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**DECLARATION
FOR
VILLAGE NEST AT CENTRE POINTE CONDOMINIUM**

DECLARANT: VITAMIN SEA, INC.

PLATS AND PLANS OF VILLAGE NEST AT CENTRE POINTE CONDOMINIUM

ARE RECORDED IN

**UNIT OWNERSHIP FILE 6, PAGES 280 THROUGH 287,
DARE COUNTY REGISTRY (the "Plats and Plans").**

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF
POLITICAL SIGNS.**

Prepared by and return to:

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Unofficial

COPY



NORTH CAROLINA
DARE COUNTY

THIS DECLARATION OF VILLAGE NEST AT CENTRE POINTE CONDOMINIUM is made and established on June 27, 2007 by VITAMIN SEA, INC., a North Carolina corporation, whose address is PO Box 2103, Kitty Hawk, NC 27949, hereinafter referred to as "Declarant."

RECITALS

Declarant is the owner of certain real property located in Dare County, North Carolina, and which is described on Exhibit A attached hereto and incorporated herein by reference (the "Property"). Said Property is the Residential Unit created as part of the Master Condominium by the Master Declaration. Declarant desires to subdivide the Residential Unit into Sub-Units in order to create this Residential Condominium.

Declarant desires to subject the Property to the provisions of this Residential Declaration and to develop the Property under the name of Village Nest at Centre Pointe Condominium, and desires to create thereon a condominium (the "Residential Condominium") pursuant to the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes (the "Act"), together with Common Elements located within the Residential Condominium for the benefit of the Residential Condominium; and

Declarant desires to provide for the preservation of the values and amenities in the Residential Condominium and for the maintenance of the Residential Condominium and, to this end, desires to subject the real property described above to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of each real property and each owner of a portion thereof; and

Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Residential Condominium, to create an association to which should be delegated and assigned the powers of maintaining and administering the Residential Condominium and facilities, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

Declarant has caused or will cause to be incorporated under the laws of the State of North Carolina, Village Nest at Centre Pointe Condominium Association, Inc. (the "Residential Association"), for the purpose of exercising the functions contained in this Residential Declaration and the Residential Articles of Incorporation and Residential Bylaws; and

NOW, THEREFORE, Declarant does hereby declare that all of the Property described above, together with any additional property which it may hereafter add by supplement to this Residential Declaration, shall be held, transferred, conveyed, occupied and used subject to the following easements, covenants, conditions, restrictions, liens and charges which shall run with the title to the real property and which shall be binding upon and inure to the benefit of all of the parties having any right, title or interest in the above described properties, their heirs, successors and assigns.



ARTICLE 1 DEFINITIONS

Section 1.1. Definitions. The definitions contained in Section 47C-1-103 of the Act shall apply to this Residential Declaration and to the Condominium.

Section 1.2. Additional Definitions. The following words when used in this Residential Declaration shall have the following meaning:

1.2.1. "Assessment" means an Assessment imposed by the Residential Association, and shall have the same meaning as "Common Expense Liability" as defined in Section 47C-1-103 of the Act.

1.2.2 "Charges" shall mean any costs, expenses, dues, interest, fees, late fees, fines, collection costs, attorney's fees, and other such sums arising under the Residential Association Documents owing to the Residential Association or an Owner from one or more Owners or a Tenant, other than Common Expenses.

1.2.3. "Commercial Units" shall mean Units A and B as more particularly described in Section 2.3 of the Master Declaration and on the Master Plats and Plans.

1.2.4. "Eligible Mortgagee" shall mean any Mortgagee holding a first mortgage or deed of trust encumbering one or more Units in the Condominium which has submitted to the Association a written request for the Association to such mortgagee on any proposed action requiring the consent of a specified percentage of eligible mortgage holders.

1.2.5. "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 Residential Condominium.

1.2.6 "Master Architectural Rules" shall mean rules and guidelines adopted by the Master Executive Board to establish standards for all aesthetic matters in the Master Condominium.

1.2.7. "Master Articles" means the Articles of Incorporation of the Master Association.

1.2.8. "Master Association" means Centre Pointe Master Condominium Association, Inc., a North Carolina nonprofit corporation.

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

1.2.10. "Master Bylaws" shall mean the Bylaws of the Master Association.

1.2.11. "Master Common Elements" shall mean the Common Elements described and defined in the Master Declaration and on the Master Plats and Plans.



1.2.12. "Master Condominium" shall mean Centre Pointe Master Condominium.

1.2.13. "Master Declaration" shall mean the Declaration of the Master Condominium, recorded in the Dare County Registry.

1.2.14. "Master Executive Board" shall mean the Executive Board of the Master Association.

1.2.15. "Master Expenses" shall mean the share of Common Expenses of the Master Association allocated to the Residential Unit under the Master Declaration, for which each Owner is responsible.

1.2.16. "Master Limited Common Elements" shall mean the Limited Common Elements described and defined in the Master Declaration and on the Master Plats and Plans.

1.2.17. "Master Plats and Plans" shall mean the plats and plans of the Master Condominium, recorded in the Dare County Registry as specified on the cover page of the Master Declaration.

1.2.18. "Master Rules" shall mean any and all regulations of the Master Association promulgated by the Executive Board pursuant to its power under this Master Declaration or any other land use document.

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

1.2.20. "Owner" shall mean an Owner of a Unit under this Residential Declaration, and shall have the same meaning as "Unit Owner" as defined in Section 47C-1-103 of the Act. The term "Owner" shall mean the same as "Sub-Unit Owner" as that term is used in the Master Declaration.

1.2.21. "Plats and Plans" shall mean the plats and plans of the Residential Condominium, recorded in the Dare County Registry as specified on the cover page of this Residential Declaration.

1.2.22. "Residential Articles" means the Articles of Incorporation of the Residential Association.

1.2.23. "Residential Association" means Village Nest at Centre Pointe Condominium Association, Inc., a North Carolina nonprofit corporation. "Residential Association" shall mean that same as "Sub-Unit Condominium Association" as that term is used in the Master Declaration.

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

1.2.25. "Residential Bylaws" shall mean the Bylaws of the Residential Association.



1.2.26. "Residential Condominium" shall mean Village Nest at Centre Pointe Condominium, a Condominium formed by the Owner of the Residential Unit of the Master Condominium. "Residential Condominium" shall have the same meaning as "Sub-Unit Condominium" as that term is used in the Master Declaration.

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

1.2.28. "Residential Declaration" shall mean this Declaration of the Residential Condominium, recorded in the Dare County Registry. The term "Residential Declaration" shall have the same meaning as "Sub-Unit Declaration" as that term is used in the Master Declaration.

1.2.29. "Residential Executive Board" shall mean the Executive Board of the Residential Association.

1.2.30. "Residential Limited Common Elements" shall mean and comprise those portions of the Residential Common Elements that are allocated by this Residential Declaration and the Plats and Plans for the exclusive use of less than all of the Units.

