



DECLARATION OF CONDOMINIUM  
for  
THE LANDINGS AT SUGAR CREEK  
DARE COUNTY, NORTH CAROLINA

North Avon Condo Group, LLC  
Developer and Declarant

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THIS DECLARATION OF THE LANDINGS AT SUGAR CREEK CONDOMINIUM (hereinafter referred to as the "Declaration"), made this the 2nd day of July, 2007, by NORTH AVON CONDO GROUP, L.L.C., a North Carolina limited liability company (hereinafter referred to as "Declarant"), pursuant to the provisions of Chapter 47C of the General Statutes of the State of North Carolina (sometimes hereinafter referred to as the "Condominium Act" or the "Act"), with the consent and joinder of Matthew J. Ragaller, Trustee, and LaSalle Bank, a national association, to ALL PROSPECTIVE PURCHASERS OR OWNERS of the property described herein;

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain real estate located in Dare County, North Carolina, said real estate being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Declarant has constructed on the property described on Exhibit "A" one (1) three-story building, containing seven (7) condominium units, and appurtenant facilities; and,

WHEREAS, it is the desire of the Declarant to submit the property described on Exhibit "A," together with the improvements thereon constructed, to the provisions of the North Carolina Condominium Act to provide for the condominium form of ownership; and,

WHEREAS, Declarant hereby establishes by this Declaration a plan for the individual ownership of condominium units and the co-ownership by individual and separate owners thereof, as tenants in common, of all of the remaining property in the condominium (all portions of the Condominium except the Units hereinafter being referred to as "Common Elements").

NOW, THEREFORE, Declarant does hereby declare that the property described on Exhibit "A" attached hereto and incorporated herein by reference shall be held, conveyed, encumbered, used, occupied, improved, sold, mortgaged, and otherwise conveyed subject to the rules, regulations, restrictions, covenants, conditions, uses and obligations set forth in this Declaration. All such rules, regulations, restrictions, covenants, conditions, uses and obligations are declared and agreed to be in furtherance of a plan for the creation of the Condominium and the use, enjoyment and rental of condominium units and shall be deemed to run with the land and be a burden on and a benefit to the Declarant, its successors and assigns, and on and to any Person acquiring or owning any interest in the real property in the Condominium and any improvements thereto, and such parties' grantees, successors, heirs, assigns, executors, administrators and devisees. Individual Unit Owners, their employees, guests, tenants and all persons using or possessing any property within the Condominium are subject to the provisions of this Declaration.

ARTICLE 1

ESTABLISHMENT OF CONDOMINIUM

On that property described on Exhibit "A" attached hereto and incorporated herein by reference, there exists one (1) three-story building containing seven (7) Condominium Units and other appurtenant improvements. Declarant does hereby submit the real property, and the improvements lying within the land area described on Exhibit "A" to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina (Condominium Act), and hereby declares the same to be a condominium to be known and identified as "The Landings at Sugar Creek Condominium." The maximum number of Condominium Units which the Declarant reserves the right to create is fifty-six (56). No additional real estate will be allocated subsequently as Limited Common Elements. The Condominium is located in the Town of Nags Head, Dare County, North Carolina.

ARTICLE 2

SURVEY AND DESCRIPTION OF IMPROVEMENTS

A survey of the land and plat and plans of the improvements constituting the Condominium, identifying the Condominium Units, the Common Elements and the Limited Common Elements, as said terms are herein defined, and containing the information required by N.C. Gen. Stat. § 47C-2-109(b) and (c) is recorded in the office of the Register of Deeds of Dare County in the map book identified in Exhibit "E," said survey and plat and plans being incorporated herein by reference. Said survey and plat and plans are sometimes collectively referred to herein as Exhibit "E." Each Condominium Unit is identified by a specific number on said Exhibit "E", and no Condominium Unit bears the same number as any other Condominium Unit. The Condominium Units are numbered 1 through 6, as shown on Exhibit "E".

ARTICLE 3

DEFINITIONS

As used in this Declaration, the Bylaws and the exhibits attached hereto, and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail:

Section 3.1 Articles of Incorporation. "Articles of Incorporation" means the Articles of Incorporation for Landings at Sugar Creek Owners Association filed in the office of the Secretary of State of North Carolina and in the office of the Register of Deeds of Dare County, North Carolina, as the same may be amended from time to time.

Section 3.2 Association. "Association" shall mean the Unit Owners Association organized pursuant to the Act and incorporated under Chapter 55A of the General Statutes of North Carolina, and shall be known as Landings at Sugar Creek Owners Association and its successor.

Section 3.3 Association Documents. "Association Documents" means collectively the Articles of Incorporation of the Association, the Bylaws of the Association, this Declaration, and the Rules and Regulations adopted by the Association, all as may be amended, restated and revised from time to time. Any exhibit, schedule, or amendment to an Association Document shall be considered a part of that document.

Section 3.4 Common Elements. "Common Elements" shall mean and comprise (i) all of the real property, improvements and facilities of the Condominium, excluding however, the Condominium Units as herein defined, (ii) all personal property and equipment held and maintained for the joint use and enjoyment of all the Owners of Condominium Units, and (iii) all permits for construction, maintenance and operation of the Condominium assigned by Declarant to the Association or otherwise procured or acquired by the Association.

Section 3.5 Common Expenses. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 3.6 Condominium. "Condominium" shall mean the Property described on Exhibit "A," together with all buildings and improvements existing thereon or hereinafter constructed thereon, and any portions of the Development Property, and buildings and improvements thereon, which may be submitted to this Declaration and added to the Condominium.

Section 3.7 Condominium Units. "Condominium Units" or "Units," as such terms are used herein, shall mean a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereinafter defined and shown on Exhibit "B."

The walls, floors, and ceilings of the Units hereby are designated as the boundaries of each respective Unit. The lower horizontal boundary of each Unit is the unfinished flooring or surface on the ground floor, and the upper horizontal boundary of each Unit is the ceiling of the third story, both of which are shown and designed on Exhibit "B."

Except as otherwise modified herein, the provisions of N.C. Gen. Stat. § 47C-2-102(1), (2), (3), and (4) are incorporated herein by reference.

Section 3.8 Declarant. "Declarant" shall mean North Avon Condo Group, L.L.C. and any Person or entity who succeeds to any Special Declarant Rights as provided herein or pursuant to the Condominium Act.

Section 3.9 Declaration. "Declaration" means this instrument and any amendments thereto.

Section 3.10 Development Property. "Development Property" shall mean that real property described on Exhibit "E."



Section 3.11 Development Rights. "Development Rights" means the rights reserved by Declarant under Article 29 of this Declaration, including the right to add additional real estate and property to the Condominium.

Section 3.12 Director. "Director" means a member of the Executive Board of the Association.

Section 3.13 Limited Common Elements. "Limited Common Elements" means those portions of the Common Elements allocated by operation of N.C. Gen. Stat. § 47C-2-102 for the exclusive use of one or more but fewer than all of the Units, those portions of the Common Elements described in this Declaration as Limited Common Elements and those portions of the Common Elements designated as Limited Common Elements on Exhibit "B."

Supplementing the provisions of N.C. Gen. Stat. § 47C-2-102(4), all exterior doors and door frames, except screen doors or storm doors as may have been permitted by the Association, exterior windows and window frames, and all related components of the exterior doors and exterior windows including glass, panes and screens, shall be Limited Common Elements, and are specifically allocated to the Units in which they are installed and the owner of each said Unit is responsible for maintenance and replacement of the same.

Supplementing the provisions of N.C. Gen. Stat. § 47C-2-102(2), the horizontal floor and ceiling joists and appurtenant components within each Unit, excepting the finished surface of such floors or ceilings, shall be considered "bearing walls" and Limited Common Elements for all purposes of this Section and in the Act.

Section 3.14 Person. "Person" shall mean a natural person, limited liability company, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity or any combination thereof.

Section 3.15 Property. "Property" shall mean the real estate described on Exhibit "A," together with all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

Section 3.16 Special Declarant Rights. "Special Declarant Rights" shall mean all rights reserved by Declarant more particularly set forth in Section 27.3 and Section 29.1 of this Declaration.

Section 3.17 Unit Owner. "Unit Owner" or "Owner" shall mean any Person owning one or more Units, but shall not include a mortgagee unless such mortgagee has acquired title pursuant to foreclosure or some other process in lieu of foreclosure.

Any word not defined herein, unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall, as used herein, have the meaning set out in N.C. Gen. Stat. § 47C-1-103.



ARTICLE 4

OWNERSHIP INTEREST/COMMON ELEMENTS

Section 4.1 Common Elements. Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit also shall own, as an appurtenance to the ownership of said Condominium Unit, an undivided interest in the Common Elements. The undivided interest in the Common Elements appurtenant to each of the Condominium Units is equal as set out in Exhibit "C" attached hereto and made a part hereof.

The proportional interest in the Common Elements appurtenant to each Condominium Unit shall be reallocated equally among all of the Condominium Units when new Condominium Units are created pursuant to the exercise of Development Rights.

Section 4.2 Common Expense Allocation. The portion of the Common Expenses of the Association allocated to each Unit is also equal as set out in Exhibit "C." The proportion of the Common Expenses allocated to each Unit shall be reallocated equally among all of the Condominium Units when new Condominium Units are created pursuant to the exercise of Development Rights.

Section 4.3 Voting Allocation. The vote in the Association allocated to each Unit shall be equal and shall be one (1) vote per Unit.

ARTICLE 5

ALTERATION OF UNITS, RELOCATION OF UNIT BOUNDARIES,  
SUBDIVISION OF UNITS AND REALLOCATION OF LIMITED COMMON ELEMENTS;  
SEPARATE CONVEYANCE OF APPURTENANT COMMON PROPERTY PROHIBITED

Section 5.1 Alteration of Units - Boundaries. Subject to the provisions of N.C. Gen. Stat. § 47C-2-108, 47C-2-111, 47C-2-112 and 47C-2-113, and to the limitations contained in Article 16 of this Declaration, Units may be altered, boundaries between adjoining Units may be relocated, Units may be subdivided, Limited Common Elements may be reallocated, and Common Elements may be allocated as Limited Common Elements. Units that are combined shall be treated as separate units for the purpose of allocation of interest in common elements, voting rights and responsibility for assessments.

Section 5.2 Alterations of Units - Bedrooms. No Owner of a Unit shall undertake any construction or action within the boundaries of the Unit to convert any other room or area within the Unit into an additional bedroom or increase the number of bedrooms above those which were originally constructed as part of the Unit.

Section 5.3 Common Elements Appurtenant to Units. The undivided interest in the Common Elements declared to be an appurtenance to each Condominium Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said



Condominium Unit, and the undivided interest in Common Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit, even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Condominium Unit which describes said Condominium Unit by the number designation assigned thereto by the map recorded as aforesaid without limitation or exception, shall be deemed and construed to affect the entire Condominium Unit and its appurtenant undivided interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants or as tenants by the entirety.

## ARTICLE 6

### CONDOMINIUM SUBJECT TO RESTRICTIONS

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

Section 6.1 Single Family. Units 201 through 204 shall be occupied and utilized only for single family residential purposes subject to the provisions of this Declaration.

Section 6.2 Commercial. Units 101 through 103 shall be occupied and utilized solely for use as offices as such are defined in the Sec. 48-407 (C-2 general commercial district) of the Town of Nags Head Zoning Ordinance and as amended. Commercial units may not be utilized for food service or manufacturing of any kind. Regardless of the provisions of this Declaration, Commercial Units shall be entitled to signage in the form of a portion of the Condominium's street sign and also an etched sign located on the entry door of each commercial unit.

Section 6.3 Occupancy Restrictions. The occupancy of each Unit designated as Single Family shall not exceed twelve (12) Persons at any time.

Section 6.4 Nuisances. No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Condominium Unit shall permit or suffer anything to be done or kept in his Condominium Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the

rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Elements.

Section 6.6 Timesharing Prohibition. No Unit may be used for, nor shall any Owner permit the use of a Unit for, a timesharing, fraction-sharing or similar program whereby the right to exclusive right of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

In addition to the foregoing, the Condominium is subject to those matters affecting the Property set forth on Exhibit "D" attached hereto and incorporated herein by reference.

