of North Carolina, and being more particularly
described as follows:

HARRINGTON
AND
BAREY
ATTORNEYS AT LAW
MOREHEAD CITY N.C.

1138 1114-2

Located in the County of New Hanover, State of North Carolina and being all of Lots 7, 8, 9, and 10 in Block 15 of Carolina Beach, as shown on map recorded in Map Book 3, Page 50 of the New Hanover County Registry, North Carolina.

2. Development Plan. "A Place at the Beach-Carolina Beach"

will be developed in the following manner: The Declarant shall construct on the property, or cause to be constructed on the property, two residential buildings, one of which shall contain six separate residential units, the other of which shall contain eighteen separate residential units, so that there will be a total of twenty-four separate residential units. The Declarant shall also construct on the property parking lots as shown on Exhibit "A" attached hereto and by reference made a part hereof. Further, Declarant shall construct a swimming pool on the property as shown on Exhibit "A".

3. Description of Buildings. The smaller of the two buildings (the building closest to Carolina Beach Avenue) shall contain six residential units substantially similar in size, floor-plan and material used in construction. The larger of the two buildings (the building furthest from Carolina Beach Avenue) shall contain eighteen residential units substantially similar in size, floor-plan and materials used in construction and also substantially similar in size, floor-plan and materials to those units in the smaller of the two buildings.

Each individual unit shall contain eight hundred sixty-four gross square footage.

The larger of the two buildings shall contain fifteen-thousand five hundred fifty-two gross square footage, consisting of eighteen individual units. The smaller of the two buildings shall contain five-thousand one-hundred eighty-four gross square feet, consisting of six individual units. Each unit in the project shall be a one-floor, two bedroom model and shall consist of a kitchen, living room with balcony, master bedroom, additional bedroom, one and one-half baths, storage closet and two clothes closets.

Kitchens in each unit shall be furnished with pre-finished wood cabinets, laminated plastic counter tops, electric range with hood, electric refrigerator, and dishwasher. Full bathrooms shall contain fiberglass tubs or showers, porcelain water closet, lavatory, and vanity tops. Half baths shall contain lavatory, porcelain water closets and vanity tops.

Party walls shall be stud wall construction with 5/8 inch gypsum board on either side. The gypsum board shall be covered with 1/4 inch pre-finished plywood paneling.

All living areas shall be carpeted except for baths and kitchen areas which shall be covered with vinyl.

Mechanical equipment in each unit shall consist of two thermostatically controlled wall mounted heat pumps and an electrical water heater. Each residence or unit shall have its own electric meter.

Specifics such as style, construction, materials and finishes are best described in the plans and specifications for the construction of this project, a copy of which is attached hereto and made a part hereof and referred to as Exhibit "B", showing all particulars of the building, including their location, layout, ceiling and floor elevations, dimensions of the units and the location of the common areas and facilities affording access to each unit. Such plans and specifications were drawn by William Clark, Registered Architect, having offices in Myrtle Beach, South Carolina, and being licensed to practice in the State of North Carolina.

4. Unit Designation. The unit designations of each condominium and each condominium building, its location, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth in Exhibits "A" and "B" attached hereto and made a part hereof. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of the perimeter walls, ceilings, and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement, or movement of the building or by permissible repairs, construction or alteration.

The units shall be numerically designated as follows: The units closest to Carolina Beach Avenue shall be designated A-1 on the first floor, A-2 on the second floor, A-3 on the third floor. The other units in the same building (smaller of the two) shall likewise be designated B-1, B-2 and B-3. The units in the larger of the two buildings shall be designated, from north to south, C-1, C-2, C-3 through H-1, H-2 and H-3. In all cases the unit designated #1 shall be on the first floor, the unit designated #2 shall be on the second floor and the unit designated #3 shall be on the third floor.

5. Swimming Pool. There shall be constructed on the property as shown on Exhibit "A", attached hereto, one rectangular shaped swimming pool which shall bear the approximate dimensions of 16 feet by 39 feet.

6. Common Areas and Facilities. The common areas and facilities consist of all parts of the multi-unit building situated on the property

now or hereafter made subject to this declaration, other than the individual dwelling units therein as previously defined, including, without limitation, the following: (a) The land on which the buildings are erected described in paragraph 1 above. (b) All foundations, columns, girders, beams, supports and other structural members. (c) The roofs and all exterior walls and interior walls, except those partitioned walls wholly within a unit, and the crawl space underneath each of the buildings. (d) All sewer and water pipes (e) All other parts of the property and all apparatus and installations existing in the building or upon the property for the common use which are necessary or convenient to the existence, maintenance or safety of the property, including, but not limited to, the swimming pool, parking lots, stairways and sidewalks.

7. Rental Units. Units may be rented pursuant to rules and regulations as prescribed by "A Place at the Beach-Carolina Beach, Inc."