1.2.31. "Residential Rules" shall mean any and all regulations of the Residential Association promulgated by the Residential Executive Board pursuant to its power under this Residential Declaration or any other land use document.

1.2.32. "Residential Unit" shall mean the Residential Unit created under the Master Declaration. Same is described on the attached Exhibit A.

1.2.33. "Unit" shall mean a Unit in the Residential Condominium as established and created under this Residential Declaration. "Unit" shall have the same meaning as "Sub-Unit" as that term is used in the Master Declaration.

1.2.34. "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

ARTICLE 2 DESCRIPTION OF THE CONDOMINIUM

Section 2.1. Creation of Units. Declarant does hereby create and establish within the Condominium seven (7) Units, and does hereby designate all such Units for separate ownership. All structural components and mechanical systems of all buildings containing or comprising any Units are substantially completed in accordance with the Plats and Plans of the Residential Condominium.

Section 2.2. Plats and Plans. The Plats and Plans of the Residential Condominium set forth the following: (i) a general description and diagrammatic plan of the Residential Condominium; (ii) the location



and dimension of all real property subject to a development right; (iii) all major improvements, including each Unit, showing its location within the Residential Condominium and floor(s); and (iv) such other information as is desirable or required pursuant to the Act.

Section 2.3. Description of Units, Limited Common Elements and Common Elements.

2.3.1. The boundaries of each Unit created by this Residential Declaration are shown and described on the Plan and Plats of the Condominium. Unit Boundaries are defined in Section 47C-2-102 of the Act and are further described as follows: The walls, floors, and ceilings of the Units hereby are designated as the boundaries of each respective Unit except as provided otherwise by the Plats and Plans and by this **Section 2.3**. 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 upper-story, both of which are shown and designated on the Plats and Plans of the Residential Condominium. Supplementing the provisions of Section 47C-2-102(2) of the Act, 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" for all purposes of this Section and in the Act.

2.3.2. Limited Common Elements. In addition to the description of Limited Common Elements contained in Section 47C-2-102 of the Act, the following portions of the Common Elements shall be Limited Common Elements, and are specifically allocated to the Units in which they are installed:

2.3.2.1. All exterior doors of Units leading into the hallway, and the door frames for such doors.

2.3.2.2. Any attic space above each Unit with an attic, the use of which is limited to the Unit beneath it.

2.3.2.3. Utility and storage areas, the use of which is limited to the Unit or Units as shown on the Plats and Plans.

2.3.3. In the event of any inconsistencies between the Act, the Plats and Plans, and this **Section 2.3**, the order of authority shall be the Plats and Plans, the Act, and this **Section 2.3**.

**ARTICLE 3
PROPERTY RIGHTS AND ALLOCATED INTERESTS**

Section 3.1. Ownership of Units. Ownership of a Unit shall vest fee simple title to such Unit in the Owner.

Section 3.2. Ownership of Common Elements. Each Owner shall own an undivided interest in the Residential Common Elements and shall have a right and easement of enjoyment in the Residential Common Elements which shall be appurtenant to and shall pass with the title to every Unit. Each undivided interest in the Residential Common Elements and the right and easement of enjoyment in such Residential Common Elements are subject to the right of the Residential Association to adopt such rules and regulations as may be needed to regulate the use and enjoyment of the Residential Common Elements.



Each Owner, by virtue of owning a Unit, shall also have a right and easement of enjoyment in the Master Common Elements which shall be appurtenant to and shall pass with the title to every Unit. Each undivided interest in the Master Common Elements and the right and easement of enjoyment in such Master Common Elements are subject to the right of the Master Association to adopt such rules and regulations as may be needed to regulate the use and enjoyment of the Master Common Elements.

Section 3.3. Restraint on Transfer. The shares or interests of the Owners in the funds and assets of the Residential Association cannot be individually assigned, hypothecated or transferred in any manner except to the extent that a transfer of ownership of a Unit also transfers the membership in the Master Association which is an appurtenance to such Unit.

Section 3.4. Allocated Interests and Votes. The table showing Unit numbers and their allocated undivided interests in the Common Elements, the common expense liability, and votes in the Residential Association, is attached hereto as **Exhibit B**.

Section 3.5. Sub-Unit Condominium.

3.5.1. This Residential Condominium shall be a Sub-Unit Condominium created within the boundaries of the Residential Unit, all as described and authorized by the Master Declaration.

3.5.2. The following provisions is required by the Master Declaration to be included in this Residential Declaration:

Upon the recordation of this Residential Declaration and acceptance of a deed to a Unit, any and all obligations (including but not limited to the obligation to pay Assessments as provided in the Master Declaration), limitations, rights, waivers, benefits or burdens that are vested or that may in the future become vested in or upon Declarant of this Residential Declaration in relation to the Unit, pursuant to the Master Declaration, are hereby assumed by such Unit Owners and Declarant, with respect to Units retained by Declarant, until Declarant sells such Units to other Unit Owners, and shall automatically be the obligation (including but not limited to the obligation to pay Assessments as provided in the Master Declaration), limitations, rights, waivers, benefits or burdens of the Unit Owners (including Declarant, as applicable) and the Units. EACH UNIT OWNER AGREES TO INDEMNIFY AND HOLD HARMLESS THE UNIT DECLARANT FROM SUCH UNIT OWNER'S SHARE OF ANY AND ALL LIABILITIES, COSTS, EXPENSES (COMMON OR OTHERWISE), ADDITIONAL ASSESSMENTS AND ASSESSMENTS RELATING TO OR APPERTAINING TO SUCH UNIT OWNER'S UNIT.

**ARTICLE 4
MEMBERSHIP, VOTING RIGHTS AND
GOVERNANCE OF THE MASTER ASSOCIATION**

Section 4.1 Membership. Membership in the Residential Association is defined in Section 47C-3-101 of the Act.



Section 4.2. Governance. The Residential Association shall be governed pursuant to Section 47C-3-103 of the Act.

Section 4.3. Voting Rights. Except as otherwise provided herein, voting rights of Unit Owners shall be those rights provided by Section 47C-3-110 of the Act. Each Unit shall have one equal vote. Any percentage of Owners herein, unless provided otherwise, means the specified percentage of all of the votes as allocated on the attached Exhibit B, as amended from time to time. Declarant shall be entitled to vote with respect to Units owned by it.

THE OWNERS OF UNITS OF THIS RESIDENTIAL CONDOMINIUM ACKNOWLEDGE AND AGREE, BY THEIR ACCEPTANCE OF A DEED TO THEIR UNIT, THAT THE OWNERS OF THE COMMERCIAL UNITS DESCRIBED AND ESTABLISHED IN THE MASTER DECLARATION POSSESS THE MAJORITY OF THE VOTING IN THE MASTER ASSOCIATION. AS A RESULT, THE OWNERS OF THE COMMERCIAL UNITS WILL BE ABLE TO CONTROL THE ELECTION OF THE EXECUTIVE BOARD OF THE MASTER ASSOCIATION AND, THROUGH THE VOTING PROCESS, ANY OTHER MATTERS COMING BEFORE THE MASTER ASSOCIATION FOR A VOTE, SUBJECT TO THE REQUIREMENTS OF THE ACT AND THE MASTER ASSOCIATION DOCUMENTS.