Section 6.7 Lease or Rental of Units Subject to Conditions. Not less than an entire Unit may be leased. All leases of any Unit shall be in writing. All such leases shall provide that they are subject to all of the provisions of the Declaration, the Bylaws and the Rules and Regulations and that any failure by the lessee to comply with any of such provisions shall constitute a default under the lease. A Unit Owner or property management company leasing a unit on behalf of a Unit Owner must provide the Association a true and accurate copy of any lease of a Unit within 48 hours of receipt of said written request.

If any lessor or lessee is in violation of any of the provisions of the foregoing documents, the Association may bring an action in its own name and/or in the name of the lessor to have the lessee evicted and/or to recover damages. If the Court finds that the lessee is or has violated any of the provisions of the Declaration, the Bylaws or the Rules and Regulations, the Court may find the lessee guilty of forcible detainer notwithstanding the facts that the lessor is not a party to the action and/or that the lessee is not otherwise in violation of lessee's lease or other rental agreements with lessor. For purposes of granting the forcible detainer against the lessee, the Court may consider the lessor a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (i.e., the Association). The remedy provided by this Section 11.13 is not exclusive and is in addition to any other remedy or remedies that the Association has. If permitted by present or future law, Association may recover all of its costs, including Court costs and reasonable attorney's fees, and such costs shall be a continuing lien upon the Lot which shall bind the Lot in the hands of the then Lot Owner and the Lot Owner's successors and assigns.

## ARTICLE 7

### PERPETUAL EASEMENTS IN COMMON ELEMENTS

Section 7.1 Easements - Common Areas. Subject to the Special Declarant Rights reserved to Declarant in this Declaration and the provisions of N.C. Gen. Stat. § 47C-3-112, all of the Common Elements, except the Limited Common Elements, shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of Condominium Units in the Condominium for their use and the use of their tenants, guests, invitees and customers, for all proper and normal purposes, and for the furnishing of



services and facilities for which the same are reasonably intended for the use and enjoyment of the Condominium Units. For that portion of the Common Elements upon which a particular Unit is located as depicted on Exhibit "B," the easement to so locate a Unit shall be exclusive. Subject to the Special Declarant Rights, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his tenants, guests, invitees and customers, may be entitled to use the Common Elements and to establish regulations concerning the use of said Common Elements.

**Section 7.2 Easements - Units.** Each Unit Owner hereby is granted a perpetual easement to locate heating and air conditioning systems and related equipment and other utilities, including underground propane tanks, upon the Common Elements. When so located, such heating and air conditioning systems, utilities, related pipes, ducts, conduits, wires and related facilities and equipment shall become and be deemed to be a part of the respective Condominium Unit to which they are affixed or serve. Prior to installing any heating and air conditioning systems, utilities or any facilities and equipment in the Common Elements, the Unit Owner shall obtain the consent of the Association as provided in Article 16 herein. This provision shall not apply to the heating and air conditioning systems and facilities and underground propane tanks which are presently located in the Common Elements and any replacements thereto or any heating and air conditioning systems and facilities and underground propane tanks.

**Section 7.3 Reserved Declarant Easements.** Declarant, its successors and assigns, reserves a perpetual non-exclusive easement over, upon and across the Common

Elements, said easement hereby reserved to be for any and all purposes deemed desirable by Declarant, its successors and assigns, including, but not limited to, (i) the installation, maintenance, repair and replacement of utilities and other services and (ii) pedestrian and vehicular access to other property without regard to whether such other property is contiguous to the Condominium or owned by the Declarant.

**ARTICLE 8**

**EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS**

In the event that any Condominium Unit shall encroach upon any Common Elements, or any other Condominium Unit or Units, for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agents of such Owner, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Common Elements or upon a Condominium Unit for so long as such encroachment naturally shall exist; and, in the event that any portion of the Common Elements shall encroach upon any Condominium Unit, then an easement shall exist for the continuance of such encroachment of the Common Elements upon any Condominium Unit for so long as such encroachment naturally shall exist. If any Condominium Unit or Common Elements shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such Unit and/or Common Elements in accordance with Article 22 hereof, there exist encroachments of portions of the Common Elements upon any Condominium Unit, or of any Condominium Unit upon any other



Condominium Unit or upon any portion of the Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments naturally shall remain.

#### ARTICLE 9

##### RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Elements in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the ownership of the Common Elements be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Elements appurtenant to each Condominium Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division of the Common Elements.

#### ARTICLE 10

##### ADMINISTRATION OF THE CONDOMINIUM BY LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, an association of all Unit Owners has been incorporated pursuant to Chapter 55A of the General Statutes of North Carolina known and designated as "THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC." (herein sometimes called the "Association"). The Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Bylaws. The Owner or Owners of each Condominium Unit automatically shall become members of said Association upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person, firm or association holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association, subject to the provisions of N.C. Gen. Stat. § 47C-3-105 and 47C-3-112, shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, to adopt, promulgate and enforce such rules and regulations governing the use of the Common Elements as the Board of Directors of said Association may deem to be in the best interests of the Association and to exercise such other powers as set forth in N.C. Gen. Stat. § 47C-3-102, including the right to assign future assessments, assessment rights and income of the Association.



The Board of Directors may employ a professional management firm to manage the operation and affairs of the Condominium and the Association. Any management firm employed shall be employed pursuant to a written agreement executed on behalf of the Association by its President and Secretary. All such management agreements shall be terminable by the Association for cause upon thirty (30) days' written notice and without termination fee and upon ninety (90) days prior written notice and without termination fee without cause, and the term thereof may not exceed one year. To the extent permitted by law, the Board of Directors shall be authorized to delegate to such management firm such of the duties and powers of the Association and of its Board of Directors and Officers as the Board of Directors shall determine.

The Association is specifically empowered to enforce the Declarations and the Rules and Regulations of the Condominium by whatever means authorized by N.C. Gen. Stat. § 47C *et seq.*, including, but not limited to, the levy of fines against non-conforming Owners and the initiation of legal action to enjoin prohibited behavior by Owners or their agents, guests, tenants or licensees.

#### ARTICLE 11

#### INTENTIONALLY OMITTED

#### ARTICLE 12

#### USE OF COMMON ELEMENTS SUBJECT TO RULES OF ASSOCIATION

Section 12.1 Use of Common Elements by Owners. The use of Common Elements by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be at all times subject to the Association Documents.

Section 12.2 Use of Limited Common Elements by Owners. The use of Limited Common Elements is restricted to the Owners and Owners' tenants, guests, invitees and customers, of the Unit and/or Units to which the Limited Common Elements are allocated.

#### ARTICLE 13

#### INTENTIONALLY OMITTED

#### ARTICLE 14

#### RIGHT OF ENTRY IN EMERGENCIES

In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner or other Person in occupancy is present at the time of such emergency, the Board of Directors, or any other Person authorized by it, or the managing agent, shall have the right to enter such Unit, such Common Elements for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.



ARTICLE 15

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS  
OR OTHER CONDOMINIUM UNITS

Whenever it may be necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements or adjacent Condominium Units, the Owner of each Condominium Unit shall permit other Owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

ARTICLE 16

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

Section 16.1 Consent to Modification of Units. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, and the restriction in Section 5.2 of this Declaration, no Owner of a Condominium Unit shall permit any modification or alteration to be made to a Condominium Unit or any betterment or improvement to the Limited Common Elements appurtenant to a Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in its sole discretion, that such modifications, alterations, betterments or improvements would adversely affect or in any manner endanger the Condominium in part or in its entirety. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner shall cause any improvements or changes to be made to any Unit or building (other than interior painting or other interior decoration) including the installation of electrical wiring, satellite dishes, television or radio antennae or any other objects, machines or equipment which may protrude through the walls or roof of any Unit or building, or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. Such consent shall not be unreasonably withheld. Subject to the Special Declarant Rights served to Declarant in this Declaration, no Unit Owner shall cause any object to be affixed to the Common Elements or in any manner change the appearance of the Common Elements without the written consent of the Association being first obtained. In the event the Association shall grant its consent for such improvements or changes to be made, such improvements, including but not limited to all antennae and other objects, machines or equipment which may protrude through the walls or roof shall become and be deemed to be a part of the Unit to which they are affixed.

Section 16.2 Indemnification - Unit Modification. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, the Board of Directors of the Association, in its sole discretion, may require a Unit Owner desiring to add betterments or improvements to his Unit or the Limited Common Elements appurtenant to his Unit to indemnify the other Unit Owners and the Association against any and all loss, cost and expense that may be occasioned by the addition of such betterments or improvements and further may require such

Unit Owner to obtain liability insurance naming the other Unit Owners and the Association as additional insureds in such amounts and upon such terms as the Board of Directors shall determine.

ARTICLE 17

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

Subject to Declarant's Special Declarant Rights, the Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations or improvements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

The Association shall maintain, repair and replace all portions of the Common Elements, except as may be herein otherwise specifically provided. This responsibility shall include all Limited Common Elements appurtenant to Units including, without limitation, exterior or common stairways, steps, breezeways, walkways, landings, railings and beams associated therewith which serve a building, and owners' closets. The Association shall also be responsible for the maintenance (but not replacement) of the exterior finished surface of entry doors to Units, notwithstanding that such doors are a part of the Units. Each Unit Owner shall be responsible for all heating and air-conditioning equipment serving his Units only as a Limited Common Elements.

ARTICLE 18

MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

Section 18.1 Owner Maintenance of Units. Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, or adversely impair the ability to rent such Owner's Unit or any other Unit, and every Owner shall be expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service solely to his Condominium Unit. Such Owner further shall be responsible and liable for the maintenance, repair and

replacement of the surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories in his Condominium Unit. The Owners shall also maintain, repair and replace the windows (including the window mullions, if any), screens and doors (including sliding glass doors, if any) which are a part of the Unit, except for the exterior finished surface of the entry doors which are the responsibility of the Association.

Section 18.2 Maintenance - Insurance Proceeds. Whenever the maintenance, repair and replacement of any item for which the Owner of a Condominium is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

Section 18.3 Improvements to Limited Common Elements. All betterments and improvements added to the Limited Common Elements by the Unit Owners are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners.

ARTICLE 19

MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

Subject to Declarant's Special Declarant Rights, the Association shall be responsible for the maintenance, repair and replacement of the Common Elements and in a Condominium Unit for the furnishing of utility and/or other services to the Common Elements or other Condominium Units. If any incidental damage is caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair or replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a Condominium Unit Owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests, customers or invitees) shall be required to pay such portion of the cost of such maintenance, repair or replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. Whenever the maintenance, repair or replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the Unit Owner who is responsible for the act

causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such maintenance, repair or replacement. Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N.C. Gen. Stat. § 47C-3-107(d).

#### ARTICLE 20

### AUTHORITY TO PURCHASE INSURANCE

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

#### ARTICLE 21

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

Section 21.1 Insurance Coverages. The following insurance coverage shall be maintained in full force and effect by the Association:

- (a) Casualty insurance covering the Common Elements, and to the extent reasonably available, the Units, including all buildings and all improvements upon the land and all personal property included within the Condominium, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Casualty insurance obtained for the buildings and improvements shall provide such coverage commonly known as "all inclusive building" coverage and/or "completed condominium unit" coverage as such terms are used in the insurance industry, and shall include, but not be limited to, all components of the Units together with painted walls, floor coverings, fixtures, cabinets, built-in appliances and all other improvements which were part of the original completed Units as conveyed by Declarant, except for betterments and improvements installed by the Owner.

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

Section 21.2 Premiums – Common Expenses. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses to be assessed and collected from all of the Owners of Condominium Units.

Section 21.3 Insurance Claim Adjustment. Any loss covered by the property insurance maintained by the Association shall be adjusted with the Association, provided, however, all insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association as Trustee. The Trustee shall hold such proceeds in trust for the benefit of the Condominium Unit Owners and their respective mortgagees as their interests may appear.

