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STATE OF NORTH CAROLINA

COUNTY OF CARTERET

DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR VILLAGE WEST AT  
EMERALD ISLE

THIS DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND EASEMENTS (the "Covenants"), dated for purposes of reference only this the \_\_\_ day of \_\_\_\_\_, 2021, is made and entered into by A-TEAM VILLAGE WEST, LLC, A North Carolina limited liability company (hereinafter "Declarant").

IN WITNESS WHEREOF:

Declarant is the owner of real property more fully described on Exhibit A attached hereto (the "Property"). It is the plan and intent of Declarant to develop a mixed use development of lots with townhomes, as well as residential and commercial condominiums, plus amenities and service facilities for the owners thereof, which development shall be referred to herein as "Village West at Emerald Isle". Declarant desires to subject the Property to these Covenants for the benefit of each current and subsequent owner thereof, and in order to preserve the values of the Property and the improvements hereafter constructed on the Property, and to provide for the maintenance and management of the common amenities and service facilities.

**THIS DOCUMENT PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA AS WELL AS OTHER FLAGS, AND THE DISPLAY OF POLITICAL SIGNS, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, INCLUDING BUT NOT LIMITED TO N.C.G.S. SECTION 47F-3-121, and 47C-3-121.**

In order to enforce the provisions of these Covenants, to own, manage and maintain the common amenities and service facilities, and to provide an organization for the benefit of the owners of each Unit and Lot within Village West at Emerald Isle, Declarant has or will incorporate a North Carolina nonprofit corporation named Village West at Emerald Isle Owners' Association,

Inc. (the "Association"). The owner of each Lot or Unit within Village West at Emerald Isle is and shall be a member of the Association, and the owner of each such Lot or Unit is and shall be obligated to pay dues and assessments to the Association for the benefit of the Association and every owner within Village West at Emerald Isle. The organization and operation of the Association is described in these Covenants and in the Bylaws of the Association.

The Property shall contain those Common Elements and Limited Common Elements as shown on the Plat, and Lots on which shall be constructed detached residences and attached townhome residences. It shall also contain the Village West at Emerald Isle Condominium (the "Condominium"), the layout of the footprint of which shall be as shown on the Plat and which shall be subject to a further Declaration of Condominium upon completion of construction thereof.

Village West at Emerald Isle will be a planned unit development subject to the provisions of N.C.G.S. Chapter 47F (the "Act"), as amended from time to time, with regards to the Lots and Common Elements and the Units with respect to the obligations as members of the Association, for assessments of the Association and related to the Common Elements, and hereby adopts the provisions of the Act pursuant to N.C.G.S. 47F-1-102(b)(1). To the extent that the Act permits its provisions to be modified or clarified or further defined by the terms of restrictive covenants such as these, and the Articles of Incorporation and the Bylaws of a planned community's owners' association, then these Covenants, and the Articles of Incorporation and Bylaws of the Association (as defined herein) shall be deemed controlling in the case of any conflict. To the extent that the Act provides that it cannot be modified or contradicted by contrary terms of restrictive covenants or Articles of Incorporation or Bylaws of an owners' association, then the provisions of the Act shall be deemed controlling. Although the Condominium will be subject to the jurisdiction of the Association and to the provisions hereof to the extent applicable to Units and their Owners, the Condominium shall be subject also to the provisions of N.C.G.S. Chapter 47C (the "Condominium Act"), as amended from time to time with respect to such portion of the Property as is subjected to the Declaration of Condominium.

NOW THEREFORE, the Property is hereby subjected to the provisions of these Covenants, which shall run with the land and shall bind and inure to the benefit of the Owner of each Lot and Unit within that portion of Village West at Emerald Isle made subject hereby to the terms and provisions of these Covenants and any amendment hereto:

ARTICLE I  
Definitions

1. Definitions. The following words when used in this Declaration or any amendment thereto (unless the context shall prohibit), shall have the following meanings:

- A. "Act" shall have the meaning provided in the above recital paragraphs.
- B. "Association" and/or "Master Association" shall refer to the Village West at Emerald Isle Owners' Association, Inc., as formed or to be formed by Declarant.

- C. "Board of Directors" shall mean the Board of Directors from time to time of the Association.
- D. "Common Elements" shall mean and refer to those areas of land and improvements now or hereafter shown as such on the Plat as amended from time to time pursuant to the terms hereof, or hereafter deeded to the Association and intended to be devoted to the common use and enjoyment of the Owners. For purposes of these Covenants, such term shall **not** include any solely Condominium related common elements encompassed within the Condominium boundaries established on the Property, and defined as such in the applicable Declaration of Condominium document.
- E. "Declarant" means A-Team Village West, LLC, a North Carolina limited liability company, and its successors and assigns to which it shall convey or otherwise transfer its right, title, and interest to all or any part of the Property and in so doing also expressly designate the transferee as a "Declarant" hereunder.
- F. "Declaration of Condominium" shall mean the Declaration of Condominium of Village West at Emerald Isle Condominium which has or shall be recorded in the Carteret County Register of Deeds.
- G. "Development Period" shall mean the period that is ten (10) years from the date this Declaration is recorded at the Carteret County Register of Deeds.
- H. "Improvements" shall mean any structure, thing or device other than landscaping, the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including by way of example and not limitation, any building, trailer, garage, swimming pool, radio or television antenna, satellite dish, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, signboard or any temporary or permanent living quarters, house trailer, or any other temporary or permanent improvement to the Property or any part thereof. Improvements shall also include (i) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of purchase by an Owner.
- I. "Limited Common Elements" shall mean those portions of the Common Elements allocated by the Covenants (See Exhibit C) or by operation of law for the exclusive use of one or more but fewer than all of the Lots. For purposes of these Covenants, such term shall **not** include any solely Condominium encompassed limited common elements as confined within the Condominium boundaries and defined as such in the applicable Declaration of Condominium.