Section 4.4. Voting in the Master Association.

4.4.1. The Residential Association, by action of the Residential Executive Board, shall be entitled to cast the vote(s) assigned to the Residential Unit on all matters.

4.4.2. The Residential Executive Board shall, at the organizational meeting of the Residential Executive Board, appoint one of its members as the sole representative of the Residential Association as member of the Master Association. The Master Association shall be required to deal only with such appointed representative. If no member of the Residential Executive Board is appointed by the Residential Executive Board, neither the Residential Condominium nor any Unit shall have any vote or ability to exercise any right under the Master Declaration until the sole representative to the Master Association is appointed by the Residential Executive Board.

Section 4.5. Residential Executive Board. During the Declarant Control Period, all members of the Residential Executive Board shall be authorized to participate in all Residential Association affairs. After expiration of the Declarant Control Period, all members of the Residential Executive Board shall be entitled to participate in Residential Association affairs which affect the Residential Condominium in its entirety, the Residential Common Elements, the Units, the Owners, or the Common Expenses affecting the Residential Condominium.

**ARTICLE 5
PROPERTY RIGHTS IN THE RESIDENTIAL COMMON ELEMENTS**

Section 5.1. Easements in the Common Elements. Subject to the Special Declarant Rights reserved to Declarant in this Residential Declaration and the provisions of Section 47C-3-112 of the Act, all of the Residential Common Elements, except the Residential Limited Common Elements, shall be, and the same are hereby declared to be, subject to a permanent, perpetual and non-exclusive easement in favor of all of



the Owners of Units 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 Units. Such easement shall be appurtenant to and shall pass with a title to every Unit. Such easement shall include but not be limited to the Owners' right of ingress and egress over and across the Residential Common Elements for the purpose of access to the Owner's Unit. Subject to the Special Declarant Rights, the Residential Association shall have the exclusive right to establish Residential Rules pursuant to which the Owner of any Unit, its tenants, agents, guests, licensees, invitees and customers, may be entitled to use the Residential Common Elements and to establish regulations concerning the use of the Residential Common Elements.

Section 5.2. Limitation of Easement. The Owners' easement rights in the Residential Common Elements shall be subject to the following:

5.2.1. The right of the Residential Association to adopt and enforce, at any time, Residential Rules governing the use of the Residential Common Elements and all facilities situated thereon. Any Residential Rules so adopted shall apply until rescinded or modified the same as if originally set forth at length in this Residential Declaration.

5.2.2. The right of the Residential Association to set specific charges for the use and maintenance of the Residential Common Elements.

5.2.3. The right of the Residential Association as provided in the Residential Association Documents, to suspend the enjoyment rights of any Owner for any period during which any Common Expense Liability remains unpaid, or for a period that may be determined by the Residential Executive Board for any violation of the Residential Association Documents; provided however, that the right of an Owner of ingress and egress to and from the Owner's Unit shall not be abrogated.

5.2.4. The right of the Declarant and the Residential Association to dedicate or transfer any portion of the Residential Common Elements to any public agency, authority or utility for public purposes.

Section 5.3. Easement for Utilities. There is hereby reserved for the benefit of the Declarant, the Residential Association, any public utility or governmental unit providing services in the Residential Condominium, and their respective successors and assigns, an easement upon, over, under and across all of the Residential Common Elements, for the purpose of installing, replacing, maintaining and operating all utilities.

Section 5.4. Easement for Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services. A non-exclusive easement is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services and emergency service such as fire, ambulance and rescue services, for purpose of ingress and egress over the Residential Common Elements. Declarant further reserves an easement over the Residential Common Elements as needed for the installation, maintenance and operation of any central water and sewage disposal systems which may serve the Residential Condominium.

Section 5.5. Environmental Easements. Declarant reserves for its benefit and the Residential Association and their respective agents and employees an easement on, over and across any and all unimproved areas in the Residential Condominium for the purpose of taking any action necessary to effect



compliance with environmental rules, regulations, procedures promulgated or instituted by the Residential Executive Board or by any governmental entity.

Section 5.6. Easement for Unintentional and Non-Negligent Encroachments. In the event that any Unit shall encroach upon any Residential Common Elements or other Unit, for any reason not caused by the purposeful or negligent act of the Unit Owner, or agents of such Owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment upon the Residential Common Elements or other Unit as the case may be, for so long as such encroachment naturally shall exist. In the event that any portion of the Residential Common Elements shall encroach upon any Unit, then an easement shall exist for the continuance of such encroachment of the Residential Common Elements upon any Unit for so long as such encroachment naturally shall exist. If any Unit or Residential 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 Residential Common Elements, there exist encroachments of portions of the Residential Common Elements upon any Unit, or of any Unit upon any portion of the Residential Common Elements or another Unit, 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 6 RESERVATION OF SPECIAL DECLARANT RIGHTS

Section 6.1. Declaration of Special Declarant Rights. In addition to other Special Declarant Rights reserved by the Declarant in this Master Declaration, the Declarant reserves the following additional Special Declarant Rights:

Section 6.1.1. Rights Listed in the Act. Declarant reserves all Special Declarant Rights enumerated in Section 47C-1-103(23) of the Act.

Section 6.1.2. Development Right. Pursuant to Section 47C-2-105(a)(4) of the Act, the maximum number of Units which the Declarant reserves the right to create is seven (7), which is the number of Units created in this Residential Declaration. The Declarant does not reserve the right to create any additional Units in the Residential Condominium beyond those Units created in this Residential Declaration.

Section 6.1.3. Easement for Declarant. The Declarant reserves to itself, its successors and assigns the right of temporary roads, utility services and drainage systems as are necessary in its sole discretion for the proper development and administration of the Residential Condominium. Such right shall extend over, through, under and across the Residential Common Elements.

Section 6.1.4. Changes in Boundaries; Additions to Designated Residential Common Elements. Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of any designated Residential Common Elements within the Residential Condominium, and to make additions thereto.

Section 6.1.5. Identification of Residential Limited Common Elements. The Declarant may identify as Residential Limited Common Elements those portions of the Residential Common Elements identified on the recorded Plats and Plans, or by a recorded Amendment to this Residential Declaration.



Section 6.1.6. Sales and Construction. The Declarant, its agents, employees, successors and assigns may maintain such facilities and carry on such activities as may be reasonably convenient or incidental to the completion, improvement and sale of Units within the Residential Condominium, including without limitation, the right to (a) install and operate construction trailers, sales offices, signs and model Units, and (b) maintain such facilities and carry on such activities.