8. Owners Association. To efficiently and effectively provide for the administration of the condominium project by the owners of units, a non-profit North Carolina corporation, known and designated as "A Place at the Beach-Carolina Beach, Inc." has been organized, and the said corporation shall administer the operation and management of the condominium and shall undertake and perform all acts and duties incident thereto in accordance with the terms, provisions, and conditions of this declaration, and in accordance with the terms of the Articles of Incorporation of "A Place at the Beach-Carolina Beach, Inc.", hereinafter referred to as the Association, and the by-laws of said Association. A true copy of the Articles of Incorporation and By-laws of said Association are annexed hereto and expressly made a part hereof as Exhibits "C" and "D", respectively. The owner and owners of each unit shall automatically become members of the Association upon said owner or owners acquisition of an ownership interest in title to any unit and its appurtenant, undivided interest in common elements, and membership of such owner or owners shall terminate automatically upon each owner or owners 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 the Association, or to any of the rights or privileges of such membership. In the administration of the operation and management of the condominium project, said Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration, levy and 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 Governors of said Association may deem to be in the best interests of the condominium project.

9. Interest in Common Areas. The owner or owners of each unit of this condominium project shall own an undivided interest or share in the common areas and facilities as follows: For each of units A-1, A-2, A-3, B-1, B-2, B-3, the percentage of unit ownership shall be 3.894%. For each of the remaining units the percentage of unit ownership shall be 4.258%.

The percentage of undivided interest of each owner or owners in the common area is appurtenant to the residence owned by him. No appurtenance may be separated from the residence to which it appertains and such appurtenance shall be deemed to be conveyed or encumbered or to be otherwise passed with the residence whether or not expressly mentioned or described in a conveyance or other instrument describing the residence.

The percentage of undivided interest in the common areas appurtenant to each residence now or hereafter made subject to this Declaration is based on relative values assigned by the Declarant to each residence or unit solely for this purpose. The value so assigned is based upon the relation that the fair market value of the unit, as of the date of the Declaration, bears to the then fair market value of all the units having an interest in said common areas and facilities. Provided, however, that such values do not necessarily reflect or represent the selling price of such residential unit and no opinion, appraisal, sale or market value transaction at a greater or lesser price than the assigned value recited herein or hereafter in an amended Declaration shall be interpreted as requiring or permitting any change in the percentage of undivided interest assigned herein.

10. Percentage of Common Expenses. The owner or owners of each unit of "A Place at the Beach-Carolina Beach" shall share in the common expenses of said condominium project at a rate equal to said unit's interest in the undivided common areas and facilities as determined in paragraph 9 above.

11. Use. The buildings and each of the units contained therein shall be used for residential purposes only; provided, however, that so long as Sands Investments No. 2, Inc. shall retain any unsold units within said project, it may utilize any unit or units owned by it for Sales Offices, Model, or other usage for the purpose of selling units within said project. Sands Investments No. 2, Inc., may assign this limited commercial usage right to such other persons or entities as it may choose; provided, however, that when all

units have been sold, this right of commercial usage by Sands Investments No. 2, Inc., or its assigns, shall immediately cease. Further, one additional unit may, subject to the rules and regulations promulgated by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." be used as a Managers Office and/or for the purpose of conducting a rental program for the benefit of the owners. The use of the buildings is, or may be, restricted under the By-laws of "A Place at the Beach-Carolina Beach, Inc." which by-laws are attached hereto as Exhibit "C" and made a part hereof.

11. Persons to Receive Service of Process. H. Buckmaster Coyne, Jr. is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium, and such person's residence or place of business is First-Citizens Bank Building, Arendell Street, Morehead City, North Carolina, 28557. All correspondence to said process agent shall be addressed as above.

12. Easements. Each unit owner shall have an easement in common with the owners of all other units to use all pipe, wire, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Governors at "A Place at the Beach-Carolina Beach, Inc." or its designee, shall have the right of access to each unit to inspect the same, to remove therefrom such items which are in violation of any applicable law, regulation, by-law or rule and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Board of Governors of "A Place at the Beach-Carolina Beach, Inc." may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair, and replace, water lines, pipes, sewer lines, telephone wires and equipment, and electrical conduits, wires, over, under, along and on any portion of the common areas; each unit owner hereby grants the Board of Governors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner, such instruments as may be necessary to effectuate the foregoing.

13. Right of Entry into Units in Emergencies. In case of any emergency originating in or threatening any unit, regardless of whether the

owner is present at the time of such emergency, the Board of Governors, or its designee, or the building superintendent or managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and the right of entry shall be immediate; and to facilitate entry in the event of any such emergency, the owner of each unit, as required by the Board of Governors, shall deposit with the Board of Governors or its designee a key to such dwelling.

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

15. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all the condominium unit owners and the holders of first liens thereon, except such liens as may arise or be created against the several units and their respective common interest under the provisions of the North Carolina Unit Ownership Act.

16. Nature of Interest in Units. Every condominium unit, together with its undivided interest in the common areas and facilities, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, and easements contained therein and in the by-laws, rules, regulations, resolutions and decisions of "A Place at the Beach-Carolina Beach, Inc." adopted pursuant thereto.