- J. "Lot" shall mean a lot or parcel of real property located within the Property and depicted on the Plat, as amended from time to time, and restricted herein to single family residential purposes. As used herein Lot shall not include the Common Elements, nor shall it include roads, streets or parking areas within the Property, nor the area included within the legal description of any Declaration of Condominium to which any of the Property is further subjected.
- K. "Member" shall mean a person or entity who holds membership in the Association as provided in these Covenants.
- L. "Mortgagee" shall mean a person or entity holding an interest in a Lot or Unit solely as security for a loan or indebtedness through a deed of trust or like instrument.
- M. "Occupant" shall mean any person or persons in possession of a Lot or Unit, including Lot or Unit Owners, and the family members, tenants, guests, and invitees of such person or persons.
- N. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Unit. It shall not include a person holding the title or interest to a Lot merely as security for the performance of an obligation such as a Mortgagee.
- O. "Plat" shall mean that map entitled "Village West at Emerald Isle" prepared by The Cullipher Group, P.A., dated \_\_\_\_\_, 2021, and recorded in Map Book \_\_\_\_, Page \_\_\_\_, Carteret County Registry.
- P. "Property" shall mean all that certain property described in Exhibit A attached hereto and incorporated herein by reference.
- Q. "Sub-Association" shall mean any owners' association established for the Condominium.
- R. "Townhome" shall mean a multi-story residential unit to be or which has been constructed on each Lot, whether attached to another similar unit on an adjacent Lot by a party wall within a common building, or whether detached and constructed as a single residential structure on a Lot, the ownership of which shall include the Lot on which located. For clarity, Townhome shall not refer to any Unit in the Condominium whether or not multi-story.
- R. "Unit" shall mean any residential or commercial unit in the Condominium on the Property, as unit is defined in the Declaration of Condominium with respect thereto.

ARTICLE II  
Common Elements

2. Conveyances. Declarant shall hereafter hold, grant and convey the Property, and any part thereof, including, but not limited to Lots and Units, subject to the Act and the covenants, conditions, easements and restrictions herein set forth.

3. Grant of Common Elements. Declarant covenants that it will convey the Common Elements to the Association, and the Association shall accept same from Declarant, with such improvements as may be constructed thereon at the time of such conveyance and shall hold them subject to the provisions hereof.

4. Easement to Owners. Every Owner shall have a right and nonexclusive easement of use and enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot and Unit, subject to (i) rules and regulations adopted by the Association as permitted hereby and by applicable law with respect to the use thereof, (ii) the rights and easements reserved to Declarant herein, and (iii) subject to the rights of Association under N.C.G.S. 47F-3-102(9) to grant easements, leases, licenses and concessions through or over the Common Elements. Notwithstanding anything to the contrary herein, the easement to Owners with respect to each Limited Common Element shall be limited exclusively to the Owners of Lots or Units to which such Limited Common Element is assigned.

5. Improvements. Except as otherwise permitted by the provisions of this Declaration, no Improvements will be erected, placed or maintained on any Common Element other than the following: (i) Improvements designed for the common use of Members, including, but not limited to, the following which may but which are not required to be provided: benches, seating facilities, fences, walls, walkways, boardwalks, driveways, gazebos, picnic shelters, curbing and gutter, parking areas, exterior lighting, and similar facilities; and (ii) pumping stations, drainage, septic systems, storm water and other utility systems and all components thereof. No Owner or Occupant may erect, place or maintain any Improvement on any Common Element without the prior written approval of the Association. The Common Elements may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Members or for the establishment, retention or preservation of the natural growth or topography of the Common Elements and for aesthetic reasons. Notwithstanding anything to the contrary in the foregoing, the Declarant, during Declarant Control, and/or Association may permit the installation of HVAC units, and/or gas tanks fueling heating and/or other appliances, within Common Elements immediately adjacent to Townhomes served thereby, subject to such rules and regulations as the Association may adopt with respect to the location, size, type and screening as the Association may deem appropriate in their sole discretion; such units or tanks if permitted shall be maintained, repaired and replaced by Owner of the Lot served thereby at such Owner's expense.

6. Rules. The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Property, including, without limitation the Common Elements, as well as architectural guidelines for the purposes of architectural review and approvals required hereunder, in order to protect the value of Lots and Units, the aesthetic qualities of the community,

and the tranquility of the Owners. Said rules may include, but are not limited to, reasonable restrictions on pets, rental use of Lots and Units, parking of cars, trailers, boats, campers, recreational vehicles and other vehicles on drives, parking areas and any Common Elements or Limited Common Elements, and architectural guidelines for all Improvements. All such rules shall be effective as of the date of adoption of such rule after written notice of adoption is mailed and/or e-mailed to the record Owners of all Lots and Units, or posted to a website, if any, established by the Association as a source of information for the Owners and members of the Association. All such rules shall be enforceable as though set out in these Covenants.

7. Association Management. The Association may improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Elements, including, by way of illustration, and not limitation, parking areas, drives, sidewalks, and all trees, shrubbery and other plants and landscaping, together with any items of personal property placed or installed thereon, at the cost and expense of the Association. The Association may employ or engage an association management company or manager at the expense of the Association to provide services to the Association for carrying out its obligations hereunder and pursuant to the Act. Any management company or manager so engaged or employed shall perform such services pursuant to the direction of the Board of Directors.

### ARTICLE III

#### Provisions Regarding Lots and Townhomes

8. Subdivision and Recombination. No Lot may be further subdivided, nor may any Lots be recombined or Lot lines altered other than by Declarant pursuant to Declarant rights specifically reserved herein or for the limited purpose set forth herein. However, notwithstanding anything to the contrary in the foregoing, adjacent Townhomes which are attached by a Party Wall may be combined structurally into one Townhome and the Lots on which constructed combined into one Lot if the Lots are owned by the same Owner. However, such combined Lots shall remain treated as two Lots for purposes of assessments and voting hereunder.

9. Townhomes. A Townhome shall be constructed on each Lot, subject to the provisions of Section 8 above. Certain of such Townhomes shall be attached with a common Party Wall to a Townhome on the immediately adjacent Lot. The footprint of each Townhome shall cover the entire Lot on which it is constructed. The Owner of a Townhome shall own the entire Townhome structure located on such Owner's Lot, including such portion of the Party Wall as is located on such Lot if the Townhome is attached to another Townhome on an adjacent Lot.