Section 6.2. Turnover. The Period of Declarant Control of the Residential Executive Board, reserved by Declarant in this Residential Declaration, shall terminate not later than the date provided in Section 47C-3-103(d) of the Act. Prior to Turnover, the Owners may not elect members of the Residential Executive Board except pursuant to Sections 47C-3-103(e) and (f) of the Act. At the time that Turnover is to occur, the Residential Association shall conduct a special meeting of the membership, hereinafter called the Turnover Meeting, for the purpose of assuring the transition of the Residential Association to Owners other than the Declarant.

ARTICLE 7 COVENANT FOR ASSESSMENT OF COMMON EXPENSES

Section 7.1. Creation of the Lien and Personal Obligation of Common Expenses. Except as hereinafter more fully provided, the Declarant, for each Unit owned by it which is subject to this Residential Declaration, hereby covenants and each Owner of any Unit, by acceptance of a deed for such Unit, whether or not it shall be so expressed in the particular deed of conveyance, shall be deemed to covenant and agree to all the Covenants and Restrictions of this Residential Declaration and to pay the Residential Association: (1) Periodic Assessments and (2) Special Assessments for capital improvements and other assessments to be fixed, established, and collected from time to time as hereinafter provided.

Section 7.2. Assessment for Residential Limited Common Elements. The Common Expense associated with any Residential Limited Common Elements shall be assessed to the Owners of those Units to whom the Residential Limited Common Elements are allocated.

Section 7.3. Assessment for Master Limited Common Elements. The Common Expense associated with any Master Limited Common Elements which is assessed by the Master Association to the Residential Association shall be further assessed by the Residential Association to the Owners of those Units to whom the Master Limited Common Elements are associated or allocated.

Section 7.4. Assessment and Lien for Assessment. The assessment, lien for such assessment, and remedies to the Residential Association for nonpayment of such assessment shall be as provided by Sections 47C-3-115 and 47C-3-116 of the Act, with the following additional provisions:

7.4.1. The Residential Executive Board may appoint a Trustee to foreclose the lien of the assessment as provided by Section 47C-3-116 of the Act and Article 2A of Chapter 45 of the North Carolina General Statutes. Such Trustee shall be authorized to commence and prosecute a nonjudicial foreclosure of a Unit, and to sign and execute a Trustee's Deed to the purchaser of such Unit at the foreclosure sale, all pursuant to the provisions and procedures contained in Chapter 47C and in Article 2A of Chapter 45 of the North Carolina General Statutes.



7.4.2. The Residential Association may enter one or more bids at the foreclosure sale and may purchase the property at the foreclosure sale, even if the foreclosure sale is conducted by or at the direction of the Residential Association.

Section 7.5. Basis and Amount of the Periodic and Special Assessments. Periodic and special assessments shall be allocated among the Units based on the Fractional Share of Common Expense allocated to each Unit as set forth on Exhibit B to this Residential Declaration.

Section 7.6. Special Assessments. In addition to the periodic assessment authorized by this Article, the Residential Executive Board may levy in any assessment period a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Residential Common Elements including the necessary fixtures and personal property related thereto, or for other purposes deemed appropriate by the Residential Association. The due date of any special assessment under this Article shall be fixed in a resolution of the Residential Executive Board authorizing such assessment.

Section 7.7. Subordination of the Lien to Mortgages. The lien for the assessments provided for in this Residential Declaration shall be subordinate to the lien of any mortgage now or hereafter placed upon an Owner's Unit subject to assessment, unless such assessment is secured by a Claim of Lien that is recorded prior to the recording of such mortgage.

Section 7.8. Assessment by Master Association. In connection with creation and enforcement of lien rights with respect to any Unit that is subdivided pursuant to the provisions of the Master Declaration, and pursuant to a license granted by the Master Association to the Residential Association under the Master Declaration, the Residential Association shall collect a prorata (or otherwise allocated) portion of Master Association Assessments from each Unit Owner, and the Residential Association shall remit such collections to the Master Association. If the Residential Association fails to timely collect and remit to the Master Association any portion of the Master Association Assessments due from an Owner, then after the Master Association gives thirty (30) days notice to the Residential Association, the Master Association's license to the Residential Association to collect any portion of master Association Assessments from an Owner shall terminate, and the Master Association may enforce its lien as against the applicable Unit within the Residential Condominium, without the joinder of the Residential Association, and as set forth in the Master Declaration.

ARTICLE 8 MANAGEMENT AND MAINTENANCE OF THE CONDOMINIUM

Section 8.1. Management. The Residential Association, subject to the rights of the Declarant and the rights and duties of the Owners as set forth in this Residential Declaration, shall be responsible for the exclusive management and control of the Residential Elements and all improvements located thereon. As provided by Section 47C-3-103 of the Act, the Residential Executive Board may act in all instances on behalf of the Residential Association except as provided in the Residential Association Documents or in the Act.

Section 8.2. Duties and Powers. The duties and powers of the Residential Association shall be those set forth in the Residential Association Documents and in Section 47C-3-102 of the Act.



Section 8.3. Delegation of Authority to Master Association. Pursuant to Section 47C-2-120 of the Act, the Residential Executive Board may delegate to the Master Association any of the Residential Executive Board's powers and duties set forth in this Residential Declaration and in Section 47C-3-102 of the Act, including but not limited to the power to adopt and amend budgets and to collect Assessments under Section 47C-3-103(a)(2) of the Act.

Section 8.4. Maintenance of Exterior of Buildings and Landscaping. The Residential Association shall be responsible for maintaining the Residential Common Elements, except as otherwise provided in this Residential Declaration.

Section 8.5. Maintenance of Owner Improvements to Residential Limited Common Elements. Except as otherwise stated herein, all betterments and improvements added to the Residential Limited Common Elements by an Owner is a part of the respective Unit, and shall be maintained by the respective Owner. Each Owner desiring to install betterments or improvements to the Residential Limited Common Elements shall first obtain the prior approval of the Residential Association and the Master Association in each instance. The obligation and cost of the Upkeep of the portion of such Residential Limited Common Element on which the betterments and improvements are installed, shall be that of the Owner. The Residential Association shall not be required to maintain insurance coverage for any betterments or improvements to the Units and/or Residential Limited Common Elements added by any Owner. The Residential Association may require such Owner to maintain such liability insurance coverage as deemed appropriate by the Residential Association, at the Owner's sole cost and expense.

Section 8.6. Assessment for Residential Association Maintenance of Owner's Units. Where the Residential Association, in the interest of the Residential Condominium, authorizes maintenance on individual Units, the work shall be performed in a cost efficient manner and the Residential Association shall have the right to assess the Unit. In the case of failure to pay the charges or assessment, the Residential Executive Board shall place a lien on the Unit which shall be a personal obligation of the Owner and shall be due and payable in all respects.

Section 8.7. Open Meetings.