17. Insurance. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policy. All policies upon the condominium property shall be purchased by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." for the benefit of the Association and the unit owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense and upon their personal property and for their personal liability and living expenses such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

- (i) Loss or damage by fire and other hazard covered by standard extended coverage endorsement, and
- (ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the land heretofore described.

Public liability insurance shall be secured by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." in such amount and with such coverage as shall be deemed necessary by such Board, including, but not limited to, an endorsement to cover liability of the unit owners as a group to a single unit owner. There shall also be obtained workmen's compensation insurance to meet the requirements of law and other insurance coverage as said Board of Governors shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums for insurance policies purchased by "A Place at the Beach-Carolina Beach, Inc." shall be paid by "A Place at the Beach-Carolina Beach, Inc." as a common expense.

(d) Insurance Carrier. So long as Citizens Savings Association of Mexico, Missouri, hereinafter referred to as Lender, is the holder of a deed of trust on any unit or units or is a participant with any other lending institution who holds a deed of trust on any unit, said Citizens Savings Association shall have the right to approve the company or companies with whom the Board of Governors shall place insurance (i.e. Casualty Insurance Coverage) and such casualty insurance coverage shall only be placed with such company or companies as are approved by such Lender.

(e) Proceeds. All insurance policies purchased by said Board of Governors shall be for the benefit of "A Place at the Beach-Carolina Beach, Inc." and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to "A Place at the

Beach-Carolina Beach, Inc." as insurance trustee under this Declaration. The sole duty of "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-laws and for the benefit of the unit owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to common areas and facilities: An undivided share for each unit owner or owners, such share being the same based on the percentage of undivided interest in the common areas and facilities attributable to each unit as designated in paragraph 9 above.

(ii) Proceeds on account of damage to units shall be held in the following undivided shares:

(A) When the buildings are to be restored:

For the owners of damaged units in proportion to the costs of repairing the damage suffered by each unit owner, which costs shall be determined by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc."

(B) When the buildings are not to be restored:

An undivided share for each unit owner in said building, such share being the percentage of said proceeds which the unit owner's undivided interest in the common area compares to the total undivided interest in the common areas of all the units within the damaged building.

(iii) When a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

18. Distribution of Insurance Proceeds. Proceeds of insurance policies received by "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner.

a. Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefore.

- b. Reconstruction or repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof as provided by paragraph 19 hereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners under the provisions of paragraphs 17(e) (ii) (B) and 17(e) (iii).
- c. Failure to reconstruct or repair. If it is determined, as provided in paragraph 19 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners as provided in paragraphs 17(e) (ii) (B) and 17(e) (iii).

19. Damage and destruction. Except as hereinafter provided, damage to or destruction to any building shall be promptly repaired and restored by "A Place at the Beach-Carolina Beach, Inc." using the proceeds of insurance on the building or buildings destroyed for that purpose and unit owners of the building or buildings destroyed shall be liable for assessment of any deficiency. However, if any multiple unit building shall be more than two-thirds destroyed by fire or other casualty and if the owners of three-fourths of the units in any damaged or destroyed building elect not to proceed with reconstruction or restoration then, in such event:

- a. The owner of each unit not to be constructed or restored shall be liable to "A Place at the Beach-Carolina Beach, Inc." in a sum equal to five times the current yearly assessment, such assessment being severance or severance damages to compensate the remaining unit owners for increased common interest expenses, and thus, larger assessments from "A Place at the Beach-Carolina Beach, Inc."

- b. In lieu of severance damages set out in the preceding paragraph, and as liquidated damages therefore, the owner of each individual unit not to be restored or replaced shall convey his, her, its or their undivided interest in the property herein known as "A Place at the Beach-Carolina Beach, Inc." to the individual unit owners who are not subject to severance damages, in common, in shares, so that each grantee shall take a percentage ownership in the whole, vis a vis the other grantees, the same as that share of common property that grantee owned before the disaster. "A Place at the Beach-Carolina Beach, Inc." is expressly given the right to enforce this liquidated damages provision for the owners and shall be entitled to collect any expenses reasonably incurred in enforcing this provision from the party refusing to pay voluntarily.
- c. Immediately upon determination by the unit owners in a building not to repair or rebuild the building following a disaster, each unit owner's membership and right to vote in the Association shall terminate.
- d. In the event of damage to or destruction of the common facilities and if the insurance proceeds available are insufficient to repair or restore said building or improvements, then all of the unit owners, then members of "A Place at the Beach-Carolina Beach, Inc." shall be liable

for assessments of any deficiency in the same proportion as their percentage of unit ownership.

20. Reconstruction and Repair. Any reconstruction or repairs shall be in accordance with the plans and specifications of the original buildings, portions of which are attached hereto as Exhibit "B". The Board of Governors of "A Place at the Beach-Carolina Beach, Inc.", however, shall have the right to modify said plans.