10. Party Walls. The following provisions shall apply with respect to common walls between attached Townhomes:

- A. Each wall which is built as a part of the original construction of any Townhome, and which is placed substantially on the dividing line between two Lots shall constitute a "Party Wall", and to the extent not inconsistent with the provisions of these Covenants,

the general rules of law of North Carolina regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

- B. The cost of reasonable repair and maintenance of a Party Wall, to the extent not allocated to the Association, shall be shared by the Owners of the Townhomes attached by such Party Wall and who make use of same in proportion to such use.
- C. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner owning any part of such Party Wall must restore it as a Party Wall unless the Owners of the Townhomes attached by such Party Wall agree to the contrary in advance. To the extent not covered by insurance maintained by Association pursuant to the provisions hereof, the Owners making use of the Party Wall shall contribute to the cost of restoration thereof in proportion to such use, without prejudice however to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.
- D. Notwithstanding any other provision of these Covenants, an Owner, who by his negligent or willful wrongful act or omission causes damages to the Party Wall or causes the Party Wall to be exposed to the elements shall bear the whole cost of repairing such damages or furnishing the necessary protection against such elements, as the case may be.
- E. The right of any Owner to contribution from any other Owner under these Covenants shall be appurtenant to the land and shall pass to such Owner's successors in title.
- F. In the event of any dispute arising concerning the Party Wall, the Association, acting through its Board of Directors, shall determine the rights of each party hereto, and its decision shall be final, binding and conclusive as to the question involved.
- G. It is the intent of Declarant to construct Party Walls precisely centered along the joint property lines between two Lots as shown on the Plat. However, it is acknowledged that this construction may not be precise. Notwithstanding whether or not said Party Wall is constructed precisely centered along said joint Lot lines, common walls constructed between two Lots shall be deemed Party Walls, and the area upon which each such Party Wall is located, shall, for all purposes, be considered an area of easement, and an easement is specifically reserved for the benefit of each of said adjoining property Owners for the Owner and the Owner's heirs, successors and assigns, in perpetuity, for the purpose of utilizing and maintaining said Party Wall. Said easement shall allow full and exclusive utilization of the property burdened by said easement, and maintenance shall be just as though said Party Wall was located precisely centered on said Lot line.

11. Association Maintenance. Due to the desire for a uniform appearance and the nature of the attached structure of certain of the Townhomes, the Association, through funds from the

Supplemental Assessments (defined herein below), shall provide the following routine exterior maintenance services in regard to the Townhomes constructed on the Lots:

- A. Power washing;
- B. Painting (the color of which must be approved by the Association);
- C. Maintenance, repair and replacement of roof shingles, gutters, down spouts and all other exterior building surfaces other than windows, screens and glass doors (materials for which must be approved by the Association as further provided herein);
- D. The maintenance, repair and replacement of all exterior architectural features and fixtures, with the exception of replacement of exterior light bulbs and light fixtures attached to any Townhome, which shall be the responsibility of the Owner of such Townhome (provided that replacement light fixtures must be approved by the Association as provided herein).

Notwithstanding anything to the contrary in the foregoing, the intent of the foregoing limited maintenance responsibilities of the Association is to impose responsibility upon the Association for ordinary "wear and tear" caused in the normal course of day to day use of Townhomes. Repair and replacement occasioned by the negligent or intentional acts or omissions of Owners or their invitees, guests or contractors, shall be the responsibility of the Owners of Townhomes damaged thereby, provided that any such repair and replacement shall in any event be subject to the approval by the Association under Section 22 hereof. Repair and replacement occasioned by casualty losses covered by insurance as provided by the Association under Article VII hereof, shall be addressed by the Association using such insurance proceeds, or in the event of failure of the Association to maintain such insurance as required hereunder shall be the obligation of the Association pursuant to Supplemental Assessments which shall not alleviate the Association from liability for failure to so maintain required insurance.

For avoidance of doubt, but not as an exclusive list, the Association shall have no responsibility to maintain any component of a heating and air conditioning or other utility system providing service to any Townhome even if such system or component is located on Common Elements outside the boundaries of the subject Lot, or the interior or foundation or structural components of any Townhome, nor shall the Association have any maintenance responsibility as to the maintenance and upkeep or replacement of any concrete patio or the interior of any covered and enclosed (whether by screen or otherwise) porch or deck attached to any Townhome.

12. Association Insurance Regarding Townhomes. Article VII herein addresses insurance requirements including, without limitation, the Association and Owner requirements regarding the Townhomes.

#### ARTICLE IV Additional Restrictions



13. Building Restrictions. All Townhomes and Units constructed within Village West at Emerald Isle shall be originally constructed by Declarant or its successors and assigns in accordance with plans approved by the Town of Emerald Isle. After original construction, all plans for **any** exterior changes, renovations, additions or replacements to the Townhomes or Condominium buildings in Village West at Emerald Isle, as to the exterior design, color, materials and components thereof, must be approved by the Association. Provisions for obtaining such approvals are in Section 22 of this Article IV. Further, no work or activity may be carried out on a Townhome which could potentially impair or damage the structural integrity of the Party Wall or any structural wall or the roof or foundation of any adjacent attached Townhome without the prior written consent of the other potentially affected Townhome Owner and the Association, which consent may require reasonable assurance of the ability of the requesting Townhome Owner to repair or replace any damage and to restrict or confine the potential damage to the fullest extent possible.

14. Residential Use. All Townhomes shall be used solely for residential purposes. There shall be no restriction on length of rentals by Owners, subject to applicable zoning ordinances; however, no Townhomes may be subjected to interval or timeshare ownership and any rentals must be of the entire Townhome and not portions thereof. Each lease or rental agreement for a Townhome shall provide that the tenant under the lease shall be subject to and shall comply with the provisions of these Covenants, the Bylaws and rules and regulations of the Association, as same may be amended from time to time. A home office is permitted, but not an office or any other use of a Townhome or portion thereof, (i) in which, other than the Owners or residential tenants of Owners in the Townhome, there are present any employees or manager(s), whether full or part-time, day or night, for pay, other recompense or not; (ii) in which inventory is stored; (iii) where patients, wards or recipients of care or services come to the Townhome to receive such care or services; or, (iv) where sales of good or services take place other than telephonically or electronically.

15. No Offensive Activity. No obnoxious or offensive activity shall be carried on or upon any Lot or in any Townhome nor shall anything be done thereon which may be or become an annoyance or nuisance to adjoining Lot owners.