Section 21.4 Mortgagee – Insurance Proceeds. In the event a mortgage endorsement has been issued for a Condominium Unit, the share of any insurance proceeds of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owner as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

Section 21.5 Use of Insurance Proceeds. Proceeds of insurance policies received by the Association shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium is terminated except as specified in Article 22 and such disbursements are required by North Carolina General Statutes.

Section 21.6 Reimbursement of Initial Insurance Premiums. Declarant shall pay the premium(s) of the initial insurance policies required by this Article 21 and shall be reimbursed for the pro rata portion of the cost thereof by each Unit Owner at the time each Unit is conveyed to a Person other than Declarant, or reimbursed by the Association.

Section 21.7 Insurance Policy Requirements. Insurance policies carried pursuant to this Article 21 shall provide that:





(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policy against any Unit Owner or members of his household, if applicable;

(c) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;

(d) If, at the time of any loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

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

Section 21.8 Insurance Coverage – Betterments. The Association shall not be required to maintain insurance coverage for any betterments or improvements to the Units and/or Limited Common Elements added by any Unit Owner and a Unit Owner may be required to maintain such liability coverage as is otherwise provided herein.

Section 21.9 Insurance Availability Notification. If the insurance described in this Article is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners.

Section 21.10 Flood Insurance. The Association shall maintain flood insurance on the building and all improvements upon the land, the Common Elements, and all personal property of the Condominium (except personal property of the Condominium Unit Owners). The swimming pool proposed for the Condominium, if built, is specifically excepted from this requirement.

Section 21.11 Fidelity Insurance. If desired, the Association may maintain fidelity insurance.

## ARTICLE 22

### RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

Section 22.1 Reconstruction – Costs. Any portion of the Condominium for which insurance is required pursuant to Article 21 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Unit Owners decide not to rebuild by an eighty percent (80%) vote,

including one hundred percent (100%) approval of all Owners of Units not to be rebuilt or Owners of Units assigned to Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lien holders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the Unit Owners or lien holders, as their interests may appear, in proportion to their Common Element interest. If Unit Owners vote not to rebuild any Unit, that Unit's allocated interests automatically shall be reallocated upon the vote as if the Unit had been condemned pursuant to N.C. Gen. Stat. § 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

Section 22.2 Estimates of Replacement Costs. Immediately after the casualty causing the damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.

Section 22.3 Priority of Repair. When the damage is to Common Elements, Limited Common Elements and Condominium Units, the insurance proceeds will be applied first to the costs of repairing the Common Elements, secondly to the cost of repairing the Condominium Units, and thirdly to the cost of repairing the Limited Common Elements.

Section 22.4 Association Right to Insurance Adjustments. Each Condominium Unit Owner shall be deemed to have delegated to the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

ARTICLE 23

INTENTIONALLY OMITTED

ARTICLE 24

LIABILITY, LIEN AND ENFORCEMENT BY ASSOCIATION

The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Condominium Units. To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses (not including the

payment of real estate and personal property taxes) which are sometimes herein referred to as "Common Expenses." To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the Unit Owners and the Condominium Units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation, management and improvement of the Condominium, the following provisions shall be operative and binding upon the Owners of all Condominium Units.

Section 24.1 Levy of Assessments. Except as specifically otherwise provided for in this Article or elsewhere in this Declaration, all assessments levied by the Association shall be levied pursuant to the allocation of Common Expenses set forth in Exhibit "B," as same may be amended from time to time. Should the Association be the Owner of a Condominium Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and assessment therefor levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate interests of the Common Expenses exclusive of the interests therein appurtenant to any Unit or Units owned by the Association.

Section 24.2 Special Assessments for Capital Improvements. In addition to the special and general Assessments authorized above, and in addition to the special Assessments for reconstruction of repair of casualty damage, the Board of Directors may levy Special Assessments for the purpose of defraying, in whole or in part, the cost of any capital addition to or the capital improvement of the Common Elements (including the necessary fixtures and personal property related thereto), or for the cost of repair or replacement of a portion of the Common Elements (including the necessary fixtures and personal property related thereto), which is for the benefit of all Owners; provided, however, the total amount of the Special Assessments levied by the Board under and pursuant to the provisions of this Section shall not exceed the sum of \$2,000.00 per Unit in any one calendar year unless approved by a majority of Owners at a meeting duly called and held for such purpose. Owners shall be assessed for Special Assessments in accordance with the liability for Assessments of their respective Units, and the due date(s) of any such Special Assessments shall be specified by the Board.

Section 24.3 Assessments - Limited Common Elements. Any Common Expense associated with the maintenance, repair or the replacement of a Limited Common Element be assessed equally against the Units to which that Limited Common Element is assigned. Any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited in such proportions as determined by the Board. The assignment of a limited common element, including owners storage closets, is not a right of the Owner but is a privilege delegated to the Owner by the Association which may be revoked upon failure of the Owner to comply with the terms of the Declaration and the Rules and Regulations promulgated by the Board from time to time.

Section 24.4 Payment of Assessments. Assessments provided for herein may be payable in quarterly installments or as directed by the Board of Directors of the Association. Such assessments shall commence upon closing of the sale of the first Unit.

Section 24.5 Association Budget. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the fiscal year set forth in the Bylaws). Such Budget shall project all expenses for the forth coming fiscal year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

Section 24.6 Assessments - Association Property. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, and the Bylaws of the Association. As monies for any assessment are paid into the Association by any Owner of a Condominium Unit, the same may be commingled with monies paid to the Association by other Owners of Condominium Units. Although all funds and Common Surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Condominium Unit, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

Section 24.7 Delinquent Assessments. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, and a late fee of the greater of \$10,00 or ten percent (10%) of each payment not paid after the due date of each billing, until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the office of the Association. In any case where an assessment is payable in installments, upon a default by an Owner in the timely payment of any such installment, the maturity of the remaining total of the unpaid installments of such assessment may be accelerated at the option of the Executive Board, and the entire outstanding balance of the Assessment, including such delinquent installment, may be declared due and payable in full immediately by the service of notice to such effect upon the defaulting Owner.

Section 24.8 Liability for Assessments. The Owner or Owners of each Condominium Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit while such party or parties are Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner or Owners personally shall be liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including reasonable attorneys' fees, whether suit be brought or not.

No Owner of a Condominium Unit may exempt himself from liability for any assessment levied against him or his Condominium Unit by waiver of the use of enjoyment of any of the Common Elements, or by abandonment of the Condominium Unit or in any other way.

Section 24.9 Lien for Assessments. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners of Condominium Units, and that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association, subject to the billing procedures set forth by Board in the Rules and Regulations as promulgated from time to time, is hereby granted the right to place a lien upon each Condominium Unit, and any Limited Common Elements assigned to such Unit, and its appurtenant undivided interest in the Common Elements for nonpayment of any assessment levied against a Unit remaining unpaid for thirty (30) days or longer, which lien also shall secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien also shall secure all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing the lien provided for herein. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages and deeds of trust may be foreclosed under power of sale in the State of North Carolina. The Association shall be entitled to bid at any foreclosure sale and may apply as cash credit against its bid all sums due as provided herein. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, on any such advances made for such purpose. All persons, firms, corporations who shall acquire, by whatever means, any interest in the ownership of any Condominium Unit, or who may be given or may acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.

The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Office of the Clerk of Superior Court of Dare County, North Carolina, which claim shall state the description of the Condominium Unit encumbered

thereby, the name of the record owner, the amount due, the date when due and shall comply with any other requirements under N.C. Gen. Stat. § 47C-3-116. The claim of lien shall be recordable at any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided and all fees, charges, late charges, fines and interest as set forth in N.C. Gen. Stat. § 47C-3-116. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

The lien provided for herein shall be prior to all liens and encumbrances on a Unit except (1) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Unit) recorded before the docketing of the lien in the Office of the Clerk of Superior Court, and (2) liens for real estate taxes and other governmental assessments or charges against the Unit. This subsection does not affect the priority of mechanics' or materialmen's liens.

If the holder of a first mortgage or first deed of trust of record, or other purchaser of the Unit, obtains title to the Unit as a result of foreclosure or deed in lieu of foreclosure of a first mortgage or first deed of trust, such purchaser, and its heirs, successors and assigns, shall not be liable for the assessments against such Unit which became due prior to acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all of the Unit Owners including such purchaser, and its heirs, successors and assigns although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

Section 24.10 Statement of Assessment Status. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association for such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

Section 24.11 Election of Collection Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. In addition, the Board may suspend the Vote of the Owner or the rights of the Owner and his Occupants, invitees, and guests, to use the recreational facilities of the Condominium or an owners' storage closet assigned for his use.



Section 24.12 Initial Contribution by New Owners. Upon the sale and closing of the purchase of each Unit by the Declarant to a Person other than Declarant, the purchaser of each Unit shall pay a non-refundable contribution to the Association in the amount of \$300.00.

ARTICLE 25

COMMON SURPLUS

“Common Surplus,” meaning all funds and other assets of the Association remaining after the payment of or the provision for Common Expenses, including reserves, shall be owned by the Owners of all Condominium Units in the same proportion as their Common Expense liabilities. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners of Condominium Units in accordance with their percentage interest in Common Surplus as declared herein. All Common Surplus remaining after payment of or provision for Common Expenses, including prepayment of reserves, must be paid to the Unit Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense liabilities.

ARTICLE 26

TERMINATION

The Condominium may be terminated only in strict compliance with N.C. Gen. Stat. § 47C-2-118.

ARTICLE 27

AMENDMENT OF DECLARATION OF CONDOMINIUM

This Declaration may be amended as follows:

Section 27.1 Amendments Proposed by the Association. An amendment or amendments to this Declaration may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the Condominium Units, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President. It shall be the duty of the Secretary to give to each member written or printed notice of any meeting called to consider the amendment or amendments, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments proposed must be approved by an affirmative vote of at least

sixty-seven percent (67%) of the votes in the Association which are allocated to Unit Owners in the Condominium in order for such amendment or amendments of this Declaration to be adopted. Any such amendment or amendments as adopted shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Register of Deeds Office of Dare County, North Carolina, such amendment or amendments to specifically refer to the recording data identifying this Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to the Owners of all Condominium Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments.

As an alternative to holding a meeting of the members to consider an amendment of this Declaration, a written agreement may be circulated among the members. The written agreement shall include the proposed amendment or amendments in reasonably detailed form. To be effective, the written agreement must be executed by Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated. Once approved, the amendment or amendments shall be transcribed, certified, executed, recorded and a copy sent to all Owners as specified above.

Section 27.2 Amendments by Declarant. A Declarant may amend the Declaration as set forth herein and in the Act without the consent of any other Person or the Association to exercise Development Rights.

Section 27.3 Amendments Requiring Declarant Consent. During the period reserved by the Declarant to exercise Development Rights, this Declaration may not be amended without the prior written consent of the Declarant. Except to the extent expressly permitted by the Act or other provisions of this Declaration (in compliance with the Act), no amendment may create or increase special Declarant Rights, create or increase Development Rights, increase the number of Units, change the boundaries of any Unit, change the allocated interest of any Unit, or change the uses to which any Unit is restricted in the absence of unanimous consent of the Unit Owners.

## ARTICLE 28

### REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration, and the Bylaws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of other Condominium Units to the following relief:

Section 28.1 General Default Remedies. Failure to comply with any of the terms of the Association Documents shall be grounds for relief including, without limitation, fines, actions to recover sums due for damages, injunctive relief, foreclosure of lien, or any





combination thereof. Assessments in the form of fines for the violation of the Association Documents shall be subject to the provisions of N.C. Gen. Stat. § 47C-3-107A. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

**Section 28.2 Liability for Damage by Owners.** Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Condominium Unit or its appurtenances. Assessments for such liability shall be subject to the provisions of N.C. Gen. Stat. § 47C-3-107(d). Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

**Section 28.3 Attorneys' Fees.** In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court, but in no event shall any Unit Owner be entitled to such attorneys' fees except as otherwise provided in N.C. Gen. Stat. § 47C-3-116(e).

**Section 28.4 No Waiver.** The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or the Unit Owner to enforce such right, provision, covenant or condition in the future.