21. Repair, etc. Covered by Owners. The owner or owners of each unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence, or carelessness, or by the act of any member's family or his or her guest, employee, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Board of Governors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of the unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. In any proceeding arising out of an alleged violation of this provision of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." or any rules or regulations promulgated pursuant thereto, by the owner of any dwelling, the Board of Governors, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney fees as may be determined by the Court, but in no event shall the owner of any unit be entitled to such attorney fees.

22. Transfer of Units. The unit owner may not mortgage his unit or any interest therein without the approval of the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." except as to a first mortgage lien made to a bank, life insurance company, federal savings and loan association, or other lending institution. "A Place at the Beach-Carolina Beach, Inc." may, and is hereby so authorized, to impose reasonable conditions upon which approval as to any other mortgagee shall be given.

So long as the Declarant herein shall own any unit, the said Declarant shall have the absolute right to lease, sell, or mortgage any such unit to any person, firm or corporation, upon the terms or conditions that it shall deem to be in its own best interest, and notice to or approval of the Board of Governors shall not be necessary.

23. Units subject to the Declaration, By-laws, Rules and Regulations. All present and future owners, tenants and occupants of units

shall be subject to, and shall comply with the provisions of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." and any rules and regulations as may be adopted in accordance with said By-laws, as said Declaration, By-laws, rules and regulations may be amended from time to time. Acceptance of a deed of conveyance or the entering into of a lease, or the entering into of occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-laws, and any rules and regulations which may be adopted are accepted and ratified by each owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed of conveyance or lease. Citizens Savings Association of Mexico, Missouri, construction lender, does hereby agree to join in the execution of this Declaration for the purpose of being bound by the terms and conditions set forth in this Declaration.

24. Tax Status of Association. The Declarant has initially incorporated "A Place at the Beach-Carolina Beach, Inc." as a non-profit corporation pursuant to the provisions of Chapter 55A of the North Carolina General Statutes. The Declarant does not warrant, however, that the tax exempt status of the said corporation shall continue nor shall Declarant become liable to any unit owner or any association of unit owners as a result of any subsequent change of the corporation's tax status.

25. Amendment of Declaration. Amendments to this Declaration may be made only upon the approval of at least sixty-six and two thirds (66 2/3%) per cent in number and in common interest of all unit owners, cast in person or by proxy in a meeting duly held in accordance with the provisions of the By-laws of "A Place at the Beach-Carolina Beach, Inc." provided, however, that paragraph 19 shall not be amended without the vote of at least seventy-five (75%) per cent in number and in common interest of all unit owners. No amendment shall be effective until recorded in the Office of the Register of Deeds of New Hanover County. Provided, further, that no amendment to this Declaration shall be made to alter the Declarant's rights and options created hereunder or any rights and options of Declarant created by the By-laws of "A Place at the Beach-Carolina Beach, Inc.", and, to insure same, no amendment to this Declaration shall be made without joinder of Declarant while Declarant retains ownership of at least one unit.

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

27. Waiver. No provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations which may occur.

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

29. Law Controlling. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 22nd day of September, 1978.

SANDS INVESTMENTS NO. 2, INC.

President



ATTEST:

Secretary

Signature
SIGNATURE OF BEST QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
2 101 - 14

STATE OF ~~NORTH CAROLINA~~ South Carolina

COUNTY OF _____

I, _____, a Notary Public do hereby certify that Leslie M. Morris, Jr. personally appeared before me this day and acknowledged that he is the President of SANDS INVESTMENTS NO. 2, INC., a South Carolina Corporation, and doing business in the State of North Carolina, and that, by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by its Secretary.