16. Parking. Each Lot and Residential Unit shall be assigned two (2) parking spaces in the parking lot which is a part of the Common Elements, and each Commercial Unit shall be assigned one (1) space, which spaces will be the only spaces designated specifically for the use of Occupants of any particular Lot or Unit. The Association has the sole right to determine the allocation of spaces among the Lots and Units, and Owners acknowledge by acceptance of a Deed subject to these covenants that designated parking spaces may not be immediately adjacent to the Lot or Unit to which designated, or the closest spaces to the Lot or Unit to which designated. The Association shall determine rules and regulations with regards to any allocation, reallocation or trading of allotted spaces, the method of designating the spaces and the evidence to be required of authority to use designated spaces. The Association shall also have the right to determine rules and regulations with regards to use of unallocated spaces, if any.

17. Trash. No lumber, metals, bulk materials, refuse, debris or trash shall be kept, stored, or allowed to accumulate on any Lot or on any porch, deck, patio, balcony or other exposed area of a Townhome which is visible to other Owners on the Property, whether from another Lot, the Condominium or the Common Elements, except building materials during the course of construction of any approved Improvement. During construction of an approved Improvement, all trash or other refuse resulting therefrom shall be removed at least weekly. The Declarant, or Association, in their sole discretion, may adopt and promulgate reasonable rules and regulations relating to size, shape, color and type of trash or other refuse containers permitted and the manner of storage of the same on the Property, provided that the same must be sanitary and animal-proof, and provided that refuse containers provided by the applicable governmental authority or approved trash removal service responsible for trash removal at Village West at Emerald Isle shall always be permitted. If trash or other refuse is to be disposed of by being picked up and carried away on a regular and recurring basis, the containers therefore may be placed in the open on any day that pick-up is to be made, at such place on the Lot, or such place on the Common Elements as is permitted by the Association, so as to provide access to the persons making such pick-up. At all other times such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding Lots and Property.

18. Mailboxes. All mailboxes shall be of a type approved by the Declarant (or the Committee, if one has been appointed). The Association is authorized to require that mail be collected at a post office box, or, if the Declarant initially, or thereafter the Association, so determines, that mail be collected in uniformly approved or joint use mail collection locations and facilities.

19. Satellite Dishes. No antennae or satellite receiver shall be placed upon any Lot or attached to the exterior of any Improvement on any Lot, other than one television satellite dish 18" inches or less in diameter and mounted on the rear of a Townhome so as not to be visible from the front.

20. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that up to two (2) domesticated, household dogs or cats, or one of each, may be kept as pets by the record Owner(s) only, but not by other Occupants, provided they are not kept, bred or maintained for commercial purposes, and provided that the Association may reasonably and in good faith prohibit such a pet that presents a health or safety hazard to others due to illness or vicious propensities. The Association may develop rules and regulations from time to time regarding pets and the Common Elements. All permitted household pets shall be kept according to all applicable laws and ordinances including, without limitation, any applicable leash laws.

21. Flags, Signs and Political Signs. No sign of any type shall be erected, placed or permitted to remain upon any Lot or Townhome, including without limitation displayed in the windows or doors thereof so as to be visible from the exterior, except average-sized realtor and builder signs advertising the property for sale (no more than two per Lot at any one time) under guidelines established by the Association in the manner prescribed by such guidelines only during the period that such Lot is actively marketed for sale; and signs by the Declarant or its designees during the

development period advertising the development and the sale of Lots or Units therein. This prohibition shall include political signs to the extent such prohibition is permitted by applicable law. If such prohibition is not permitted by applicable law, then display of political signs shall be deemed restricted to the fullest extent permitted by applicable law. A sign or signs announcing the name of the development may be maintained in common areas, along with appropriate lighting thereof, and same shall be the responsibility of the Association. Sign restrictions for the Condominium shall be contained in the Declaration of Condominium and shall address signage for the commercial Units as well as for the residential Units. No flags shall be erected, placed or permitted to remain upon any Lot, or displayed in the windows or exterior doors of a Townhome on a Lot in a manner so as to be visible from the exterior of the Townhome. The Association shall further have the right to establish rules and regulations regarding signs on vehicles in the parking lots which are part of the Common Elements.

22. Architectural Control.

- A. After initial construction of the Townhomes and Condominium building(s), all plans and specifications for any Improvements whatsoever to be erected on any Lot, and any later additions, exterior remodeling, reconstruction or alterations thereto on any Lot or to the Condominium building(s), and the proposed location and orientation in relation to streets, Lot, or Lots, the construction material, the roofs, materials, and exterior color schemes, shall require prior written approval of Declarant, during the period of Declarant control and, thereafter, of the Association (references to Declarant with regards to architectural control shall be deemed to include the Association after the period of Declarant control).
- B. There shall be submitted to Declarant two (2) complete sets of the final plans and specifications for any and all proposed Improvements, the erection, modification, replacement or alteration of which is desired. No structures or Improvements of any kind shall be erected, altered, modified, replace, placed or maintained upon any Lot, and no buildings which are a part of the Condominium, shall be erected, altered, modified, replaced or placed, unless and until the final plans, elevations, and specifications thereof have received written approval as herein provided. Such plans shall include plot plans showing the location on the Lot or Condominium property of the building, wall, fence or other structure or improvement to be constructed, altered, placed or maintained thereon, together with a description of the proposed construction material, color schemes, roof design and material, and landscape design. Declarant shall reserve the right to require a filing fee of no more than Fifty and 00/100 dollars (\$50.00) to accompany the submission of such plans.
- C. Declarant shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof. One (1) set of said plans and specifications and details with the approval or disapproval endorsed thereon shall be returned to the person

submitting them, and the other copy thereof shall be retained by Declarant for its permanent files.