8.7.1. Access. All meetings of the Residential Executive Board and committees of the Residential Executive Board, at which action is to be taken by vote at such meeting, will be open to the Unit Owners, except as hereafter provided.

8.7.2. Notice. In addition to other notices which may be required by the Residential Association Documents or the Act, notice of every meeting of the Residential Executive Board and committees of the Residential Executive Board will be given not less than 24 hours prior to the time set for such meeting by posting such notice in a conspicuous location in the Residential Condominium, except that such notice will not be required if an emergency situation requires that the meeting be held without delay.

8.7.3. Closed Sessions. Meetings of the Residential Executive Board may be held in closed session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations:

8.7.3.1. No action is taken at the closed session requiring the affirmative vote of the Directors; or



8.7.3.2. The action taken at the closed session involves or includes:

- 8.7.3.2.1. personnel matters;
- 8.7.3.2.2. advice from the Board's attorney which requires confidentiality in order to preserve the attorney-client privilege;
- 8.7.3.2.3. pending litigation; or
- 8.7.3.2.4. actions involving enforcement of the Residential Association Documents.

**ARTICLE 9
INSURANCE**

Section 9.1. Insurance Required by the Act.

9.1.1. As provided in the Master Declaration, and as authorized by Section 47C-2-120(a) of the Act, the Master Association shall purchase and maintain such property insurance, flood insurance, and liability insurance that is sufficient to insure the portions of the Condominium that the Residential Association is required to have insured under Section 47C-3-113 of the Act. Reference is hereby made to the following provisions contained in the Master Declaration:

9.1.1.1. Section 9.2 of the Master Declaration provides as follows: "Notwithstanding the minimum coverage for property insurance set forth in Section 47C-3-113(a)(1) of the Act, the property insurance purchased and maintained by the Master Association shall meet the minimum requirements of the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Association."

9.1.1.2. Section 9.3 of the Master Declaration provides as follows: "Notwithstanding the minimum coverage for liability insurance set forth in Section 47C-3-113(a)(2) of the Act, the liability insurance purchased and maintained by the Master Association shall meet the minimum requirements of the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Association."

9.1.1.3. Section 9.4 of the Master Declaration provides as follows: "The Master Association shall purchase and maintain flood insurance on the Condominium at any time that all or a part of the Condominium is located in a special flood hazard area as designated on the applicable Flood Insurance Rate Map. The amount of any required flood insurance coverage shall meet the minimum requirements of the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Association."

Section 9.2. Additional Insurance by the Residential Association. The Residential Association may also purchase such additional policies or coverages of insurance as it deems advisable.



Section 9.3. Insurance Policy Requirements. Insurance policies carried pursuant to this **Article 9** shall provide that:

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

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

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

9.3.4. 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 Master Association's policy provides primary insurance; and

9.3.5. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Residential 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 9.4. Evidence of Insurance Coverage. Upon request from an Owner, the Residential Association shall furnish to such Owner evidence of all insurance coverages carried by the Residential Association and by the Master Association. The Owner is solely responsible for determining what other policies or coverages of insurance would be prudent for the Owner to purchase and maintain.

Section 9.5. Insurance Premiums a Common Expense. Premiums upon insurance policies purchased by the Residential Association shall be paid by the Residential Association as Common Expenses to be assessed and collected from all of the Owners of Units.

Section 9.6. Insurance Claim Adjustment. Any loss covered by the property insurance maintained by the Residential Association shall be adjusted with the Residential Association; provided, however, all insurance policies purchased by the Residential Association shall be for the benefit of the Residential Association and the 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 Residential Association as Trustee. The Trustee shall hold such proceeds in trust for the benefit of the Unit Owners and their respective mortgagees as their interests may appear.

Section 9.7. Insurance Proceeds. In the event a mortgage endorsement has been issued for a Unit, the share of any insurance proceeds of the Unit Owner shall be held for the mortgagee and the 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 9.8. Reimbursement of Initial Insurance Premiums. If Declarant pays any premium(s) of the initial insurance policies required by this **Article 9**, the Declarant shall be reimbursed by the Residential Association for such premium(s).



ARTICLE 10 ADDITIONS, ALTERATIONS, AND IMPROVEMENTS

Section 10.1. Additions, Alterations and Improvements that Require Approval. No Owner shall make any addition, alteration or improvement in or to any Unit or the Residential Condominium without the prior written approval of the Residential Association in each instance. Any proposed addition, alteration or improvement to any portion of the Residential Condominium that is located on the exterior of the condominium building shall also require the Residential Executive Board's representative to the Master Association to present such proposed addition, alteration or improvement to the Master Association for prior written approval in each instance. Approvals for additions, alterations or improvements to the Master Common Elements are governed by the master Declaration. No Owner may change the appearance of the Residential Common Elements, or the exterior appearance of a Unit or any other portion of the Residential Condominium, without the prior written approval of the Residential Association in each instance. An Owner may submit a written request to the Residential Executive Board for approval to do anything that the Owner is forbidden under this Article. The Residential Executive Board shall answer any written request for such approval, after written notice and a scheduled hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall constitute a denial of the request. The Residential Executive Board shall review requests in accordance with the provisions of its Residential Rules.

Section 10.2. Article Not Applicable to the Declarant. This **Article 10** shall not apply to the Declarant in the exercise of any Special Declarant Right.

Section 10.3. Additions, Alterations and Improvements That Do Not Require Approval.

10.3.1. An Owner may make any other improvements or alterations to the interior of the Unit Owner's Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium.

10.3.2. After acquiring an adjoining Unit, an Owner shall not remove or alter any intervening partition or create apertures therein, unless such proposed removal or alteration is first reviewed by the Residential Executive Board in advance to confirm that such removal or alteration will not impair or adversely affect the structural integrity or mechanical systems or lessen the support of any portion of the Residential Condominium. Removal of partitions or creation of apertures under this subsection shall not be an alteration of boundaries. If a part of an adjoining Unit is acquired, boundaries may be relocated only in accordance with Section 47C-2-112 of the Act.

Section 10.4. Governmental Permits. Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed only by the Residential Association. Such execution will not, however, create any liability on the part of the Residential Association or any of its members to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom.

Section 10.5. No Adverse Effect on Insurance Premiums. Except pursuant to prior approval by the Residential Executive Board, no additions, alterations and improvements to the Units and Residential Common Elements shall cause any increase in the premiums of any insurance policies carried by the Residential Association or by the Owners of any Units other than those affected by such change.



Section 10.6. Residential Association May Make Additions, Alterations or Improvements. The Residential Executive Board may make any additions, alterations, or improvements to the Residential Common Elements which, in its judgment, it deems necessary or desirable.

Section 10.7. Noncompliance. The Residential Executive Board shall have power to enforce compliance with this **Article 10** in accordance with the following provisions:

10.7.1. The Executive Board may exercise its right to impose sanctions for violations of this Residential Declaration and other Residential Rules of the Residential Association, and, acting in the name of the Residential Association, may apply to any court of competent jurisdiction injunctive or other equitable relief against any Owner who undertakes or threatens to undertake any alteration or improvement that has not been approved by the Residential Executive Board.