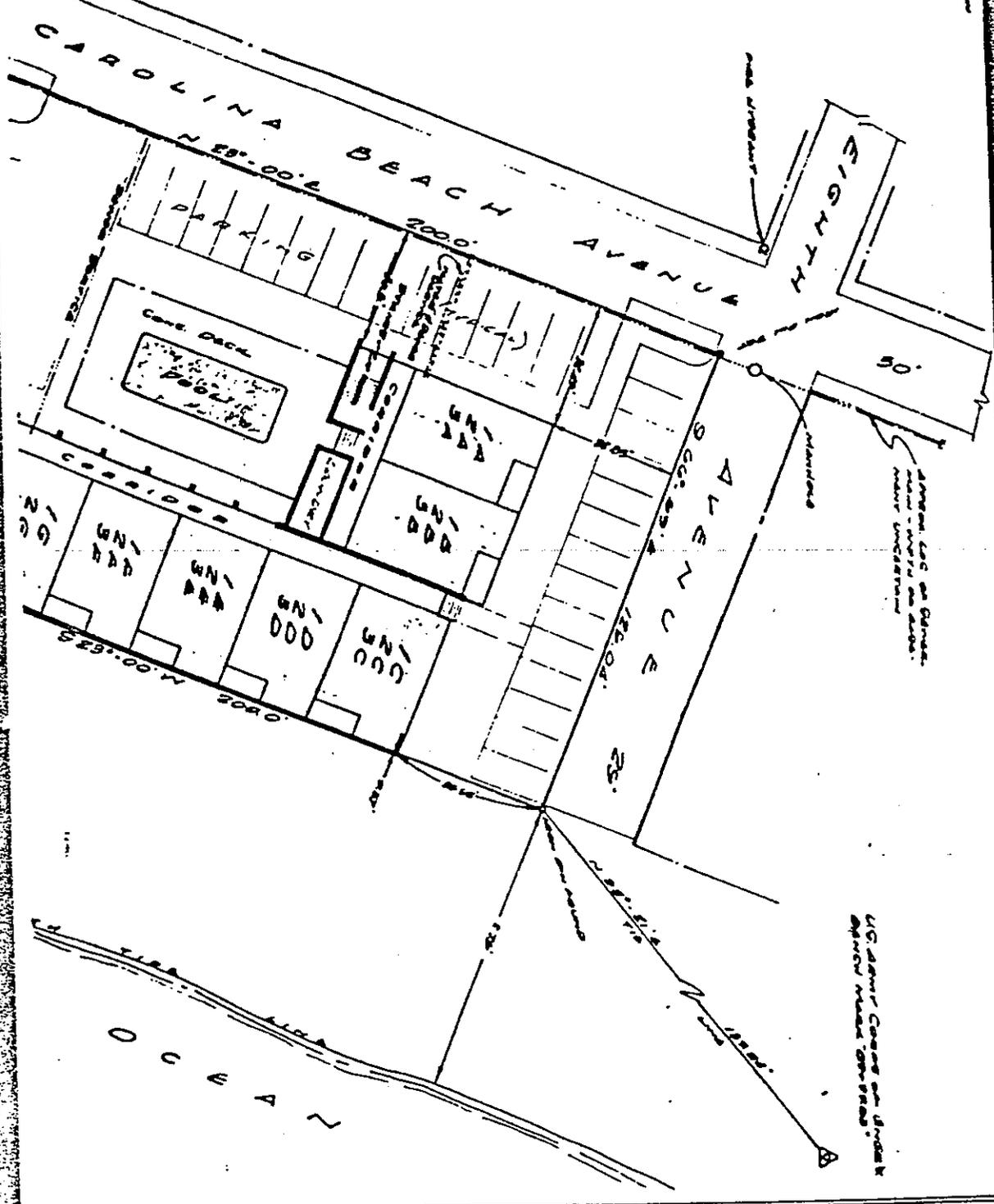
WITNESS my hand and notarial seal this the _____ day of _____, 1978.

Notary Public



My commission expires:
9/2/86

Signature
SIGNATURE OF BEST QUALITY DUE TO
CONDITION OF ORIGINAL DOCUMENT
2 101 - 14



APPROX. LOC. OF DRIVE
SEE PLAN ON PAGE
1128

40' DRIVE
SEE PLAN ON PAGE
1128

6-2-80

RECORDED TO RECORD
BOOK PAGE
FILE

SEP 23 11 42 AM 1978

DECLARATION CREATING UNIT OWNERSHIP OF PROPERTY IN
NEW HANOVER COUNTY UNDER THE PROVISIONS OF CHAPTER
47A OF THE GENERAL STATUTES OF NORTH CAROLINA
LESLIE CLAY
REGISTRAR
NEW HANOVER CO., N.C.

THIS DECLARATION made this 22 day of Sept., 1978, by Sands Investments No. 2, Inc., a South Carolina Corporation having its principal office at Myrtle Beach, South Carolina, and being authorized to do business in the State of North Carolina, hereinafter referred to as "Declarant", under and by virtue of the provisions of Chapter 47A of the General Statutes of North Carolina;

WITNESSETH:

WHEREAS, the Declarant is the owner of that tract or parcel of land described in paragraph 1 below, and

WHEREAS, the Declarant will convey the property described in paragraph 1 below subject to certain protective and restrictive covenants, conditions, restrictions, reservations, liens, and charges as hereinafter set forth into unit ownership (sometimes referred to as "Condominium" Ownership), said property with improvements to be known as "A Place at the Beach-Carolina Beach," in the manner provided for by the provisions of chapter 47A of the General Statutes of North Carolina;

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described in paragraph 1 below shall be held, conveyed, hypothecated, incumbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in futherance of a plan for the improvement of said property and the division thereof into condominium units, and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns and any person acquiring or owning any interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

20

1. Description of Property. All that certain tract or parcel of land with the buildings and improvements thereon erected or hereafter erected, situated, lying and being, in the County of New Hanover, State of North Carolina, and being more particularly described as follows:

HAMILTON
AND
BAILEY
ATTORNEYS AT LAW
MOREHEAD CITY - N.C.

Located in the County of New Hanover, State of North Carolina and being all of Lots 7, 8, 9, and 10 in Block 15 of Carolina Beach, as shown on map recorded in Map Book 3, Page 50 of the New Hanover County Registry, North Carolina.