- D. Declarant shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are (1) not in accordance with any of the provisions of these Covenants; (2) if the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such Lot or with the adjacent buildings or other structures on the Property; (3) if the plans and specifications submitted are incomplete; (4) if plans and specifications do not conform to building standards established for the subject area; (5) or in the event Declarant deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare or rights of all or any part of the Property subject hereto, or the Owners thereof. For clarification, Declarant shall have the right the right to require all Townhomes or other structures approved to replace Townhomes to have uniform or substantially similar exteriors and features. The Association may adopt architectural guidelines from time to time, as provided in the Section captioned Rules herein, for guidance to the Owners and to the Association in applying these restrictions. The decisions of the Declarant shall be final and not subject to appeal or review.
- E. Neither the Declarant nor any agent thereof shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications.
- F. Declarant or its agents shall have the right to inspect all construction to insure that the structure is in accordance with the approved plans, specifications and details. If the finished building or other structure does not comply with the submitted plans and specifications, Declarant retains the right to make the necessary changes at Owner's expense, and the further right to file under the North Carolina lien laws notice of liens for any costs incurred. Any lien obtained will be subordinate to any first deed of trust on the property. No structure or improvement shall be made unless it substantially conforms with the approved plans, specifications and details.
- G. After the period of Declarant Control the Association through its Board of Directors shall oversee architectural control functions as outlined herein. After the period of Declarant Control, the Association will assume all of the same power and authority as the Declarant hereunder with regard to architectural control. The Association may establish a committee to review plans and make recommendations to the Board regarding architectural control matters, but the Board of Directors shall have the final decision making authority regarding same. A written record shall be kept of all actions of the Declarant or the Association regarding architectural control approvals and decisions.

ARTICLE V  
The Association and Assessments

23. The Association. The Association has been or will be formed under the direction of Declarant pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A), and of the Act as an association of the owners of Lots and Units. Its purposes are as set forth in its Articles of Incorporation and Bylaws, and to manage, maintain, and operate the Common Elements. The Association shall have the power to: adopt and amend By-Laws and rules and regulations; adopt and amend budgets for revenues, expenditures and reserves and establish and collect regular, supplemental and special assessments for common expenses from Lot and Unit owners; hire and terminate managing agents and other employees, agents and independent contractors; institute, defend or intervene in its own name in litigation or administrative proceedings on matters affecting Village West at Emerald Isle; make contracts and incur liabilities; regulate the use, maintenance, repair, replacement and modification of Common Elements; comply with the obligations of the Association, whether direct or as assignee of the Declarant; cause additional improvements to be made as a part of the Common Elements; acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to the Act; grant easements, leases, license and concessions through and over the Common Elements; impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements and for services provided Lot and Unit owners; operate a stormwater and/or sewage system for the benefit of the Property and all Owners; impose charges for late payment of assessments, and after notice and an opportunity to be heard, levy reasonable fines not to exceed the maximum allowed by law, for violations of the Covenants, By-Laws and rules and regulations of the Association; impose reasonable charges for the preparation and recordation of amendments to the Covenants, or statements of unpaid assessments; provide for the indemnification of and maintain liability insurance for the officers, the Board, its employees and agents; exercise all other powers that may be exercised in North Carolina by nonprofit corporations in North Carolina; and exercise any other powers necessary and proper for the governing and operation of the Association or as permitted by the Act.

- A. Subject to Declarant's right to surrender such authority, the Declarant may appoint and remove the officers and members of the Board of Directors of the Association during the period that shall terminate no later than the date of conveyance by Declarant of eighty percent (80%) of the Lots and Units to parties other than the Declarant, which period shall be referred to as the period of "Declarant Control". The number of Directors and the offices to be filled shall be as provided in the By-laws of the Association. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the period of Declarant Control, but in that event Declarant shall have the right for the duration of the period of Declarant Control to specify that any or all of the following actions of the Association or Executive Board be approved by the Declarant before they become effective:
1. Amend the Covenants or By-Laws;
  2. Prepare a budget for the Association.

During the period of Declarant Control, and at all times thereafter, the Board of Directors shall manage and operate the Association in a manner consistent with the terms and conditions of these Covenants, any and all supplements or amendments hereto, the Association's By-Laws and the North Carolina General Statutes. Upon the Declarant's written notification to each Owner prior to the termination of the period of Declarant Control, said notice manifesting the Declarant's intention to surrender its right to appoint and remove the officers and members of the Board, the Association shall call a meeting of the membership for the purpose of electing a new Board of Directors for the Association from the membership of the Association. From that point on, the new Board shall then become responsible for the operation and management of the Association and the Declarant's responsibility for same terminates.

- B. Each Owner of a fee or undivided fee interest in a Lot or Unit within Village West at Emerald Isle shall be a member of the Association. Declarant, by these Covenants, and the Owners of individual Lots and Units by their acceptance of individual deeds thereto, covenant and agree with respect to the Association:
- (i) That for so long as each member is an Owner of a Lot or Unit, each will perform all acts necessary to remain in good and current standing as a member of the Association; and
  - (ii) That each shall be subject to the rules and regulations of the Association with regard to ownership of a Lot or Unit; and
  - (iii) That any unpaid assessment, whether general or special, levied by the Association in accordance with these Covenants, or the Articles or the Bylaws of the Association, shall be a lien upon the Lot or Unit upon which such assessment was levied, upon filing of a Claim of Lien with the Clerk of Court of Carteret County as provided in the Act, and shall be the personal obligation of the person or entity who or which was the Owner of the Lot or Unit at the time the assessment fell due.
  - (iv) Each membership in the Association shall relate to and have a unity of interest with an individual Lot or Unit which may not be separated from ownership of said Lot or Unit. The books and all supporting documentation, the Declarations, the Articles, the Bylaws and all amendments thereto shall be available for examination by all Lot and Unit owners, and their lenders or their lenders' agents during normal business hours at the principal office of the Association.
  - (v) The Association shall have one class of members which shall be all Owners. They shall be entitled to one vote for each Lot or Unit owned; provided, however, when more than one person or entity holds an interest in any Lot or Unit, all such Owners shall hold the membership with regard to such Lot or Unit in undivided interests. The vote of such multiple owners of a Lot or Unit shall be exercised as they, among themselves, shall determine, but in no event shall any fractional vote be counted or more than one vote be cast with respect to any one Lot or Unit.