10.7.2. The residential Executive Board may, at the initial cost of the Residential Association, take such action as is reasonably necessary to remedy any noncompliance. Upon completion of any such action, the Residential Executive Board shall notify the Owner responsible for the noncompliance of the cost (including attorneys' fees and other professional fees, if any) of the remedial action, and such Owner shall reimburse the Residential Association for such cost within 15 days after the date of such notice. If such Owner fails to make such reimbursement within such 15-day period, the Residential Executive Board shall assess such cost against all Units owned by such Owner in the manner and with the effect specified in Section 47C-3-115 of the Act.

10.7.3. The Residential Executive Board or its duly authorized representative may at any time inspect any improvement for which approval of plans is required, except that the Residential Executive Board's right to inspect improvements or alterations for which plans have been submitted and approved shall terminate 180 days after completion of such improvements or alterations. The Residential Executive Board's right to make inspections shall not terminate pursuant to this subsection if plans for such improvements or alterations were not approved by the Residential Executive Board.

10.7.4. If, as a result of an inspection conducted pursuant to this Section, the residential Executive Board finds that an improvement or alteration was done without obtaining the Residential Executive Board's approval or was not done in substantial compliance with plans approved by the Residential Executive Board, the Residential Executive Board shall notify the Owner in writing of the failure to comply, specifying the particulars of noncompliance.

10.7.5. If the Owner disputes the Residential Executive Board's determination of noncompliance, the Owner may, within 30 days after the date of the Residential Executive Board's notice, request a hearing before the Residential Executive Board. If such a hearing has been timely requested, no action to enforce compliance shall be taken until the hearing has been held and the Residential Executive Board has announced its determination.

10.7.6. Any Owner who is determined to have made alterations or improvements in violation of the provisions of this Article shall remedy such violation within 30 days after the Residential Executive Board has given notice of such violation or, if such Owner has requested a hearing before the Residential Executive Board pursuant to this Section, within 30 days after the date of any notice that the Residential Executive Board has found such violation to exist.



Section 10.8. Approvals Set No Precedents. The approval by the Residential Executive Board of any plans, specifications, drawings or other proposal for any alteration or improvement, or any variances from the Residential Rules, shall not constitute approval of, or require the Residential Executive Board to approve, any similar plans, specifications, drawings, variances, or other proposal pending concurrently or subsequently submitted for approval.

ARTICLE 11 RESTRICTIONS ON USE AND RIGHTS OF THE RESIDENTIAL ASSOCIATION AND OWNERS

Section 11.1. Permissible Uses. A Unit created under this Residential Declaration shall only be used for single family residential purposes. A Unit may contain a home office used by the Owner of such Unit. Notwithstanding the foregoing, however, the Owner's employees, customers or clients shall not meet with Owner in Owner's Unit or work in Owner's Unit on a regular basis.

Section 11.2. Signage. No Owner shall show any sign, advertisement or notice on any of the Common Elements, windows, porches or balconies, or upon any Unit. Such prohibition shall include but not be limited to "For Sale" signs, "For Rent" or "For Lease" signs, political signs, political campaign signs, and issue advocacy signs.

Section 11.3. Parking. The Master Association shall from time to time assign parking spaces to the Units consistent with applicable zoning requirements. In the assignment of parking spaces, the Master Association shall give preference to the Commercial Units with respect to the parking spaces located in the front (west) side of the condominium building. The Master Association shall have the discretion to change the parking lot assignments at any time. The parking lot spaces shall remain as Common Elements and shall not be permanently assigned to any specific Units.

Section 11.4. Division of Units. No Unit established and created by this Residential Declaration shall be further subdivided, or its boundary lines changed by its Owner, except with the written consent of the Declarant (or by the Residential Association after Turnover). Such division shall not be effective until the Residential Association and the Owner sign and record an Amendment to this Residential Declaration, pursuant to Section 47C-2-113 of the Act.

Section 11.5. Architectural Rules. Any Architectural Rules adopted by the Residential Executive Board shall establish standards for all aesthetic matters in the Residential Condominium.

Section 11.6. Prohibited Parking. No boat, boat trailer, other trailer, camper, recreational vehicle, unlicensed vehicle, inoperable vehicle or commercial truck shall be allowed to remain in any portion of the Master Common Elements overnight.

Section 11.7. Other Residential Rules. The Residential Rules adopted by the Residential Executive Board shall establish standards for all other matters in the Residential Condominium.

Section 11.8. Utilities and Easement. All utility lines of every type, including, but not limited to, water, electricity, telephone, television cables or sewage, must be underground.



Section 11.9. Leases. Leaseholds of any Unit may be granted or be conveyed by an Owner only in accordance with the following restrictions:

11.9.1 Any lease, assignment, or sublease must be for the entire Unit unless Declarant (or after Turnover, the Master Association) gives prior written consent to leasing of a portion of a Unit;

11.9.2 No Unit may be rented for a period of less than seven (7) days; and

11.9.3 Each tenant, by becoming a tenant, agrees to be bound by this Residential Declaration and by the Master Declaration. If any tenant violates any of the provisions of this Residential Declaration or the Master Declaration, the either the Residential Association or the Master Association, or both, may bring an action in its own name or in the name of the Owner, or both, to have the tenant evicted or to recover damages, or both. These remedies are not exclusive and are in addition to other remedies available. The cost of such action shall be recovered by the Residential Association or Master Association as the case may be, which shall be a continuing lien on the Unit, binding on the Owner, his heirs, successors and assigns. The Residential Association or Master Association as the case may be shall give the tenant and the Owner written notice of the nature of the violation(s) and 20 days from the mailing of the notice in which to cure the violation before the Residential Association or Master Association as the case may be may file an action for eviction or damages or both.

Section 11.10. Animals and Pets.

11.10.1. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Residential Condominium or in any Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Executive Board), such as, but without limitation, by number, noise, odor, damage or destruction of property, or refuse and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, Dare County, the Town of Nags Head, or other applicable governmental entity relating thereto; and (ii) such rules and regulations pertaining thereto as the Residential Executive Board may adopt from time to time. In no event shall more than **ONE (1)** dog or **ONE (1)** cat be regularly kept in any Unit, except for newborn offspring of household pets which are under nine (9) months of age.

11.10.2. Notwithstanding the foregoing, the following dog breeds (whether pure bred or mixed breed) are expressly prohibited: American Pit Bull Terrier and Rottweiler. As set forth in the Master Declaration, the Master Association shall have the right to prohibit or require the removal of any dog or animal, which after consideration of factors such as size, breed, disposition of the animal, interference by the animal with the peaceful enjoyment by other Owners of their Units, and the security measures taken by the Owner with respect to such animal, the Master Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard.