2. Development Plan. "A Place at the Beach-Carolina Beach"

will be developed in the following manner: The Declarant shall construct on the property, or cause to be constructed on the property, two residential buildings, one of which shall contain six separate residential units, the other of which shall contain eighteen separate residential units, so that there will be a total of twenty-four separate residential units. The Declarant shall also construct on the property parking lots as shown on Exhibit "A" attached hereto and by reference made a part hereof. Further, Declarant shall construct a swimming pool on the property as shown on Exhibit "A".

3. Description of Buildings. The smaller of the two buildings (the building closest to Carolina Beach Avenue) shall contain six residential units substantially similar in size, floor-plan and material used in construction. The larger of the two buildings (the building furthest from Carolina Beach Avenue) shall contain eighteen residential units substantially similar in size, floor-plan and materials used in construction and also substantially similar in size, floor-plan and materials to those units in the smaller of the two buildings.

Each individual unit shall contain eight hundred sixty-four gross square footage.

The larger of the two buildings shall contain fifteen-thousand five hundred fifty-two gross square footage, consisting of eighteen individual units. The smaller of the two buildings shall contain five-thousand one-hundred eighty-four gross square feet, consisting of six individual units. Each unit in the project shall be a one-floor, two bedroom model and shall consist of a kitchen, living room with balcony, master bedroom, additional bedroom, one and one-half baths, storage closet and two clothes closets.

Kitchens in each unit shall be furnished with pre-finished wood cabinets, laminated plastic counter tops, electric range with hood, electric refrigerator, and dishwasher. Full bathrooms shall contain fiberglass tubs or showers, porcelain water closet, lavatory, and vanity tops. Half baths shall contain lavatory, porcelain water closets and vanity tops.

Party walls shall be stud wall construction with 5/8 inch gypsum board on either side. The gypsum board shall be covered with 1/4 inch pre-finished plywood paneling.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

- (i) Loss or damage by fire and other hazard covered by standard extended coverage endorsement, and
- (ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the land heretofore described.

Public liability insurance shall be secured by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." in such amount and with such coverage as shall be deemed necessary by such Board, including, but not limited to, an endorsement to cover liability of the unit owners as a group to a single unit owner. There shall also be obtained workmen's compensation insurance to meet the requirements of law and other insurance coverage as said Board of Governors shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums for insurance policies purchased by "A Place at the Beach-Carolina Beach, Inc." shall be paid by "A Place at the Beach-Carolina Beach, Inc." as a common expense.

(d) Insurance Carrier. So long as Citizens Savings Association of Mexico, Missouri, hereinafter referred to as Lender, is the holder of a deed of trust on any unit or units or is a participant with any other lending institution who holds a deed of trust on any unit, said Citizens Savings Association shall have the right to approve the company or companies with whom the Board of Governors shall place insurance (i.e. Casualty Insurance Coverage) and such casualty insurance coverage shall only be placed with such company or companies as are approved by such Lender.

(e) Proceeds. All insurance policies purchased by said Board of Governors shall be for the benefit of "A Place at the Beach-Carolina Beach, Inc." and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to "A Place at the

Beach-Carolina Beach, Inc." as insurance trustee under this Declaration. The sole duty of "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-laws and for the benefit of the unit owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to common areas and facilities: An undivided share for each unit owner or owners, such share being the same based on the percentage of undivided interest in the common areas and facilities attributable to each unit as designated in paragraph 9 above.

(ii) Proceeds on account of damage to units shall be held in the following undivided shares:

(A) When the buildings are to be restored:

For the owners of damaged units in proportion to the costs of repairing the damage suffered by each unit owner, which costs shall be determined by the Board of Governors of "A Place at the Beach-Carolina Beach, Inc."

(B) When the buildings are not to be restored:

An undivided share for each unit owner in said building, such share being the percentage of said proceeds which the unit owner's undivided interest in the common area compares to the total undivided interest in the common areas of all the units within the damaged building.

(iii) When a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

18. Distribution of Insurance Proceeds. Proceeds of insurance policies received by "A Place at the Beach-Carolina Beach, Inc." as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner.

a. Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefore.

- b. Reconstruction or repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof as provided by paragraph 19 hereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners under the provisions of paragraphs 17(e) (ii) (B) and 17(e) (iii).
- c. Failure to reconstruct or repair. If it is determined, as provided in paragraph 19 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners as provided in paragraphs 17(e) (ii) (B) and 17(e) (iii).