- C. The management and administration of the affairs of the Common Elements shall be the sole right and responsibility of the Association upon the conveyance of such Common Elements to the Association by the Declarant. The management shall be carried out in accordance with the terms of these Covenants, and the Articles and Bylaws of the Association, but may be delegated or contracted to managers or management services. The Common Elements, once owned by the Association, cannot be mortgaged or conveyed by the Association without the consent of persons entitled to cast at least eighty percent (80%) of the votes in the Association, agree in writing, excluding Declarant. Such mortgage or conveyance, if any, must be subject to any easements of ingress or egress to any Lot or Unit Owners.
- D. The following expenses shall be considered either community expenses or limited common area expenses for purposes hereof:
- (i) Community Expenses shall include (collectively "Community Expenses"):
- (a) All amounts expended by the Association in operating, administering, managing, repairing, replacing and improving the Common Elements of the Subdivision; all amounts expended by the Association in insuring the Common Elements and obtaining general liability insurance, and directors and officers insurance, and any other insurance required by the Act or other applicable law (which to the extent it applies only to the Townhomes, the premiums for which may be assessed as Supplemental Assessments herein); the amounts expended for the Common Elements shall include, without limitation, all amounts expended in maintaining the entrance signs, landscaping, boardwalks, sidewalks, parking lots, and the landscape buffer areas and lights, and any stormwater and sewage systems required for Village West at Emerald Isle; all amounts expended by the Association in legal, engineering, or architectural fees; all similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by these Covenants and applicable law; and all amounts expended in any form by the Association in enforcing the Covenants, the Articles and Bylaws.
- (b) All amounts expended by the Association in carrying out any duty or discretion as may be required or allowed by these Covenants, the Articles or the Bylaws.
- (c) All amounts declared to be Community Expenses in the Bylaws or in these Covenants.
- (d) All taxes and special assessments which may be levied from time to time by any governmental authority upon the Common Elements owned by the Association.
- (ii) Limited Common Element Expenses shall include ("Limited Common Element Expenses):

- (a) All amounts expended by the Association in maintaining, repairing or replacing any areas designated as Limited Common Element on the Plat; and,
  - (b) All taxes and special assessments which may be levied from time to time by any governmental authority upon the Limited Common Elements owned by the Association.
- E. The Association is also authorized to assess supplemental assessments (not in the nature of special assessments) against Lots for the services provided for Townhomes as set forth in Article III herein, to be paid on a monthly, quarterly or annual basis as established by the Board of Directors, and the budget for such supplemental assessments based upon the expenses for such services shall be included in the annual budget of the Association as a separate item(s) (“Supplemental Assessments”).
- F. (i) Each owner of a Lot(s) or Unit(s), other than the Declarant, hereby covenants, by acceptance of a deed for same (whether or not it shall be so expressed in such deed) to pay to the Association annual general assessments or charges as hereinafter provided for Community Expenses. Owners of Lots or Units to which Limited Common Elements are allocated (“Limited Common Properties”) likewise covenant to pay to the association annual additional assessments or charges as hereinafter provided (“Limited Common Assessments”). Owners of Lots covenant to pay to the Association the Supplemental Assessments. The annual general assessments, Limited Common Assessments, and Supplemental Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the Lot or Unit to which applicable, and, subject to the provisions of Section H of this Article V, shall be a continuing lien upon the Lot or Unit against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot or Unit at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot or Unit unless expressly assumed by them but, subject to the provisions of these Covenants, delinquent assessments shall continue to be a lien upon such Lot or Unit.
- (ii) As provided in the Bylaws and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each fiscal year. Such budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Association and the Common Elements and Limited Common Elements, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. The Board of Directors shall keep separate for budget purposes, in accordance with Paragraph F.(v) hereof, items relating to the daily operation, management and maintenance of the Association and Common Elements from items relating to capital improvements, and shall also budget separately for Limited Common Area



Expenses and the expenses related to the Supplemental Assessments. It shall not be necessary that the actual funds collected therefor be held segregated in separate accounts when the assessments for such items are collected.

- (iii) Upon adoption of such Annual Budget by the Board of Directors, copies of said Annual Budget shall be delivered to each Owner by any means provided for notice to members of the Association pursuant to applicable law and the Bylaws. From and after the sale or transfer of a Lot or Unit to a third party other than Declarant, there shall also be sent to each Owner a notice of meeting to be held for ratification of the budget which meeting may be the annual meeting of members or separate meeting or the Board may provide written ballots to all Owners for vote by written ballot. The notice may provide that a quorum is not required for any meeting or vote to approve a budget. The budget shall be approved unless 80% of the votes in the Association are voted to reject the budget. The general assessment for said year shall be established, subject to the restrictions and limitations provided herein, based upon such budget; however, the non-delivery of a copy of said Budget to each Owner shall not affect the liability of any Owner for such assessment. The Annual Budget, less the amount for Limited Common Area Expenses and for the expenses related to the Supplemental Assessments, shall be divided by the number of Lots or Units subject to the annual general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot or Unit for the succeeding fiscal year. The amount of the Annual Budget for Limited Common Area Expenses shall be divided by the number of Units or Lots subject to same, and the quotient shall be the annual Limited Common Assessment per Limited Common Lot Property to which such Limited Common Assessment applies. The Supplemental Assessments shall be divided among the number of Lots.
- (iv) Once the annual Supplemental and general assessments have been set, notice of the annual general and Supplemental assessments shall be given to all Owners by any legal method as provided in the Bylaws of the Association for notice to Owners, to the last address, whether postal or electronic as the case may be, shown on the Association's records. After the initial notice of the assessments, no bills for such assessments will be required to be forwarded to any Owner but such assessments thereafter shall become due and payable as provided by the Board of Directors.
- (v) The Board of Directors, in establishing the Annual Budget for operation, management and maintenance of the Association and Common Elements and Limited Common Elements, shall designate therein a sum to be collected and maintained as a reserve fund for the periodic maintenance, repair and replacement of capital improvements to the Common Elements and Limited Common Elements (the "Capital Improvement Fund"), which Capital Improvement Fund shall be for the purpose of enabling the Association to maintain, repair or replace

structural elements and mechanical equipment constituting a part of the Common Elements and Limited Common Elements, as well as the replacement of personal property which may constitute a portion of the Common Elements and Limited Common Elements held for the joint use and benefit of the owners or the Limited Common Lot owners. The amount to be allocated to the Capital Improvement Fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for repair, maintenance and replacement of capital improvements to the Common Elements and Limited Common Elements. The amount collected for the Capital Improvement Fund shall be maintained either in a separate bank account, or as a separate account on the books of the Association, by the Association and such monies shall be used only for periodic maintenance, repair and replacement of capital improvements to the Common Elements and Limited Common Elements. The Capital Improvement Fund shall be maintained out of the annual general assessments as to the reserve for Common Elements and out of the supplemental assessments as to the Limited Common Elements. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors, be expended for daily operation, management and maintenance of the Association and Common Elements and/or Limited Common Elements. Notwithstanding anything to the contrary in the foregoing, in order to establish a Capital Improvement Fund, the Owner of each Unit shall upon initial purchase of their Lot or Unit, pay at closing an amount equal to a two month pro rata share of the then annual general assessments to the Capital Improvement Fund, which shall be allocated for Common Elements other than Limited Common Elements.