**Section 28.5 Cumulative Remedies for Default - Self-Help.** All rights, remedies and privileges granted to the Association or the Owner or Owners of a Condominium Unit pursuant to any terms, provisions, covenants or conditions of the Association Documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

In addition to other rights set forth in the Association Documents and the Act, upon violation or breach of any provision of the Association Documents, the Executive Board shall have the right: (i) to enter a Unit or Limited Common Element appurtenant thereto, on which or as to which such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents, and the Board shall not thereby be deemed guilty in any manner of trespass, (ii) to use self-help to remove or cure any violation of the Association Documents (including, without limitation, the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction or improvements may be altered or demolished, except in emergencies, judicial proceedings shall be instituted by the Association against such defaulting Owner or its tenant.

Section 28.6 No Waiver by Declarant. The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

Section 28.7 No Waiver by Mortgagee. The failure of a first mortgagee to enforce any right, provision, privilege, covenant or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

## ARTICLE 29

### SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS RESERVED UNTO DECLARANT

In addition to each and every right of Declarant as set forth in this Declaration, Declarant, its successors and assigns, specifically reserves all Special Declarant Rights and Development Rights hereinafter set forth.

#### Section 29.1 Special Declarant Rights Reserved by Declarant

- (a) All Special Declarant Rights, as that term is defined in the Act, and any other Special Declarant Rights as are set forth in the Act and the Association Documents.
- (b) The right to use any portion or all of the Common Elements for the purpose of aiding in the sale or rental of Units. The foregoing right shall include the right to display and erect any signs, billboards, and placards and to store, keep and exhibit same and to distribute audio and visual promotional materials upon the Common Elements.
- (c) The right to maintain sales offices, management offices and models in any and/or all of the Units owned or leased by Declarant. Any Units leased or owned by Declarant may be used by Declarant for such purposes, and such offices and models may be relocated as Units are sold or leases expire.
- (d) The right to use easements through the Common Elements for utility services, drainage and vehicular and pedestrian traffic, or otherwise, across, under or through the Common Elements as may be considered by Declarant desirable for the purpose of making improvements within the Condominium.
- (e) The right to exercise any Development Right.
- (f) The right to perform construction work, and to store materials in secure areas, in Units, and in Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by



easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Declarant's Development Rights and Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, and other entities to fulfill the plan of development.

(g) The right to appoint, remove and replace the officers and members of the Executive Board.

(h) Subject to the procedures set forth in the Articles, the Declarant shall have veto power over all actions taken by the Executive Board or any committee thereof as may have been appointed by the Board or established by the Bylaws or this Declaration.

(i) Rights regarding amendments to this Declaration reserved in Section 27.3.

**Section 29.2 Development Rights Reserved by Declarant.**

(a) All Development Rights as the same are defined in this Declaration and in the Act, including all Development Rights to all Development Property.

(b) The rights to: add real estate to the Condominium; create Units, Common Elements and Limited Common Elements within the existing Condominium or to be added to the Condominium; but not to exceed a total of fifty-six (56) Units; subdivide Units; convert Units into the Common Elements; and, withdraw property, Units and Common Elements from the Condominium. The Development Right reserved to add Units shall not restrict the Declarant to the construction of buildings or Units of the same size and style as the existing buildings and Units in the Condominium. Specifically, in the event that the on-site sewage treatment system(s) serving the Condominium are deemed by a licensed engineer and the Town of Nags Head to be unnecessary due to the provision to the Condominium of off-site sewage treatment, Declarant may add additional units on the ground occupied by the septic system(s), drainfield(s) and repair area(s) of said obsolete on-site septic system(s).

(c) The Development Rights reserved by Declarant may be exercised with respect to different portions of the Development Property at different times, and Declarant makes no assurances as to the boundaries of those portions or the order in which those portions of the Development Property may be subjected to the exercise of the Development Rights. If a Development Right is exercised with respect to any portion of the Development Property, Declarant may, but is not obligated to, exercise any Development Right with respect to any other portion of the Development Property.

(d) The Development Rights reserved by Declarant must be exercised within twenty (20) years from the date of the recording of this Declaration in the Office of the Register of Deeds of Dare County, North Carolina.



(e) The exercise of any or all of the Development Rights reserved by Declarant shall be pursuant to, and subject to the provisions of, the Act.

Section 29.3 Phasing of Development Rights.

(a) Declarant reserves the right to exercise any of the Development Rights with respect to the areas or any portions of the Development Property at different times. No assurances are made by Declarant regarding the areas or any portion of the areas as to the portions where the Declarant will exercise its Development Rights or the order in which such portions will be developed. No assurances are made by Declarant regarding whether all or any portion of the Development Property will be developed. The exercise of any Development Right as to some portions of the Development Property will not obligate the Declarant to exercise any of the Development Rights as to other portions. Declarant reserves the right to exercise any of the Development Rights as to portions but not all of the Development Property.

(b) Declarant reserves the right to exercise any of the Development Rights with respect to the Units owned by the Declarant at different times. No assurances are made by Declarant regarding the Units owned by Declarant as to when the Declarant may exercise its Development Rights or in what order. No assurances are made by Declarant regarding whether or not all the Units Declarant reserves the right to create will be created. The exercise of any Development Right as to some of the Units owned by Declarant will not obligate Declarant to exercise any of Declarant's Development Rights as to other Units owned by Declarant.

(c) Declarant specifically reserves the right to develop those portions of Common Area currently utilized for septic or waste water treatment system(s) and/or repair areas for said septic or waste water treatment system(s). This right may only be exercised in the event that the Town of Nags Head, Dare County or some other governmental entity with appropriate authority provides suitable waste water or septic services to the Condominium and, in the opinion of the Health Department of the Town of Nags Head, or its successor entity having such authority, said on-site septic and/or waste water treatment systems, and the repair areas therefor, are no longer necessary and required. In the event that Declarant elects to develop said prior septic system area, Declarant shall be responsible for all costs of conversion of the Condominium's waste water treatment system(s).

Section 29.4 Limitations on the Exercise of Special Declarant Rights. The Special Declarant Rights reserved hereunder shall terminate no later than the earlier of (i) six (6) days after the conveyance of one hundred percent (100%) of the Units, including Units which may be created pursuant to the Special Declarant Rights and the Declarant's Development Rights, to Owners other than a Declarant; (ii) seven (7) years after termination of the right to exercise Development Rights, or (iii) upon the recording by Declarant of an instrument in the office of the Register of Deeds of Dare County, North Carolina, terminating the Special Declarant Rights.

Section 29.5 Declarant's Personal Property. Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and



maintenance of the improvements within the Condominium that has not be represented as property of the Association. Declarant reserves the right to remove from the Property any and all goods and improvements used in development, marketing, and construction, regardless of whether they have become fixtures.

Section 29.6 Interference with Special Declarant Rights.

(a) Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

(b) In relation to Declarant's exercise of any Special Declarant Right, the provisions of the Declaration which prohibit or require approval of construction of or additions or alterations to any improvements shall not be applicable.

Section 29.7 Assignment of Declarant's Rights and Duties. Any and/or all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person which will assume any and/or all of the duties of Declarant hereunder, and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations, and duties hereunder. Declarant may limit and restrict the rights and powers which are assigned to any person, corporation, or association in the instrument which assigns such rights. The term "Declarant" as used herein includes all such assignees and their successors and assigns, subject to such restrictions or limitations as may be imposed in the instrument assigning such rights.

ARTICLE 30

CONFLICT WITH CONDOMINIUM ACT; SEVERABILITY

Should any of the terms, conditions, provisions, paragraphs or clauses of this Declaration conflict with any provisions of the Condominium Act, the provisions of the Condominium Act shall control unless the Condominium Act permits the Declaration to override the Condominium Act, in which event the Declaration shall control. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE 31

LIBERAL CONSTRUCTION



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

ARTICLE 32

DECLARATION BINDING ON ASSIGNS AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Condominium Unit and its appurtenant undivided interest in the Common Elements, and this Declaration shall be binding upon Declarant, its successors and assigns, and upon all parties who subsequently may become Owners of Condominium Units in the Condominium, and their respective heirs, legal representatives, successors and assigns.

The Association shall have current copies of the Declaration, Bylaws of the Association, and other rules and regulations concerning the Condominium, and the books, records and financial statements reasonably available for inspection by Unit Owners and by holders, insurers and guarantors of mortgages by appointment and during normal business hours at the office of the Association.

ARTICLE 33

CONDEMNATION

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the same shall be repaired or restored, and/or the awards paid on account thereof shall be used and applied in accordance with N.C. Gen. Stat. § 47C-1-107.

ARTICLE 34

TAXES

Pursuant to the provisions of N.C. Gen. Stat. § 47C-1-105, each Unit and its appurtenant undivided interest in the Common Elements shall be deemed to be a parcel and shall be separately assessed and taxed by each assessing unit and special district for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each Unit Owner shall be liable solely for the amount of taxes against his individual Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. Neither any building, the Property nor any of the Common Elements shall be deemed to be a parcel. Provided, however, pursuant to the provisions of N.C. Gen. Stat. § 47C-1-105, any areas in which Declarant has Development Rights shall be separately taxed and assessed against Declarant until Declarant exercises Declarant's Development Rights therein or Declarant's Development Rights expire, terminate or are released by Declarant.



IN TESTIMONY WHEREOF, Declarant has caused this instrument to be executed under seal and in such form as to be binding, all by authority duly given, this the day and year first above written.

NORTH AVON CONDO GROUP, LLC

By:  (SEAL)  
PETER KAUFFMAN, Member/Manager

NORTH CAROLINA, Dare COUNTY.

I, Linda Rush, a Notary Public, do hereby certify that Peter Kauffman, member/manager of North Avon Condo Group, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official seal this the 6 day of July, 2007

My commission expires: 11/16/08

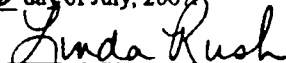
  
Notary Public



Exhibit A

Condominium Property

Beginning at an iron pipe set at the intersection of the West margin of the variable width right of way of the Highway 158 Bypass, also known as Croatan Highway, and the North margin of the 60 foot public right of way of Gray Eagle Street; thence, from said point and place of beginning commencing South 72 deg. 00 min. 00 sec. West 648.97 feet along the North margin of the Gray Eagle Street right of way to a point located at or near the shoreline of the Roanoke Sound; thence cornering and following the meanderings of the shoreline of the Roanoke Sound the following courses and distances:

- North 00 deg. 51 min. 01 sec West 10.28 feet to a point;
- North 33 deg. 39 min. 49 sec. West 9.65 feet to a point;
- North 61 deg. 17 min. 40 sec. West 16.51 feet to a point;
- North 41 deg. 23 min. 17 sec. West 5.09 feet to a point;
- North 23 deg. 46 min. 44 sec. West 5.46 feet to a point;
- South 56 deg. 47 min. 54 sec. East 8.77 feet to a point;
- South 77 deg. 39 min. 11 sec. East 13.16 feet to a point;
- North 52 deg. 50 min. 33 sec. East 14.18 feet to a point;
- North 17 deg. 11 min. 19 sec. East 21.98 feet to a point;
- North 01 deg. 39 min. 21 sec. West 10.04 feet to a point;
- North 01 deg. 39 min. 21 sec. West 11.68 feet to a point;
- North 18 deg. 24 min. 22 sec. West 20.53 feet to a point;
- South 87 deg. 44 min. 44 sec. West 45.15 feet to a point;
- North 9 deg. 48 min. 55 sec. West 16.80 feet to a point;
- North 53 deg. 10 min. 46 sec. West 38.23 feet to a point;
- North 02 deg. 38 min. 54 sec. East 5.72 feet to a calculated point;

Thence cornering and proceeding North 72 deg. 00 min. 00 sec. East 706.99 feet along the South line for that parcel now or formerly owned by Tanger Properties, Ltd. to a concrete monument set in the West margin of the aforesaid Highway 158 Bypass right of way; thence cornering and proceeding along the West margin of the said Highway 158 Bypass right of way South 17 deg. 56 min. 35 sec. East 97.22 feet along the West margin of the Highway 158 right of way to the point and place of beginning.