19. Damage and destruction. Except as hereinafter provided, damage to or destruction to any building shall be promptly repaired and restored by "A Place at the Beach-Carolina Beach, Inc." using the proceeds of insurance on the building or buildings destroyed for that purpose and unit owners of the building or buildings destroyed shall be liable for assessment of any deficiency. However, if any multiple unit building shall be more than two-thirds destroyed by fire or other casualty and if the owners of three-fourths of the units in any damaged or destroyed building elect not to proceed with reconstruction or restoration then, in such event:

- a. The owner of each unit not to be constructed or restored shall be liable to "A Place at the Beach-Carolina Beach, Inc." in a sum equal to five times the current yearly assessment, such assessment being severance or severance damages to compensate the remaining unit owners for increased common interest expenses, and thus, larger assessments from "A Place at the Beach-Carolina Beach, Inc."

- b. In lieu of severance damages set out in the preceding paragraph, and as liquidated damages therefore, the owner of each individual unit not to be restored or replaced shall convey his, her, its or their undivided interest in the property herein known as "A Place at the Beach-Carolina Beach, Inc." to the individual unit owners who are not subject to severance damages, in common, in shares, so that each grantee shall take a percentage ownership in the whole, vis a vis the other grantees, the same as that share of common property that grantee owned before the disaster. "A Place at the Beach-Carolina Beach, Inc." is expressly given the right to enforce this liquidated damages provision for the owners and shall be entitled to collect any expenses reasonably incurred in enforcing this provision from the party refusing to pay voluntarily.
- c. Immediately upon determination by the unit owners in a building not to repair or rebuild the building following a disaster, each unit owner's membership and right to vote in the Association shall terminate.
- d. In the event of damage to or destruction of the common facilities and if the insurance proceeds available are insufficient to repair or restore said building or improvements, then all of the unit owners, then members of "A Place at the Beach-Carolina Beach, Inc." shall be liable

for assessments of any deficiency in the same proportion as their percentage of unit ownership.

20. Reconstruction and Repair. Any reconstruction or repairs shall be in accordance with the plans and specifications of the original buildings, portions of which are attached hereto as Exhibit "B". The Board of Governors of "A Place at the Beach-Carolina Beach, Inc.", however, shall have the right to modify said plans.

21. Repair, etc. Covered by Owners. The owner or owners of each unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence, or carelessness, or by the act of any member's family or his or her guest, employee, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Board of Governors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of the unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. In any proceeding arising out of an alleged violation of this provision of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." or any rules or regulations promulgated pursuant thereto, by the owner of any dwelling, the Board of Governors, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney fees as may be determined by the Court, but in no event shall the owner of any unit be entitled to such attorney fees.

22. Transfer of Units. The unit owner may not mortgage his unit or any interest therein without the approval of the Board of Governors of "A Place at the Beach-Carolina Beach, Inc." except as to a first mortgage lien made to a bank, life insurance company, federal savings and loan association, or other lending institution. "A Place at the Beach-Carolina Beach, Inc." may, and is hereby so authorized, to impose reasonable conditions upon which approval as to any other mortgagee shall be given.

So long as the Declarant herein shall own any unit, the said Declarant shall have the absolute right to lease, sell, or mortgage any such unit to any person, firm or corporation, upon the terms or conditions that it shall deem to be in its own best interest, and notice to or approval of the Board of Governors shall not be necessary.

23. Units subject to the Declaration, By-laws, Rules and Regulations. All present and future owners, tenants and occupants of units

1138 1125

-13-

shall be subject to, and shall comply with the provisions of this Declaration, the By-laws of "A Place at the Beach-Carolina Beach, Inc." and any rules and regulations as may be adopted in accordance with said By-laws, as said Declaration, By-laws, rules and regulations may be amended from time to time. Acceptance of a deed of conveyance or the entering into of a lease, or the entering into of occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-laws, and any rules and regulations which may be adopted are accepted and ratified by each owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed of conveyance or lease. Citizens Savings Association of Mexico, Missouri, construction lender, does hereby agree to join in the execution of this Declaration for the purpose of being bound by the terms and conditions set forth in this Declaration.

24. Tax Status of Association. The Declarant has initially incorporated "A Place at the Beach-Carolina Beach, Inc." as a non-profit corporation pursuant to the provisions of Chapter 55A of the North Carolina General Statutes. The Declarant does not warrant, however, that the tax exempt status of the said corporation shall continue nor shall Declarant become liable to any unit owner or any association of unit owners as a result of any subsequent change of the corporation's tax status.

25. Amendment of Declaration. Amendments to this Declaration may be made only upon the approval of at least sixty-six and two thirds (66 2/3%) per cent in number and in common interest of all unit owners, cast in person or by proxy in a meeting duly held in accordance with the provisions of the By-laws of "A Place at the Beach-Carolina Beach, Inc." provided, however, that paragraph 19 shall not be amended without the vote of at least seventy-five (75%) per cent in number and in common interest of all unit owners. No amendment shall be effective until recorded in the Office of the Register of Deeds of New Hanover County. Provided, further, that no amendment to this Declaration shall be made to alter the Declarant's rights and options created hereunder or any rights and options of Declarant created by the By-laws of "A Place at the Beach-Carolina Beach, Inc.", and, to insure same, no amendment to this Declaration shall be made without joinder of Declarant while Declarant retains ownership of at least one unit.