- (vi) 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 Association, or the proper undertaking of all acts and duties imposed upon it by virtue of these Covenants, the Articles and the Bylaws, except that monies placed in the Capital Improvement Fund shall be used only for the specified purposes of said fund. As monies for any assessment are paid into the Association by any owner, the same may be commingled with monies paid to the Association by the other owners. Although all funds, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Elements or Limited 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 Lot or Unit. When the owner of a Lot or Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Lot or Unit, by whatever means, the Association shall not be required to account to such owner for any share of the fund or assets of the Association, including any monies which owner may have paid to the Association, 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 Association.

- (vii) Annual general and special assessments shall, except as otherwise provided herein, be fixed at a uniform rate for all Lots. Assessments for the costs of insurance may be assessed in proportion to risk and the costs of utilities shall be assessed in proportion to usage. Limited Common Assessments shall be fixed based upon the number of Lots or Units subject to a particular Limited Common Expense. Supplemental Assessments shall be assessed in equal amounts per Lot.
- (viii) The annual general and Limited Common Assessments provided for herein shall commence as to all Lots upon notice from the Board of Directors (the "Initial Due Date"). The annual general and Limited Common Assessments shall be payable annually, in advance, on or prior to the anniversary date of the Initial Due Date. The Supplemental Assessments shall commence upon notice of the Board of Directors and shall be payable semi-annually. 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 shall bear interest at the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law until such delinquent assessment and all interest due thereon has been paid in full. The Association shall be entitled to charge such late charges and fees regarding collections and late payment of assessments as are permitted by the Act.
- (ix) The annual general assessments levied by the Association shall be used exclusively to improve, maintain and repair the Common Elements, to pay the expenses of the Association and to permit the Association to fulfill its obligations hereunder and under the Act. The annual Limited Common Assessments shall be used exclusively to improve, maintain and repair the Limited Common Elements and pay the Limited Common Area Expenses. The Supplemental Assessments shall be used exclusively for the maintenance and repair obligations of the Association with regards to Townhomes pursuant to Article III herein.
- (x) The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot or Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot or Unit is binding upon the Association as of the date of its issuance.
- (xi) The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer

shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

- G. Special assessments may be levied against Lots for such reasons as are provided in these Covenants, the Articles or the Bylaws, and on such terms as provided by the directors and the members. Upon a two-thirds (2/3) vote of the members of the Board of Directors, and a two-thirds (2/3) vote of members who are voting in person or by proxy at a meeting duly called for this purpose, or by written ballot if the vote is conducted by written ballot as permitted by applicable law, the Association may levy and impose special assessments. The purpose for which special assessments are levied include, but are not limited to, providing funds to pay Community Expenses which exceed the general assessment fund then on hand to pay same (specifically including the cost of any construction, reconstruction or repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto) and providing a contingency fund for capital improvements and extraordinary expenses. Special Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the Lot and, subject to the provisions of Subparagraph 23.H., shall be a continuing lien on the Lot against which each such assessment is made. Furthermore, each such assessment, together with interest, cost, and reasonable attorneys' fees, shall be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent special assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of these Declarations, delinquent assessments shall continue to be a lien upon such Lot.

Written notice of any meeting of the members called for the purpose of levying and imposing special assessments shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

- H. Any annual general or special assessment, Limited Common Assessment, or Supplemental Assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law, costs of collection, court costs, and reasonable attorneys' fees, shall constitute a lien against the Lot or Unit upon which such assessment is levied upon filing by the Association of record notice of the same in the Office of the Clerk of Superior Court of Carteret County. The Association may also file an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Lot or both, or pursue any remedy available at

law or equity. No Owner may waive or otherwise escape liability for the assessments provided for herein.

- I. Notwithstanding anything herein to the contrary, Declarant shall not be required to pay any assessment for any Lot owned by the Declarant. So long as Declarant is exempt from assessment as herein provided, if the assessment for any fiscal year of the Association, exclusive of those amounts collected by the Association for a reserve fund and for the working capital fund, shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of such Declarant's exemption from payment of assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Lot owned by the Declarant, to meet any such deficit, so long as (i) written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made, and (ii) the Declarant shall have no obligation for any such deficit caused by expenditures for capital improvements or by any decrease in assessments, including, without limitation, the levying of an assessment in an amount less than the maximum for any annual assessment, unless the same has been previously approved in writing by the Declarant.

#### ARTICLE VI

#### Declarant's and Owners' Rights And Easements

24. Easements. The following easements are granted by, and or reserved to, Declarant, as the case may be, on the Property:

- A. All Common Elements are hereby designated an area of easement, for the use and benefit of the Owners of Lots and Units within Village West at Emerald Isle, and their guests, tenants and invitees, subject to such rules and regulations regarding use of such Common Elements as may be adopted by the Association from time to time, said easement being exclusive as to the Owner of a particular Lot or Unit only to the extent that driveways, walkways, patios, yards, parking spaces or other spaces are constructed, designed or designated for the exclusive use of a particular Lot or Unit and designated as Limited Common Elements, the rights of easement herein to be perpetual, running with the land, and which shall run to the benefit of the heirs, successors and assigns of the Owner of each Lot or Unit. For avoidance of doubt this easement to Owners includes the right of access and egress for installation, maintenance, repair and replacement of components of heating and air conditioning systems or fuel tanks serving Townhomes which are located within Common Elements rather than within Lot boundaries, if permitted pursuant to Article II, Section 5 herein. To the extent of any disagreement as to the extent of any easement area within the Common Elements, or to whom such easement is reserved, if exclusive, the decision of the Association, through its Board of Directors, shall be deemed binding and conclusive on such issue.