That portion of this description following the shoreline of the Roanoke Sound are based on observations of water level of the Roanoke Sound on 03/03/2006. Exception is made to any and all portions of the herein described property lying below the mean high water mark of the Roanoke Sound.

The description is taken from and reference is made to that survey entitled "As-Built Survey - 100 W. Gray Eagle Street" prepared by Quible & Associates, P.C. dated \_\_\_\_\_ and recorded as a portion of the Unit Ownership Filing of The Landings at Sugar Creek in the Public Registry of Dare County.



Exhibit B

Schedule of Unit Information

Allocated Interests (by Unit Number)	Undivided Interest in Common Elements Appurtenant to Each Unit	Portion of Common Expenses Allocated to Each Unit	Votes Allocated to Each Unit
101	14.2857%	14.2857%	1
102	14.2857%	14.2857%	1
103	14.2857%	14.2857%	1
201	14.2857%	14.2857%	1
202	14.2857%	14.2857%	1
203	14.2857%	14.2857%	1
204	14.2857%	14.2857%	1



Exhibit C

Bylaws of The Landings at Sugar Creek Owners Association, Inc.



**BYLAWS  
OF  
THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC.**

**ARTICLE I.  
BUSINESS ADDRESS**

The business address of THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION (the "Association") shall be 1 Sailfish Drive, Manteo, North Carolina 27954. The business address may be changed by the Board of Directors of the Association if required by the U.S. Postal Service, or, upon approval of the membership, for any other reason.

**ARTICLE II.  
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any of the units in any phase of The Landings at Sugar Creek Condominium ("the Condominium"), located in Dare County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership.

**ARTICLE III.  
PURPOSES OF THE ASSOCIATION**

The purposes and duties of the Association shall be:

- A. To manage the Condominium pursuant to the terms and provisions of Article 3 of Chapter 47C of the North Carolina General Statutes, these Bylaws, any Rules and Regulations promulgated by the Association or its Board of Directors and that Declaration of The Landings at Sugar Creek Condominium of record at Book \_\_\_\_\_ Page \_\_\_\_\_, Dare County Registry, as the same may be amended from time to time ("the Declaration");
- B. To enforce the provisions of these Bylaws, the Declaration, and any Rules and Regulations promulgated by the Association or its Board of Directors;
- C. To promote and protect the enjoyment and beneficial use and ownership of all of the units of the Condominium ("the Units").

No part of the net earnings of the Association shall inure to the benefit of its members, the members of its Board of Directors or its officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable

compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

#### ARTICLE IV. ASSESSMENTS

The Association shall make and collect assessments against the Units as stated in the Declaration and as provided in Chapter 47C of the North Carolina General Statutes.

#### ARTICLE V. MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Dare County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held during March or April of each year on any day during that period (except a legal holiday) as determined by the Board of Directors, for the following purposes:

1. to elect the Board of Directors of the Association (subject to the provisions of Section 8 of the Declaration) for the coming fiscal year; and
2. to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any Rules and Regulations governing the Condominium.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or upon the written request of not less than twenty percent (50%) of the members.

Section 5. Notice of Meetings. Written notice of the meeting shall be delivered not less than ten nor more than fifty days before the date of any members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. The notice shall state the time and place of the meeting and shall also state the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove an Officer/Director. If mailed, such shall



be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records on file with the Association to determine the addresses of the owner(s) of a Unit. The notice of meeting must state the time and place of the meeting and all items on the agenda for the meeting.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Rights. On matters of the Association's business submitted to vote of the membership, there shall be one (1) vote per Unit, regardless of the number of owners of a Unit. At any special meeting of members, greater than fifty percent (50%) of the Units (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote. Except as otherwise provided by the Declaration, Chapter 47C of the North Carolina General Statutes, or these Bylaws, all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast.

Section 7. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates after the particular meeting for which that proxy was executed. A proxy may only be tendered on the official proxy form as promulgated by the Board from time to time.

Section 8. Voting List. The Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI.  
BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors of no more than five (5) individuals and no less than three (3), who shall be entitled to act on behalf of the Association. The Board of Directors shall initially consist of the initial members of the Board of Directors as named in the Articles of Incorporation of the Association. Subsequently, the Board of Directors shall be appointed by the Declarant until such time as the period of Declarant control of the Association has terminated pursuant to the provisions of the Declaration. At the first meeting of the membership of the Association following the termination of the period of Declarant control of the Association, the members of the Board of Directors shall be elected by the membership of the Association and those persons who receive the highest number of votes at a meeting at which a quorum is present shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor. All Directors elected by the membership of the Association must be unit owners.

Section 2. Powers and Duties. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend the Declaration, terminate the condominium, elect members of the Board (except to fill any vacancy in its membership for the unexpired portion of a term) or determine the qualifications, powers, duties or terms of office of members of the Board. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any member, its agents or mortgagees.

C. The Board may fine any unit owner an amount not to exceed Two Hundred Fifty Dollars (\$250.00) for any single violation of the Declaration, these Bylaws or any Rules and Regulations promulgated by the Board. In such event, the Board shall provide the unit owner fined an opportunity to be heard before an Adjudicatory Panel to be appointed by the Board pursuant to Article X below. Multiple fines may be assessed against any unit owner for multiple violations. Any such fines shall be deemed assessments against the unit of such owner, and shall be collectable as provided in the Declaration.

D. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Notwithstanding any other provision herein, the Board of Directors is authorized, on behalf of the Association, to submit any dispute with or claim against the owner(s) of any Unit(s) to voluntary arbitration pursuant to any arbitration program then in effect in the General Court of Justice of Dare County, North Carolina.

Section 3. Removal of Directors. Any director may be removed at any time with or without cause by a vote of at least sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the membership of the Association at which a quorum is present. However, directors who are appointed by the Declarant may only be removed by the Declarant.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a director, his/her successor shall be selected and appointed by the remaining members of the Board of Directors to serve until the next meeting of the membership of the Association or until a successor is appointed by the Declarant if such vacancy is the result of the death, disability, resignation or removal of an initial director or a director who was appointed by the Declarant.

#### ARTICLE VII. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. A majority of the number of the members of the Board of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the members of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of

the members of the Board of Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

## ARTICLE VIII OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice-President, a Secretary, and a Treasurer, and such other officers as the membership may from time to time elect. The offices of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person.

Section 2. Election and Term. The initial officers of the Association shall be elected by the initial members of the Board of Directors of the Association. Subsequently, the officers of the Association shall be appointed by the Board of Directors. Members of the Board shall be eligible for appointment to serve as officers of the Association. The officers shall be appointed to one-year terms, and each officer shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 3. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President, together with the Secretary, shall execute any amendments to the Declaration approved by the membership of the Association.

Section 4. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or the Board of Directors.



Section 5. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) be authorized to certify and oversee the recordation of amendments to the Declaration on behalf of the Association; (e) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 6. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) prepare, execute and deliver certificates of Assessments as provided by Section 13 of the Declaration; and (d) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors. With the approval of the Board, these duties may be delegated by the Treasurer to the duly contract Management Agent for the Association.

#### ARTICLE IX. CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association or its Management Agent.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors or its Management Agent may select.



## ARTICLE X ADJUDICATORY PANEL

Section 1. Appointment of Adjudicatory Panel. The Board of Directors shall, not less than annually, appoint an Adjudicatory Panel of five (5) individuals, all of whom shall be residents of the condominium. Members of the Board shall be eligible to serve as members of the Adjudicatory Panel. Members of the Panel shall be appointed to one-year terms, and each member shall sit until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 2. Hearings. In the event that a fine is assessed against a unit owner by the Board of Directors pursuant to Subsection 2(C) Article VI above, the Adjudicatory Panel shall provide to the unit owner so fined notice of the violation and an opportunity to be heard regarding the alleged violation and the assessed fine. If within ten (10) days of receipt of the notice the unit owner requests in writing a hearing, the Adjudicatory Panel shall hear the matter within thirty (30) days of the date of the written request. Three (3) members of the Panel shall constitute a quorum for the purpose of conducting a hearing. Following such a hearing, the Adjudicatory Panel shall confirm, deny or modify the fine imposed by the Board and shall notify the unit owner of its decision. The decision of the Panel with regard to the fine shall be final.

## ARTICLE XI. INDEMNIFICATION

Any person who at any time serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitral action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory

Panel of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

#### ARTICLE XII. DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the General Statutes of North Carolina. However, in no event shall the residual assets of the Association be distributed in a fashion that terminates the Association's exempt status under Section 528 of the Internal Revenue Code of 1986 or any corresponding sections or provisions of any future United States Internal Revenue law.

#### ARTICLE XIII. SECTION 528 STATUS

The Association shall elect and shall be managed in such fashion as to maintain tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law.

#### ARTICLE XIV. GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 3. Amendments. Following the termination of the initial period of Declarant control provided for in the Declaration, the members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws by the vote of at least sixty-seven percent (67%) of all existing Units at any meeting of the membership of the Association properly held and conducted pursuant to Article V above.



Section 4. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall control.

Section 5. References to Statutes. All references herein to any statutory provision shall be construed to include and apply to any subsequent amendments to or replacements of such provisions.

SIGNED:

\_\_\_\_\_(SEAL)  
Michael C. Casey, Sole Incorporator



EXHIBIT A  
to Bylaws of the Landings at Sugar Creek Condominium

RULES AND REGULATIONS

Rules and Regulations  
for  
The Landings at Sugar Creek Condominium

The rules and regulations hereinafter enumerated shall be deemed in effect unless of until amended by the Landings at Sugar Creek Owners Association, Inc. (the "Association") and shall apply to and be binding upon all owners. The owners shall obey at all times said rules and regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision. The initial rules and regulations are as follows:

SECTION I: General Rules and Regulations

Lighting. The design, type, location, size, intensity and color of all exterior lights (including both those mounted as part of the original design of the Submitted Property or otherwise in place at the time of the conveyance of a Unit to an Owner and those mounted with the consent of the Board of Directors) shall be subject to the prior written approval of the Board of Directors.

Pets. No animals or birds, other than two (2) generally recognized house pets (excluding pet fish in an aquarium) shall be kept or maintained on any portion of the Submitted Property and then only if they are kept or maintained solely as domestic pets and not for commercial purposes. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Common Elements or Limited Common Elements. Pets shall be on a leash when walked or exercised in any portion of the Common Elements. No pets shall be permitted to leave its droppings on any portion of the Common Elements and the Owner of such pet shall immediately remove the droppings. Upon the written request of any Owners, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular pet is permitted or such pet is a nuisance and shall have the right to require the Owner of a particular pet to remove such pet from the Condominium if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors may allow for a third pet in a particular instance at its sole discretion, but such shall not be deemed a waiver of the 2-pet limit herein established. No pets may be kept and maintained outside of a Unit. No horses, goats, or other livestock are allowed.

Antennas. No antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained outdoors on any portion of the Submitted Property, whether attached to a building or structure or otherwise, without the prior written consent of the Board.

Motor Vehicle, Trailers, Boats, Etc. Automobiles shall be operated and parked only upon those portions of the Common Elements designated for such purpose on the Plat, Plans or by the Board of Directors. Other motor vehicles, including, without limitation, mobile homes, motor homes, truck campers, trailers of any kind and boats, shall be kept, placed, stored, parked, maintained or operated only upon those portions of the Submitted Property, if any, designated specifically for such purpose by the Board of Directors. Further, although not expressly prohibited hereby, the Board of Directors may prohibit mobile homes, motor homes, truck campers, trailers of any kind, motorcycles, motor scooters, motorized bicycles, mopeds, motorized go-carts and other such conveyances, or any of them, from being kept, placed, stored, maintained or operated upon any portion of the Submitted Property if in the opinion of the Board of Directors such prohibition shall be in the best interest of the Condominium. No boats or trailers of any Owner or Member of his family, his tenants, guest or contract purchasers shall be parked within the right-of-way of any street in or adjacent to the Submitted Property.