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

27. Waiver. No provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations which may occur.

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

29. Law Controlling. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 10th day of September, 1978.

SANDS INVESTMENTS NO. 2, INC.

President



ATTEST:

Secretary

Signature
QUALITY DUE TO
REPRODUCTION OF ORIGINAL DOCUMENT
8-2-14-78

STATE OF ~~NORTH CAROLINA~~ South Carolina
COUNTY OF _____

I, _____, a Notary Public do hereby certify that Leslie M. Morris, Jr. personally appeared before me this day and acknowledged that he is the President of SANDS INVESTMENTS NO. 2, INC., a South Carolina Corporation, and doing business in the State of North Carolina, and that, by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by its Secretary.

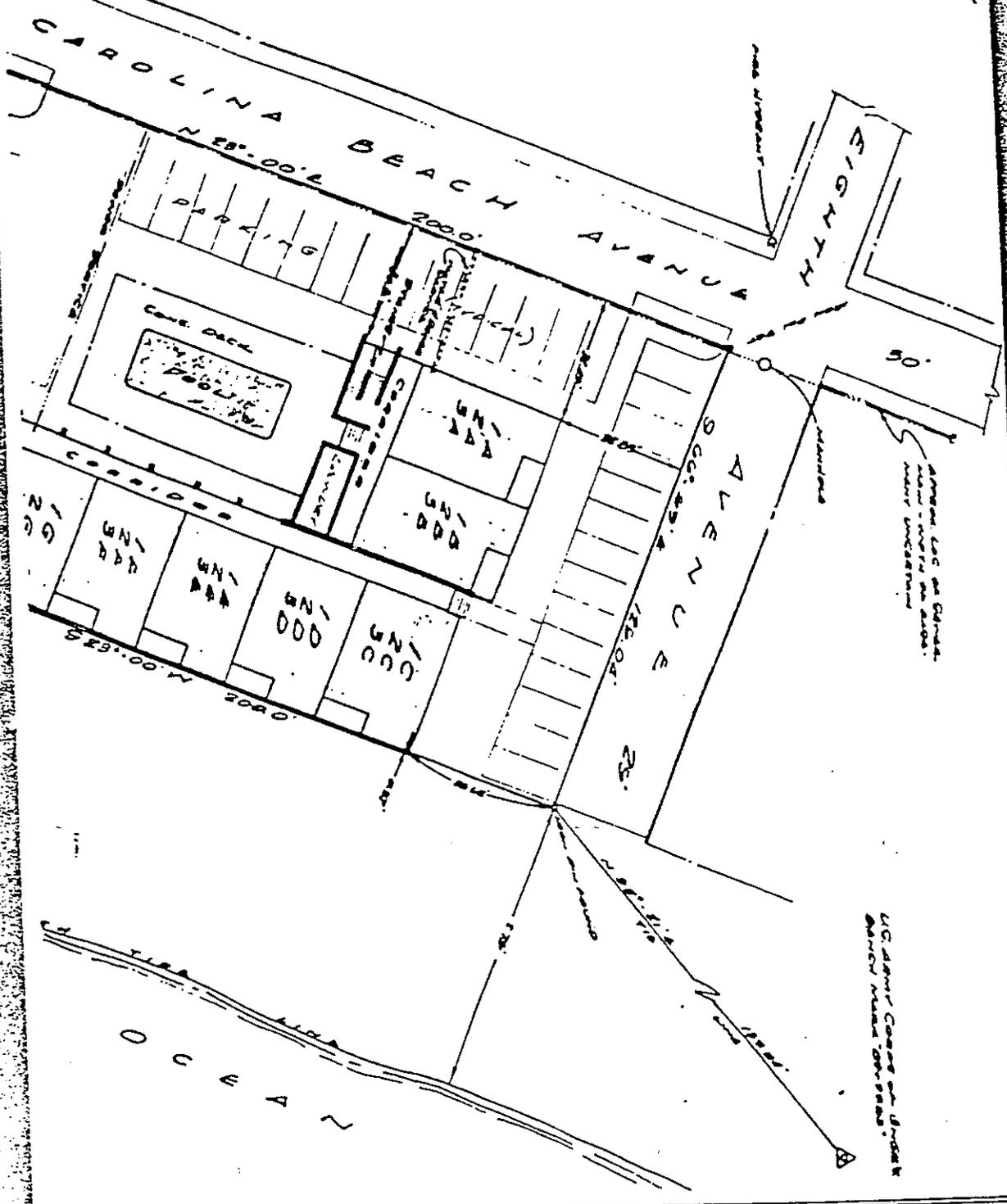
WITNESS my hand and notarial seal this the _____ day of _____, 1978.

Notary Public



My commission expires:
9/2/86

Signature
QUALITY DUE TO
REPRODUCTION OF ORIGINAL DOCUMENT
8-2-14-78



Armed LAC at Camp.
near north side of block

LAC Alarm Camp on block to
south west corner