11.10.3. Every person owning or having possession, charge, care, custody, or control of any dog shall keep such dog exclusively upon his own Unit; provided, however, that such dog may be allowed outside of the Unit if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.



Section 11.11. Temporary Structures Prohibited. No trailer, tent, storage shed, garage or other similar outbuilding or structure shall be placed on the Residential Condominium at any time, either temporarily or permanently, without the advance written approval of the Residential Executive Board in each instance. Individual boat trailers, not exceeding the size of one parking space, may be permitted by the Master Association as more fully provided in the Master Declaration.

Section 11.12. Village at Nags Head. The Condominium is part of the Village at Nags Head, a mixed use development. All Unit Owners are subject to the Declaration of Covenants, Conditions and restrictions for the Village at Nags Head, as well as the Bylaws, Rules and Regulations and Architectural Guidelines for the Village at Nags Head Property Owners Association. All Unit Owners are also responsible for the payment of all assessments imposed by the Village at Nags Head Property Owners Association on each Unit and the Condominium. The method of billing and payment for such Village at Nags Head Property Owners Association assessments, whether such billing will be to each Unit Owner to the Residential Association, and whether payment will be made by each Unit Owner directly to the Village at Nags Head Property Owners Association or by the Residential Association (with the prorata portion of the Village at Nags Head Property Owners Association assessments being included with the Assessment from the Residential Association to each Unit Owner) shall be at the discretion and agreement of the Residential Association and the Village at Nags Head Property Owners Association.

ARTICLE 12 CONDEMNATION

12.1. 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 Section 47C-1-107 of the Act.

ARTICLE 13 TERMINATION

13.1. The Residential Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act and with Article 14 of this Master Declaration.

ARTICLE 14 MORTGAGEE PROTECTION PROVISIONS

Section 14.1. 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 Residential 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 Residential Declaration is recorded.

Section 14.2. Percentage of Eligible Mortgagees. Wherever in this Residential 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 14.3. Notice of Actions. The Residential Association shall provide timely written notice to each Eligible Mortgagee of the following:

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

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

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

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

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

14.3.6. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 14.5 which notice shall be sent by registered or certified mail return receipt requested.

Section 14.4. Address for Notice. Each Eligible Mortgagee shall provide to the Residential 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 numbers(s) encumbered by the Mortgagee's mortgage or deed of trust. The Residential Association will use the foregoing contact information for the mailing of notices required under this Article.

Section 14.5. Eligible Mortgagee Consent Required.

14.5.1. Amendments to this Residential 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 Residential Declaration governing the following subject areas would be considered material:

- 14.5.1.1. Voting rights;
- 14.5.1.2. Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- 14.5.1.3. Reductions in reserves for maintenance, repair, and replacement of Residential Common Elements;



- 14.5.1.4. Responsibility for maintenance and repairs;
- 14.5.1.5. Reallocation of interests in the Residential Common Elements or Residential Limited Common Elements, or rights to their use;
- 14.5.1.6. Redefinition of any Unit boundaries;
- 14.5.1.7. Convertibility of Units into Residential Common Elements or vice versa;
- 14.5.1.8. Expansion or contraction of the Residential Condominium, or the addition, annexation, or withdrawal of property to or from the Residential Condominium;
- 14.5.1.9. Hazard or fidelity insurance requirements;
- 14.5.1.10. Imposition of any restrictions on the leasing of Units;
- 14.5.1.11. Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- 14.5.1.12. A decision by the Residential Association project that consists of 50 or more units to establish self-management if professional management had been required previously by the Residential Association Documents or by an Eligible Mortgagee;
- 14.5.1.13. Restoration or repair of the Residential Condominium (after damage or partial condemnation) in a manner other than that specified in the Residential Association Documents; or
- 14.5.1.14. Any provisions that expressly benefit mortgage holders, insurers, or guarantors.
- 14.5.2. Action to terminate the legal status of the Residential 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.

14.5.3. Consent of any Eligible Mortgagee shall be implied and assumed when an Eligible Mortgagee fails to submit to the Residential 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 14.6. First Mortgagee's Rights Confirmed. Notwithstanding any provision of this Residential 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 Residential Common Elements.



Section 14.7. 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 Assessments or other Charges accrued before acquisition of the title to the Unit by such First Mortgagee. If the Residential 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 14.8. Inspection of Books and Records. The Residential Association shall permit any Eligible Mortgagee to inspect the books and records of the Residential Association during normal business hours.

Section 14.9. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and their successors, and may be enforced by any of them by any available means, in law or in equity.

ARTICLE 15 AMENDMENTS

Section 15.1. Consent to Amendment.

15.1.1. This Residential Declaration may be amended by the Owners pursuant to Section 47C-2-117 of the Act. For purposes of this Residential Declaration, "sixty-seven percent (67%) of the votes in the association" as set forth in Section 47C-2-117 shall have the same meaning as "two-thirds of the votes in the association."

15.1.2. Any amendment of this Residential Declaration shall also require the written consent of Eligible Mortgagees as set forth in Article 14 of this Residential Declaration.

Section 15.2. Amendments by Declarant. A Declarant may amend this Residential Declaration as set forth herein and in the Act in order to exercise Development Rights, without the consent of any other Person or the Residential Association.

Section 15.3. Amendments Requiring Declarant Consent. During the period reserved by the Declarant to exercise Development Rights, this Residential 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 Residential 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 Owners.

ARTICLE 16 REMEDIES IN THE EVENT OF DEFAULT

Section 16.1. General Default Remedies. The Owner or Owners of each Unit shall be governed by and shall comply with the provisions of the Residential Association Documents and the Master Association Documents, 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 Unit shall entitle the Residential Association or the Owner of other Units to the following relief: Failure to comply with any of the terms of the Residential 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 Residential Association Documents shall be subject to the provisions of Section 47C-3-107A of the Act. Such relief may be sought by the Residential Association or, if appropriate, by an aggrieved Unit Owner. The Residential Association may also collect from an Owner in default any service fees, collection fees, consulting fees and administration fees incurred by the Residential Association due to such default.

Section 16.2. 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 Residential Association or by the Master Association as the case may be. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Assessments for such liability shall be subject to the provisions of Section 47C-3-107(d) of the Act. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

Section 16.3. Attorneys' Fees. In any proceeding arising because of an alleged default by a Unit Owner, the Residential 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 Section 47C-3-116(e) of the Act.

Section 16.4. No Waiver. The failure of the Residential Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Residential Declaration or the Residential Association Documents shall not constitute a waiver of the right of the Residential Association or the Unit Owner to enforce such right, provision, covenant or condition in the future.

Section 16.5. Cumulative Remedies for Default: Self Help.

16.5.1. All rights, remedies and privileges granted to the Residential Association or the Owner or Owners of a Unit pursuant to any terms, provisions, covenants or conditions of the Residential 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.