Nuisances. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any portion of the Submitted Property, except in containers specifically designated for such purpose, nor shall any odors be permitted, so as to render any portion of the Submitted Property unsanitary, unsightly, offensive or detrimental to persons using or occupying other portions of the Submitted Property. No nuisance shall be permitted to exist or operate upon any portion of the Submitted Property so as to be offensive or detrimental to persons using or occupying other portions of the Submitted Property. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on the Submitted Property.

Prohibited Activities. Noxious or offensive activities shall not be carried on in any Unit or in any part of the Common Elements. Each Owner and occupant shall refrain from any act or use of his Unit or the Common Elements which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the other Owners and occupants, or which could result in the cancellation of insurance on any Unit or any portion of the Common Elements, or which would be in violation of any law or governmental code or regulation. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the Submitted Property.

Governmental Regulations. All governmental building codes, health regulations, zoning restrictions, and the like applicable to the Submitted Property shall be observed and are hereby incorporated by reference herein as if set forth word for word. All Unit Owners shall acknowledge, adhere to, and comply with any and all such governmental regulations, including the provisions of the Coastal Area Management Act and the regulations of the Division of Environmental Management. In the event of any conflict between any provisions of this Declaration, the more restrictive provisions shall apply.



Commercial Units: Commercial Units shall not be used for any purposes that are hazardous or noxious in nature, are detrimental to the on-site septic system, or are harmful or deleterious to other development in the Landing at Sugar Creek or the surrounding area.

### SECTION II: BILLING AND COLLECTION PROCEDURES FOR CONDOMINIUM ASSOCIATION ANNUAL ASSESSMENTS

PURPOSE: To establish a policy for billing and collecting annual assessments from members that is consistent with and supportive of the Declaration for Condominium. Ensures the expedient and equitable collection of annual assessments from members. Establishes guidelines for assessing late fees and penalties to delinquent balances owed by members.

PROCEDURE: The Board of Directors establishes the total amount of annual assessment, or membership fees, due from each member, or property owner. This annual assessment is billed to the membership in four equal quarterly installments during the calendar year. For this policy's purposes, quarters are defined as follows: 1<sup>st</sup> Month 2<sup>nd</sup> Month 3<sup>rd</sup> Month 4<sup>th</sup> Quarter January February March 2<sup>nd</sup> Quarter April May June 3<sup>rd</sup> Quarter July August September 4<sup>th</sup> Quarter October November December

**Billing Parameters.** The quarterly assessment amount is billed in advance and mailed to the membership by the 1<sup>st</sup> day of the 3<sup>rd</sup> month in the quarter. Quarterly assessment revenues are thereby recognized, or "booked," on the 1<sup>st</sup> day of the 1<sup>st</sup> month for each quarter.

**Payment Due Dates.** Members are expected to remit total payment of quarterly assessment amounts by the 2<sup>nd</sup> day of the 1<sup>st</sup> month in the quarter. Members not remitting the total quarterly amount by the 1<sup>st</sup> day of the 1<sup>st</sup> month in the quarter are considered delinquent.

**Delinquency Actions.** By the 2<sup>nd</sup> day of the 1<sup>st</sup> month in the quarter, a Collection Letter is mailed to members with a delinquent account balance. Members are delinquent by the 2<sup>nd</sup> day of the 1<sup>st</sup> month in the quarter. Interest of 1.0% per month will be charged starting on the 2<sup>nd</sup> day of the 1<sup>st</sup> month in the quarter.

Any Assessment, or portion thereof, not paid within thirty (30) days after the due date shall be then charged a late fee of no greater than \$10 or 10% of the amount of each assessment not paid after the due date of each billing. If the assessment is not paid within thirty (30) days after the due date a lien will be filed against such Owner's Condominium Unit and a copy will be mailed to the member shortly. Any interest charge, calculated at a rate of 1.0% per month or 12% per annum, will be added to their outstanding balance.

May impose legal proceedings if by the 2<sup>nd</sup> day of the 3<sup>rd</sup> month quarterly assessments are not paid.

Appropriate legal and other collection costs have been added to their outstanding quarterly balance.



Monthly interest continues to be computed and added to the outstanding account balance until the member remits the total amount due, inclusive of all interest charges, late fees, legal and other collection costs.

**EXAMPLE**

1<sup>ST</sup> Day of 1<sup>st</sup> Month Dues is due

2nd Day of 1<sup>st</sup> Month Account is delinquent

Interest begins to accrue on the balance of the account

Late Letter 1 is sent informing homeowners of interest accrual on their Account

1<sup>st</sup> Day of 2nd Month Lien is filed on homeowner's property

Delinquent account is charged late fee

Interest continues to accrue on the remaining balance of the account

10<sup>th</sup> day of 2<sup>nd</sup> Month Late letter 2 is sent informing homeowners of the lien filed, the late fee charged to their account, and continued interest accrual

Collection Letter #2 will be sent on the 10day of the 2<sup>nd</sup> month of the quarter informing the recipient member of other penalties pertaining to nonpayment of association dues, as outlined in Declaration of Condominium, are being invoked. The Board of Directors may suspend:

Voting rights;

Rights to use of Amenities.

These privileges will be reinstated upon receipt of the total payment of the member's outstanding account balance, inclusive of late fees, interest charges, legal and other collection costs.





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Exhibit D

Articles of Incorporation of the Landings at Sugar Creek Owners Association



# NORTH CAROLINA

## Department of The Secretary of State

To all whom these presents shall come, Greetings:

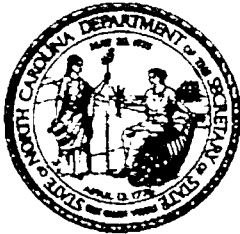
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

### ARTICLES OF INCORPORATION

OF

THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 20th day of June, 2007.



IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal at the  
City of Raleigh, this 20th day of June, 2007

*Elaine F. Marshall*  
Secretary of State



*Articles of Incorporation  
of  
The Landings at Sugar Creek Owners Association, Inc.  
A North Carolina Nonprofit Corporation*

The undersigned, being of the age of eighteen (18) or more, does hereby make and acknowledge these articles of incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina:

**Name** The name of the Corporation is **The Landings at Sugar Creek Owners Association, Inc.**

**Initial Registered Agent** The initial registered agent is Michael C. Casey, Esq.

**Registered Office** The mailing address of the registered office of the corporation is Post Office Box 28, Nags Head, Dare County, North Carolina 27959.

The physical address of the registered office of the corporation is 110 W. Gray Eagle Drive, Suite 101, Nags Head, Dare County, North Carolina 27959.

**Principal Office** The physical and mailing address of the Principal Office of the corporation is 1 Sailfish Drive, Manteo, Dare County, NC 27954.

**Duration** The duration is perpetual.

**Purpose** The purposes for which this corporation is organized are:

- (A) To maintain and administer the common properties and facilities of The Landings at Sugar Creek Condominium, Dare County, North Carolina.
- (B) To administer and enforce the Declaration, covenants and restrictions and to collect and disburse the assessments and charges of said project as same relates to the common properties of the project.
- (C) To conduct such services, duties and functions strictly on a nonprofit bases for the mutual benefit of all owners of units in The Landings at Sugar Creek Condominium.

**Members** The members of the corporation shall be the record owners of the units and common elements within The Landings at Sugar Creek Condominium.



The corporation shall have only one class of members, the rights of which shall be designated in the bylaws of this corporation.

**Directors** The directors of the corporation shall be elected by the members in the manner provided by the bylaws.

**Distribution Upon Dissolution** Upon dissolution of the corporation, all liabilities and obligations of the corporation shall be paid and discharged, or adequate provisions be made therefor, and the remainder of the corporation's assets shall be distributed among the members according to their respective interests in the corporation.

**Incorporator** The name and address of the sole incorporator is Michael C. Casey, Post Office Box 28, Nags Head, North Carolina, 27959.

**Date of Effect** These articles will be effective upon filing.

This, the 14<sup>th</sup> day of June, 2007.

---

Michael C. Casey  
Sole Incorporator

Exhibit E

Development Property

TRACT ONE:

Block 11, Lots 1, 2, 3, 7, 8 & 9; Block 12, Lots 8 and 9; Block 19, the Southernmost 19.94 feet of the South side of Lot 9 and Lot 10; Block 20, Lots 1, 2, 3 & 4, as described and delineated on a certain map or plat of subdivision entitled "Revised Plat-portion of Whalebone Beaches Subdivision, Nags Head Township, Dare County, North Carolina," dated April 25, 1963, and made by Southern Map and Engineering Company and recorded in Map Book 2, Page 203, Dare County Registry.

TRACT TWO:

Beginning at a an existing concrete monument located at the Southwest corner for Lot 7, Block 11, as shown on that map or plat of Whalebone Beaches Subdivision recorded in Map Book 2 at page 203 of the Dare County Public Registry, said point being also located on the East margin of the former right-of-way of Turnstone Ave. as shown on the aforesaid plat; thence, commencing from said point and place of beginning South 72 deg. 00 min. 00 sec. West 30 feet to a rebar; thence cornering and proceeding South 18 deg. 00 min. 00 sec. East 20 feet to a rebar; thence cornering and proceeding South 72 deg. 00 min. 00 sec. West 30 feet to a point, said point being the Southeast corner for Lot 4, Block 20 as shown on the aforesaid Whalebone Beaches plat; thence cornering and proceeding North 18 deg. 00 min. 00 sec. West 477.72 feet to a point; thence cornering and proceeding North 72 deg. 00 min. 00 sec. East 60 feet to a point, said point being the Northwest corner for Lot 9, Block 12 as shown on the aforesaid Whalebone Beaches plat; thence cornering and proceeding South 18 deg. 00 min. 00 sec. East 457.22 feet to the point and place of beginning.

The preceding is a description of the land shown as "Formerly Turnstone Ave." on that map or plat entitled in part "North Avon Condo Group, LLC" dated March 7, 2006 by Seaboard Surveying & Planning, Inc. to which further reference is made.



Exhibit F

For survey and plat and plans, see Unit Ownership File 6, Page 288 through 293 in the Dare County Public Registry.



Exhibit F

Permitted Exceptions

1. Any and all matters as may be revealed by an accurate survey of the property by a registered surveyor.
2. Taxes for the year 2007 and all subsequent years.
3. Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing in favor of LaSalle Bank National Association recording in Book 1617 at page 362, Dare County Public Registry.
4. Assignment of Rents and Leases in favor of LaSalle Bank National Association recorded in Book 1617 at page 363, Dare County Public Registry.
5. Uniform Commercial Code Financing Statement in favor of LaSalle Bank National Association recorded in Book 1677 at page 384 of the Dare County Public Registry and in the Office of the North Carolina Secretary of State.
5. Subject to matters shown on that map or plat recorded in Book 2 at page 203, Dare County Public Registry.
6. Easement in favor of North Carolina Power Company (formerly known as Virginia Electric Power Company) recorded in Book 519 at page 429, Dare County Public Registry.
7. Subject to the rights of the public and the State of North Carolina, if any, to (1) lands lying below the mean high water mark, (2) lands that have been created by artificial means, (3) riparian rights; and subject also to the rights of the Federal Government's control over navigable waters, and public rights of access to any navigable waters.
8. Utility and general service easements of record.
9. Tri-Party Agreement for maintenance of on-site waste water treatment system recorded in the Dare County Public Registry subsequent to the recordation of this Declaration.
10. Agreement regarding improvement of Gray Eagle Drive between Declarant and the Town of Nags Head.



CONSENT OF LIENHOLDER

Matthew J. Ragaller, Trustee and LaSalle Bank, National Association, Beneficiary pursuant to the Deed of Trust recorded in Book 1417 at page 362 in the Dare County Public Registry hereby execute this Consent of Lienholder to consent to the imposition of the condominium regime on the property described in Exhibit A to the Declaration of Condominium.

IN TESTIMONY WHEREOF, Trustee and Beneficiary have properly executed this Consent of Lienholder, this 6 day of ~~June~~ <sup>July</sup>, 2007.

TRUSTEE:

(SEAL)

MATTHEW J. RAGALLER

BENEFICIARY:

LASALLE BANK NATIONAL ASSOCIATION

By: Nicholas P. Fungelton

Vice President

STATE OF Ohio

COUNTY OF Hamilton

I, CYNTHIA A. GRAY, a Notary Public in and for said County and State, do hereby certify that ~~NICHOLAS FUNGELTON~~ personally came before me this day and acknowledged that he/she is VICE President of LaSalle Bank National Association, and that he/she, as VICE President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and seal, this the 6 day of June, 2007.

Notary Public



CYNTHIA A. GRAY  
Notary Public, State of Ohio  
My Commission Expires 08-29-07



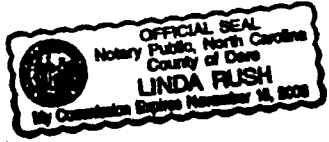


STATE OF NC  
COUNTY OF Dare

I, Linda Rush, a Notary Public in and for said County and State, do hereby certify that MATTHEW J. RAGALLER, TRUSTEE personally came before me this day and executed the foregoing.

WITNESS my hand and seal, this the 6<sup>th</sup> day of July, 2007.

Linda Rush  
Notary Public





STATE OF NORTH CAROLINA

COUNTY OF DARE

Amendment to Declaration of Condominium  
for The Landings at Sugar Creek

**THIS AMENDMENT TO DECLARATION**, made this 19<sup>th</sup> day of July, 2007, by NORTH AVON CONDO GROUP, LLC, ("Developer" or "Declarant"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

**WITNESSETH:**

**WHEREAS**, Declarant filed Declarations of Condominium for The Landings at Sugar Creek in Book 1735, Page 279 of the Dare County Registry;

**The Declaration of Condominium for Maritime Woods Business Park is hereby amended as follows:**

1. Article 2 of the Declaration is hereby replaced in its entirety with the following:

ARTICLE 2

SURVEY AND DESCRIPTION OF IMPROVEMENTS

A survey of the land and plat and plans of the improvements constituting the Condominium, identifying the Condominium Units, the Common Elements and the Limited Common Elements, as said terms are herein defined, and containing the information required by N.C. Gen. Stat. § 47C-2-109(b) and (c) is recorded in the office of the Register of Deeds of Dare County in the map book identified in Exhibit "F," said survey and plat and plans being incorporated herein by reference. Said survey and plat and plans are sometimes collectively referred to herein as Exhibit "F." Each Condominium Unit is identified by a specific number on said Exhibit "F", and no Condominium Unit bears the same number as any other Condominium Unit. The Condominium Units are numbered 101 through 103 and 201 through 204, as shown on Exhibit "F".

2. Article 3, Section 3.7 of the Declaration is hereby replaced in its entirety with the following:

**Section 3.7 Condominium Units.** "Condominium Units" or "Units," as such terms are used herein, shall mean a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereinafter defined and shown on Exhibit "F."

The walls, floors, and ceilings of the Units hereby are designated as the boundaries of each respective Unit. The lower horizontal boundary of each Unit is the unfinished flooring or surface on the ground floor, and the upper horizontal boundary of each Unit is the ceiling of the third story, both of which are shown and designed on Exhibit "F."

3. Article 6, Section 6.6 of the Declaration is hereby replaced in its entirety with the following:

**Section 6.6 Timesharing Prohibition.** No Unit may be used for, nor shall any Owner permit the use of a Unit for, a timesharing, fraction-sharing or similar program whereby the right to exclusive right of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

In addition to the foregoing, the Condominium is subject to those matters affecting the Property set forth on Exhibit "C" attached hereto and incorporated herein by reference.

4. There were erroneously included in the Declaration two "Exhibit 'F'" addendums. The second "Exhibit F" itemizing Permitted Exceptions to the Declaration of Condominium is hereby set forth and referred to as "Exhibit G":

Exhibit G

Permitted Exceptions

1. Any and all matters as may be revealed by an accurate survey of the property by a registered surveyor.
2. Taxes for the year 2007 and all subsequent years.
3. Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing in favor of LaSalle Bank National Association recording in Book 1617 at page 362, Dare County Public Registry.
4. Assignment of Rents and Leases in favor of LaSalle Bank National Association recorded in Book 1617 at page 363, Dare County Public Registry.



5. Uniform Commercial Code Financing Statement in favor of LaSalle Bank National Association recorded in Book 1677 at page 384 of the Dare County Public Registry and in the Office of the North Carolina Secretary of State.
5. Subject to matters shown on that map or plat recorded in Book 2 at page 203, Dare County Public Registry.
6. Easement in favor of North Carolina Power Company (formerly known as Virginia Electric Power Company) recorded in Book 519 at page 429, Dare County Public Registry.
7. Subject to the rights of the public and the State of North Carolina, if any, to (1) lands lying below the mean high water mark, (2) lands that have been created by artificial means, (3) riparian rights; and subject also to the rights of the Federal Government's control over navigable waters, and public rights of access to any navigable waters.
8. Utility and general service easements of record.
9. Tri-Party Agreement for maintenance of on-site waste water treatment system recorded in the Dare County Public Registry subsequent to the recordation of this Declaration.
10. Agreement regarding improvement of Gray Eagle Street between Declarant and the Town of Nags Head and any rights title and interest of the Town of Nags Head in and to those portions of the Development Property lying within the right of way of Gray Eagle Street.

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of this the 18<sup>th</sup> day of July, 2007.  
19th

NORTH AVON CONDO GROUP, LLC  
By: *Peter Kauffman* (SEAL)  
Manager

NORTH CAROLINA

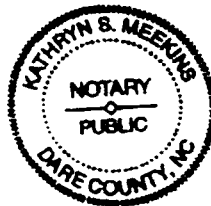
DARE COUNTY

I, a Notary Public for the aforementioned state and county do hereby certify that Peter Kauffman, Manager of North Avon Condo Group, LLC, a North Carolina Limited Liability Company personally appeared before me this day and acknowledged the execution of the foregoing instrument on behalf of the company. Witness my hand and seal, this the 19<sup>th</sup> of July, 2007.

*Kathryn S. Meekins*

Notary Public

My commission expires: 6-29-2010



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Prepared by and return to Robert B. Hobbs, Jr., Attorney  
Hornthal, Riley, Ellis & Maland, LLP  
Post Office Box 310  
Nags Head, North Carolina 27959

STATE OF NORTH CAROLINA  
COUNTY OF DARE

**SECOND AMENDMENT TO  
DECLARATION OF CONDOMINIUM FOR  
THE LANDINGS AT SUGAR CREEK CONDOMINIUM**

This Second Amendment to Declaration of Condominium for The Landings at Sugar Creek Condominium (this "Second Amendment") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2008, by THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (the "Association"), NORTH AVON CONDO GROUP, LLC, a North Carolina limited liability company (the "Declarant"), and MICHAEL W. CORWIN and wife, DEBORAH F. CORWIN ("Corwin") (Declarant and Corwin are collectively referred to herein as the "Approving Members").

**WITNESSETH:**

WHEREAS, the Association is the entity charged with the powers of maintaining and administering the Common Elements and facilities of The Landings at Sugar Creek Condominium (the "Condominium") and with administering and enforcing the covenants, conditions and restrictions contained in the Declaration of Condominium dated July 2, 2007 and filed in Book 1735, Page 279, Dare County Registry, as amended by Amendment to Declaration dated July 19, 2007 and filed in Book 1737, Page 23, Dare County Registry (the "First Amendment"), and collecting and disbursing the assessments and charges created by the Declaration (the Declaration and all amendments thereto being hereinafter referred to collectively as the "Declaration"); and

WHEREAS, the Association desires to further amend the Declaration pursuant to the procedure set forth in Section 27.1 of the Declaration and Section 47C-2-117(a) of the North Carolina Condominium Act (the "Act"), which permit an amendment to the Declaration to be

approved by written agreement of Members to which at least sixty seven percent (67%) of the votes in the Association are allocated; and

WHEREAS, this Second Amendment has been executed by and is the written agreement of the undersigned Approving Members to which at least sixty-seven percent (67%): of the votes in the Association are allocated, and has also been approved by Declarant.

NOW, THEREFORE, in accordance with the provisions of Section 47C-2-117 of the North Carolina Condominium Act, and Section 27.1 of the Declaration, the Association, with the approval and consent of the undersigned Declarant and Approving Members, does hereby make the following amendments to the Declaration:

Section 1. The phrase "Maritime Woods Business Park" above Section or Paragraph 1 of the First Amendment shall be replaced with the phrase: "The Landings at Sugar Creek Condominium."

Section 2. As modified by Section 1 of this Second Amendment, the First Amendment is hereby approved and ratified.

Section 3. A new Section 3.12A shall be added to Article 3 which shall provide as follows:

Section 3.12A. Eligible Mortgagee. "Eligible Mortgagee" shall mean any Mortgagee who has submitted to the Association a written request for the Association to notify such Mortgagee on any proposed action requiring the consent of a specified percentage of eligible mortgage holders. Such written request to the Association from a Mortgagee shall include (1) the name of the holder of the mortgage or deed of trust, (2) the mailing address of the holder of the mortgage or deed of trust, (3) the names of the Owner(s) who are obligated for the payment of any evidence of indebtedness secured by such mortgage or deed of trust, and (4) the Unit number(s) encumbered by the Mortgagee's mortgage or deed of trust. The term 'Eligible Mortgagee' shall also include any guarantor of a mortgage or deed of trust encumbering one or more Units in the Condominium who has provided to the Association a written request containing the information described in this Section.

Section 4. A new Section 3.12B shall be added to Article 3 which shall provide as follows:

Section 3.12B. First Mortgagee. "First Mortgagee" shall mean any Mortgagee holding a mortgage or deed of trust that is a first lien encumbering one or more Units in the Condominium.

Section 5. A new Section 3.13A shall be added to Article 3 which shall provide as follows:

Section 3.13A. Mortgagee. "Mortgagee" shall mean the holder of a mortgage or deed of trust recorded in the Dare County Registry encumbering one or more Units in the Condominium. The term "Mortgagee" shall also include any guarantor of a mortgage or deed of trust encumbering one or more Units in the Condominium of which the Association has actual notice.

Section 6. The reference to "Exhibit C" in Section 4.1 of Article 4 of the Declaration shall be deleted and replaced with a reference to "Exhibit B'."

Section 7. The reference to "Exhibit C" in Section 4.2 of Article 4 of the Declaration shall be deleted and replaced with a reference to "Exhibit B'."

Section 8. The reference to "Exhibit B" in Section 7.1 of Article 7 of the Declaration shall be deleted and replaced with a reference to "Exhibit F'."

Section 9. A new Article 11 shall be added to the Declaration which shall provide as follows:

## ARTICLE 11

### MORTGAGEE PROTECTION PROVISIONS

Section 11.1. Introduction. This Article establishes certain standards and covenants which are for the benefit of Eligible Mortgagees. This Article is supplemental to, and not in substitution for, any other provisions of the Act. The purpose for this Article is to assure compliance of this Declaration with the requirements of any national secondary mortgage market company or agency (for example, the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Association) in effect at the time that this Declaration is recorded.

Section 11.2. Percentage of Eligible Mortgagees. Whenever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it will mean the approval or consent by Eligible Mortgagees holding mortgages on Units which in the aggregate have allocated to them such specified percentage when compared to the total allocated to all Units then subject to mortgages held by Eligible Mortgagees.



Section 11.3. Notice of Actions. The Association shall provide timely written notice to each Eligible Mortgagee of the following:

11.3.1. Any amendments to this Declaration which are of a material adverse nature to Eligible Mortgagees.

11.3.2. Any action to terminate the legal status of the Condominium after substantial destruction, condemnation or for other reasons.

11.3.3. Any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its mortgage.

11.3.4. Any 60-day delinquency in the payments of assessments or charges owned by the Owner of any Unit on which it holds the mortgage.

11.3.5. A lapse, cancellation, or material modification of any insurance policy maintained by the Association.

11.3.6. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 11.5 which notice shall be sent by registered or certified mail return receipt requested.

Section 11.4. Address for Notice. Each Eligible Mortgagee shall provide to the Association the following information: (1) the name of the Mortgagee, (2) the mailing address of the Mortgagee, (3) the names of the Owner(s) who are obligated for the payment of any evidence of indebtedness secured by such mortgage or deed of trust, and (4) the Unit number(s) encumbered by the Mortgagee's mortgage or deed of trust. The Association will use the foregoing contact information for the mailing of notices required under this Article.