16.5.2. In addition to other rights set forth in the Residential Association Documents and the Act, upon violation or breach of any provision of the Residential Association Documents, the Residential Executive Board shall have the right: (i) to enter a Unit or Residential 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 Residential Association Documents, and the Residential Executive 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 Residential 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 Residential Association against such defaulting Owner or its tenant.



Section 16.6. No Waiver by Declarant. The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Residential Declaration or the Residential Association Documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

Section 16.7. No Waiver by Mortgagee. The failure of a Mortgagee to enforce any right, provision, privilege, covenant or condition which may be granted by this Residential Declaration or the Residential Association 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 17 GENERAL PROVISIONS

Section 17.1. Duration. This Residential Declaration shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them in perpetuity, unless the Residential Condominium is terminated pursuant to Section 47C-2-118 of the Act.

Section 17.2. No Trespass. Whenever the Residential Association, the Declarant, and their respective successors, assigns, agents or employees are permitted by this Residential Declaration to enter upon or correct, repair, clean, maintain, preserve or do any other action within any portion of the Condominium, the entering thereon and the taking of such action shall not be deemed a trespass.

Section 17.3. Interpretations. In all cases, the provisions of this Residential Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Residential Executive Board, will best effect the intent of the general plan of the Residential Condominium. The provisions of this Residential Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive.

Section 17.4. Conflicts. If any of the provisions of the Residential Association Documents shall be in conflict with any provision of the Act or provision of the North Carolina Nonprofit Corporation Act, the provisions of either act, as the case may be, shall control. If a conflict exists between the Residential Association Documents and/or the Master Association Documents, the Residential Association Documents and the Master Association Documents shall control in the following order: (1) the Master Declaration, (2) the Master Articles, (3) the Master Bylaws, (4) the Master Rules, (5) this Residential Declaration, (6) the Residential Articles, (7) the Residential Bylaws, and (8) the Residential Rules.

Section 17.5. Residential Association as Attorney-in-Fact. Each Unit Owner, by acceptance of a deed to a Unit, hereby irrevocably makes, constitutes and appoints the residential Association, and each and every one of its successors in interest, as such Unit Owner's true and lawful attorney-in-fact, for and in such Owner's name, place and stead, upon either (1) the damage or destruction of the Residential Condominium, or any part thereof, or (2) action taken by the Residential Association resulting from such damage or destruction, or (3) condemnation of all or any portion of the Residential Condominium. This power of attorney grants to the Residential Association full power and authority to take any and all actions, to execute and deliver any and all instruments, as the Residential Association may, in its sole and absolute discretion, deem necessary or advisable to effect the intents and purposes of the power of attorney, such power and authority being as fully as if done and performed by such Owner personally.



Section 17.6. Severability. Whenever possible, each provision of this Residential Declaration shall be interpreted in such a manner as to be effective and valid. However, if the application of any provision to any person or property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and to this end the provisions of this Residential Declaration are declared to be severable.

Section 17.7. Notices. Notices required under this Residential Declaration shall be in writing and shall be delivered by hand or sent by United States mail, postage prepaid. All notices to Owners shall be delivered or sent to such address as have been designated in writing to the Residential Association or if no such address has been so designated by the Owner, at the address of the Owner's Unit. All notices to the Declarant shall be delivered or sent to the Declarant's address provided in this Residential Declaration, or to such other address as the Declarant from time to time may provide to the Residential Association.

Section 17.8. Lienholder Consent. First South Bank (the "Lienholder"), who holds a first Deed of Trust on the Property described on the attached Exhibit A, same being recorded in Book 1658, Page 477, Dare County Registry (the Deed of Trust"), has executed this Master Declaration to indicate the Lienholder's consent to filing of this Residential Declaration and, subject to the terms and conditions of this consent, subordinates the lien and security interest of the Deed of Trust, to this Residential Declaration.

IN WITNESS WHEREOF, this Residential Declaration together with Covenants, Conditions and Restrictions has been signed and executed by the Declarant and the Lienholder, the day and year first above written.

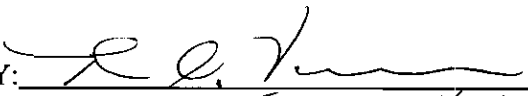
DECLARANT:

VIFAMIN SEA, INC.

BY:  (SEAL)
DAVID ARGAMAN, President

LIENHOLDER:

FIRST SOUTH BANK

BY:  (SEAL)
Print Name: THOMAS D. VANN
Title: PRESIDENT & CEO



STATE OF North Carolina

COUNTY/CITY OF Dare

I, Robert B. Hobbs, Jr., a Notary Public of the County or City of Dare, and State aforesaid, certify that Douglas Argaman personally came before me this day and acknowledged that he is President of Vitamin Sea, Inc., a North Carolina 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 28 day of June, 2007

(AFFIX NOTARY SEAL)

ROBERT B. HOBBS, JR.
Notary Public
Dare County, NC

[Signature]
Notary Public

Robert B. Hobbs, Jr.
Typed or printed name of Notary

My commission expires: 9-11-2011

STATE OF North Carolina

COUNTY/CITY OF Beaufort

I, Nancy J. Lilley, a Notary Public of the County or City of Beaufort, and State aforesaid, certify that Thomas A. Vann personally came before me this day and acknowledged that he is President of First South Bank, 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 22nd day of May, 2007.

(AFFIX NOTARY SEAL)

NANCY J. LILLEY
Notary Public
BEAUFORT COUNTY, NC

Nancy J. Lilley
Notary Public

Nancy J. Lilley
Typed or printed name of Notary

My commission expires: May 15, 2010



EXHIBIT A - LEGAL DESCRIPTION OF CONDOMINIUM PROPERTY

VILLAGE NEST AT CENTRE POINTE CONDOMINIUM

All of that certain property situated in the Town of Nags Head, Nags Head Township, Dare County, North Carolina, and more particularly described as follows:

The Residential Unit of Centre Pointe Master Condominium, as shown on plats and plans filed in Unit Ownership File 6, Pages 272 through 279, Dare County Registry.

Together with an undivided 47.9% interest in the Common Elements as defined in the Declaration of Centre Pointe Master Condominium filed in Book 1734, Page 351, Dare County Registry.

Being a portion of the property conveyed to Vitamin Sea, Inc. by Deed dated March 5, 2003, and recorded in Book 1482, Page 321, Dare County Registry.



EXHIBIT B - TABLE OF INTERESTS

VILLAGE NEST AT CENTRE POINTE CONDOMINIUM

Unit	Heated Square Footage (excluding porches)	Allocated Interest in the Common Elements (%)	Allocated Share of Common Expense (%)	Number of Votes in the Residential Association
1	1,476	18.2	18.2	1
2	1,300	16.0	16.0	1
3	1,293	16.0	16.0	1
4	1,391	17.2	17.2	1
5	893	11.0	11.0	1
6	911	11.2	11.2	1
7	842	10.4	10.4	1
TOTALS:	8,106	100.0	100.0	7