Section 11.5. Eligible Mortgagee Consent Required.

11.5.1. Amendments to this Declaration of a material adverse nature to Mortgagees shall be agreed to by Eligible Mortgagees that represent at least fifty-one percent (51%) of the votes of Units that are subject to mortgages or deeds of trust held by Eligible Mortgagees. A change to any of the provisions of this Declaration governing the following subject areas would be considered material:

- 11.5.1.1. Voting rights;
- 11.5.1.2. Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- 11.5.1.3. Reductions in reserves for maintenance, repair, and replacement of Common Elements;
- 11.5.1.4. Responsibility for maintenance and repairs;
- 11.5.1.5. Reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use;
- 11.5.1.6. Redefinition of any Unit boundaries;
- 11.5.1.7. Convertibility of Units into Common Elements or vice versa;
- 11.5.1.8. Expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium;
- 11.5.1.9. Hazard or fidelity insurance requirements;
- 11.5.1.10. Imposition of any restrictions on the leasing of Units;
- 11.5.1.11. Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her or its Unit;
- 11.5.1.12. A decision by the Association project that consists of 50 or more units to establish self management if professional management had been required previously by the Association Documents or by an Eligible Mortgagee;
- 11.5.1.13. Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the Association Documents; or
- 11.5.1.14. Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

11.5.2. Action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons shall be agreed to by Eligible Mortgagees that represent at least fifty-one percent (51%) of the votes of Units that are subject to mortgages or deeds of trust held by Eligible Mortgagees.

11.5.3. Consent of any Eligible Mortgagee shall be implied and assumed when an Eligible Mortgagee fails to submit to the Association a response to any written proposal for an amendment within sixty (60) days after such Eligible Mortgagee receives proper notice of the proposal, provided the notice was delivered to the Eligible Mortgagee by certified or registered mail, with a "return receipt" requested.

Section 11.6. First Mortgagee's Rights Confirmed. Notwithstanding any provision of this Declaration to the contrary, no Unit Owner or any other party shall have any priority over any rights of any First Mortgagee of the Unit pursuant to its mortgage or deed of trust in the case of payment to the Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

Section 11.7. Unpaid Assessments. Any First Mortgagee who obtains title to a Unit pursuant to the remedies in the mortgage or through foreclosure shall not be liable for more than six (6) months of the Unit's unpaid Common Expenses or other charges accrued before acquisition of the title to the Unit by such First Mortgagee. If the Association's lien priority includes costs of collecting unpaid Assessments, the First Mortgagee will be liable for any fees or costs related to the collection of the unpaid dues.

Section 11.8. Inspection of Books and Records. The Association shall permit any Eligible Mortgagee to inspect the books and records of the Association during normal business hours.

Section 11.9. Right of First Refusal. Any right of first refusal contained in any of the Condominium Documents shall not adversely impact the rights of a Mortgagee or its assignee to:

11.9.1. Foreclose or take title to a Unit pursuant to the remedies in the mortgage or deed of trust;

11.9.2. Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; or

11.9.3. Sell or lease a Unit acquired by the Mortgagee or its assignee.

Section 11.10. Not Applicable to Exercise of Special Declarant Rights and Development Rights. This Article shall not apply to any action taken by the Declarant pursuant to any Special Declarant Rights and Development Rights reserved to Declarant under any of the Condominium Documents or under the Act.

Section 11.11. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees or First Mortgagees as specified in this Article, and their successors, and may be enforced by any of them by any available means, in law or in equity.

Section 10. Except as otherwise amended herein, the Declaration as amended remains in full force and effect.

[continued on the following page]

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Declaration of Condominium for The Landings at Sugar Creek Condominium to be duly executed the day and year first above written.

ASSOCIATION:

THE LANDINGS AT SUGAR CREEK OWNERS  
ASSOCIATION, INC.

BY: \_\_\_\_\_  
Michael W. Corwin, President

NORTH CAROLINA, DARE COUNTY

I, \_\_\_\_\_, a Notary Public of the County of \_\_\_\_\_, and State aforesaid, certify that Michael W. Corwin personally came before me this day and acknowledged that he is President of THE LANDINGS AT SUGAR CREEK OWNERS ASSOCIATION, INC., a North Carolina Nonprofit Corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(AFFIX NOTARY SEAL)

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Typed or printed name of Notary Public

My commission expires: \_\_\_\_\_

DECLARANT:

NORTH AVON CONDO GROUP, LLC

BY \_\_\_\_\_  
Michael W. Corwin, Manager

NORTH CAROLINA, DARE COUNTY

I, \_\_\_\_\_, a Notary Public of the County of \_\_\_\_\_, and State aforesaid, certify that Michael W. Corwin personally came before me this day and acknowledged that he is Manager of NORTH AVON CONDO GROUP, LLC, a North Carolina limited liability company, and that he, as Manager, being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(AFFIX NOTARY SEAL)

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Typed or printed name of Notary Public

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
MICHAEL W. CORWIN

\_\_\_\_\_  
DEBORAH F. CORWIN

NORTH CAROLINA, DARE COUNTY

I, \_\_\_\_\_, a Notary Public of the County of \_\_\_\_\_, and State aforesaid, certify that MICHAEL W. CORWIN and wife, DEBORAH F. CORWIN personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(AFFIX NOTARY SEAL.)

\_\_\_\_\_  
Signature of Notary Public:

\_\_\_\_\_  
Typed or printed name of Notary Public

My commission expires: \_\_\_\_\_

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Space Above This Line For Recording Data

Prepared by and return to Robert B. Hobbs, Jr., Attorney  
Hornthal, Riley, Ellis & Maland, LLP  
Post Office Box 310  
Nags Head, North Carolina 27959

STATE OF NORTH CAROLINA  
COUNTY OF DARE

**THIRD AMENDMENT TO  
DECLARATION OF CONDOMINIUM FOR  
THE LANDINGS AT SUGAR CREEK CONDOMINIUM**

This Third Amendment to Declaration of Condominium for The Landings at Sugar Creek Condominium (this "Amendment") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2008, by NORTH AVON CONDO GROUP, LLC, a North Carolina limited liability company (the "Declarant"), and ALL CURRENT AND PROSPECTIVE PURCHASERS AND OWNERS of Units in The Landings at Sugar Creek Condominium.

**WITNESSETH:**

WHEREAS, Declarant caused to be recorded a Declaration of The Landings at Sugar Creek Condominium dated July 2, 2007 and filed in Book 1735, Page 279, Dare County Registry, as amended by Amendments to Declaration dated July 19, 2007 and filed in Book 1737, Page 23, Dare County Registry and dated \_\_\_\_\_, and filed in Book \_\_\_\_\_, Page \_\_\_\_\_, Dare County Registry (the Declaration and all amendments thereto being hereinafter referred to collectively as the "Declaration"); and

WHEREAS, pursuant to Section 29.2 of Article 29 of the Declaration, Declarant reserved Development Rights to expand the Property and submit additional property to the Condominium; and

WHEREAS, the real property described on the attached Exhibit A to this Amendment includes a portion of the Development Property as described and defined in the Declaration; and



WHEREAS, pursuant to the provisions of Article 4 of the Declaration, the proportional interest in the Common Elements, the proportion of Common Expenses, and the number of votes allocated to each Unit shall be reallocated among all Units using the formula specified in the Declaration when new Units are created pursuant to the exercise of Development Rights.

NOW, THEREFORE, Declarant, pursuant to the provisions of Section 27.2 of Article 27 and Section 29.2 of Article 29 of the Declaration, does hereby amend the Declaration to include within the Property and the Condominium the real property on the attached Exhibit A attached to this Amendment and made a part hereof.

Exhibit B to the Declaration is hereby amended by deleting Exhibit B to the Declaration and substituting the new Exhibit B attached hereto and incorporated herein by reference. New Exhibit B reallocates the undivided interests in the Common Elements and the Common Expenses liability appurtenant to each Unit among all Units now a part of the Condominium.

[continued on the following page]

IN WITNESS WHEREOF, Declarant has caused this Amendment to Declaration of Condominium for The Landings at Sugar Creek Condominium to be duly executed the day and year first above written.

DECLARANT:

NORTH AVON CONDO GROUP, LLC

BY: \_\_\_\_\_  
Michael W. Corwin, Manager

STATE OF \_\_\_\_\_ COUNTY/CITY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public of the County or City of \_\_\_\_\_ and State aforesaid, certify that \_\_\_\_\_ personally came before me this day and acknowledged that he is Manager of NORTH AVON CONDO GROUP, LLC, a North Carolina limited liability company, and that he, as President, being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official stamp or seal, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(AFFIX NOTARY SEAL)

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Typed or printed name of Notary Public

My commission expires: \_\_\_\_\_

**EXHIBIT A**

**Additional Property Added to The Landings at Sugar Creek Condominium**

That tract or parcel of land lying and being situate in the Town of Nags Head, Nags Head Township, Dare County, North Carolina, and being more particularly shown and described on the Plans and Plans entitled "THE LANDINGS AT SUGAR CREEK CONDOMINIUM - PHASE 2," recorded in Unit Ownership File \_\_\_\_\_, Pages \_\_\_\_\_ to \_\_\_\_\_, Dare County Registry, North Carolina.

**EXHIBIT B**  
**Table of Units**  
**The Landings at Sugar Creek Condominium**

**(Note: The quantity of Units and associated percentages may be adjusted by the Declarant prior to completion, as more fully described in the Public Offering Statement)**

Unit	Building	Phase	Allocated Interest in the Common Elements (%)	Allocated Share of Common Expense (%)	Number of Votes in the Association
101	1	One	2.083	2.083	1
102	1	One	2.083	2.083	1
103	1	One	2.083	2.083	1
201	1	One	2.083	2.083	1
202	1	One	2.083	2.083	1
203	1	One	2.083	2.083	1
204	1	One	2.083	2.083	1
101	2	Two	2.083	2.083	1
102	2	Two	2.083	2.083	1
103A	2	Two	2.083	2.083	1
103B	2	Two	2.083	2.083	1
104	2	Two	2.083	2.083	1
105	2	Two	2.083	2.083	1
106	2	Two	2.083	2.083	1
107	2	Two	2.083	2.083	1
108	2	Two	2.083	2.083	1
109	2	Two	2.083	2.083	1
110	2	Two	2.083	2.083	1
111	2	Two	2.083	2.083	1
112A	2	Two	2.083	2.083	1
112B	2	Two	2.083	2.083	1
113	2	Two	2.083	2.083	1

Unit	Building	Phase	Allocated Interest in the Common Elements (%)	Allocated Share of Common Expense (%)	Number of Votes in the Association
201	2	Two	2.083	2.083	1
202	2	Two	2.083	2.083	1
203	2	Two	2.083	2.083	1
204	2	Two	2.083	2.083	1
205	2	Two	2.083	2.083	1
206	2	Two	2.083	2.083	1
207	2	Two	2.083	2.083	1
208	2	Two	2.083	2.083	1
209	2	Two	2.083	2.083	1
210	2	Two	2.083	2.083	1
211	2	Two	2.083	2.083	1
212	2	Two	2.083	2.083	1
213	2	Two	2.083	2.083	1
301	2	Two	2.083	2.083	1
302	2	Two	2.083	2.083	1
303	2	Two	2.083	2.083	1
304	2	Two	2.083	2.083	1
305	2	Two	2.083	2.083	1
306	2	Two	2.083	2.083	1
307	2	Two	2.083	2.083	1
308	2	Two	2.083	2.083	1
309	2	Two	2.083	2.083	1
310	2	Two	2.083	2.083	1
311	2	Two	2.083	2.083	1
312	2	Two	2.083	2.083	1
313	2	Two	2.083	2.083	1

Unit	Building	Phase	Allocated Interest in the Common Elements (%)	Allocated Share of Common Expense (%)	Number of Votes in the Association
TOTALS:			100.0*	100.0*	48

\*Rounded to 100% pursuant to Section 47C-2-107(c) of the North Carolina General Statutes.