- B. The Declarant hereby retains, and also hereby grants to the Association and its successors and assigns, a nonexclusive, perpetual easement over each Lot and the improvements thereon for purposes of performing the Declarant's and the Association's respective maintenance and repair or other obligations hereunder, and for access and egress for purposes of such performance.
  
- C. The Declarant hereby reserves to itself and its successors and assigns an easement over the Common Elements for the purpose of access, egress, and installation, maintenance, repair and replacement of utilities and a stormwater management system to serve the Property and any Improvements thereon, as well as such easements for drainage and utilities as are shown on the Plat. The rights provided by such easements reserved by Declarant shall include, without limitation, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, stormwater management, sanitary sewer, gas, electric, telephone, cable television, internet and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any Lot or Unit or Common Elements now or hereafter laid out or established on the Property, or in or on the area in which same is located, together with the rights and privilege of entering upon the Common Elements for such purposes and making opening and excavations thereon which openings and excavations shall be restored in a reasonable period of time. For avoidance of doubt, Declarant and/or Association may enter into agreements and grant easements over the Common Elements to public and/or private utilities for provision of services to the Lots, Units and Common Elements within Village West at Emerald Isle.
  
- D. The Declarant hereby reserves to itself and its successors and assigns an easement over the Common Elements for the purpose of access, egress, and installation, maintenance, repair and replacement of utilities to serve land adjoining any of the Common Elements (whether such land is owned by Declarant, its successors or assigns, or others). The rights provided by such easement reserved by Declarant shall include, without limitation, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, stormwater management, sanitary sewer, gas electric, telephone, cable television, internet and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any such land, or in or on the area in which same is located, together with the rights and privilege of entering upon the Common Elements for such purposes and making opening and excavations thereon which openings and excavations shall be restored in a reasonable period of time.
  
- E. The Declarant has or shall dedicate to the public and the Town of Emerald Isle an easement over those sidewalks within the Common Elements which are parallel and adjacent to Islander Drive and Louise Avenue for purposes of public access and egress from and over said sidewalks to the public beach.

25. Reserved Rights of Declarant.

- A. No irrevocable right shall be conferred upon any Owner or Member by the recording of the Plat or any plat relating to the development of the Property. Declarant expressly reserves unto itself the right to make such amendments to the Plat or later plats as in its best judgment shall be advisable and as shall be acceptable to public authorities having the right of approval thereof including without limitation alteration of Lot lines and Common Areas and Limited Common Areas. This provision shall not be deemed to give Declarant any right to amend the property line of any Lot that is not owned by Declarant at the time of the amendment, or to the boundaries of that portion of the Property which becomes the Condominium after recordation of the Condominium plat and Declaration of Condominium regarding same and the transfer of the first Unit therein to a party other than Declarant.
- B. The right to appoint officers and members of the Board of Directors of the Association during the period of Declarant Control as provided hereinabove.
- C. The Declarant shall have the right to maintain sales offices, management offices, signs advertising the community and models.
- D. The Declarant shall have such other rights and easements as may be expressly provided in these Covenants or amendments hereto.
- E. The Declarant shall have the right to amend these Covenants to the extent necessary from time to time to comply with the requirements of the State of North Carolina or other applicable authority with regards to the stormwater management system and the applicable permit for same as same may be amended.

ARTICLE VII

Insurance

26. Definitions. As used in this Article VII, the following terms shall be defined as described. Other defined terms shall have the definitions otherwise contained in these Covenants.

“Structures” as used in this Article VII shall mean and refer to all buildings and improvements, including Common Elements, Limited Common Elements, and Townhomes, affixed to the Property and shown on the Plat, excluding, however, Owner Betterments as hereafter defined; and excluding any Condominium Buildings and Units on the Property if any, insurance for which shall be addressed under the Declaration of Condominium. With the exception of Owner Betterments, Structures are buildings and improvements that would be considered real property under the common law. Townhomes, except for any Owner Betterment contained therein, are included in the definition of Structures for purposes of the Association’s property insurance.

Structures include improvements and betterments to Common Elements made by the Association as opposed to an Owner.

“Owner Betterment” shall mean any upgrade or addition made to a Townhome, Common Element or Limited Common Element by an Owner that exceeds the replacement cost of the same item in the Basic Building Plans and Specifications (as defined below) or is an addition to the Townhome. For purposes of the Association’s property insurance, an Owner Betterment is relevant only to the extent that its replacement cost exceeds the replacement cost of the same item or is an addition to the Unit. An example of an Owner Betterment would be a marble tile floor with a replacement cost of \$100.00 per square yard installed in a Townhome by an owner in place of the carpeting shown as part of the Basic Building Plans and Specifications where the carpeting has a replacement cost of \$25.00 per square yard. If the Townhome is totally destroyed by an insured casualty, the Association’s property insurance would cover the value of the carpeting shown in the Basic Building Plans and Specifications but not the replacement cost of the marble tile.

“Basic Building Plans and Specifications” shall mean the materials described on Exhibit C hereof which set forth the standard finishes in a Townhome.

27. Association’s Insurance.

A. The Association shall maintain, to the extent available:

- (i) Property insurance on the Structures insuring against risks of direct physical loss commonly insured including fire, wind, and extended coverage perils. The total amount of property insurance shall be the full replacement cost of the Structures, if in the opinion of the Board of Directors, insurance in that amount is affordable; however, the total amount of property insurance after application of any deductibles shall be not less than ninety percent (90%) of the replacement cost of the Structures. The property insurance shall be subject to such deductibles as the Board of Directors deems appropriate.
- (ii) Liability insurance in reasonable amounts, covering all occurrences commonly insured against death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements. This liability insurance will cover only the liability of the Association, and Owners as members, but does not cover an Owner’s individual liability for an Owner’s acts or omissions while on Common Elements, within Limited Common Elements, or within the Owner’s Townhome.
- (iii) Fidelity insurance coverage to protect against dishonest acts in the handling of Association money by the officers, directors, volunteers, managers or employees of the Association.



- (iv) Such other insurance as the Board deems advisable from time to time.
- B. If the insurance described in subparagraphs A. (i) or (ii) of this Section 27 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 Owners.
- C. Insurance policies carried pursuant to Section 27.A. must provide that:
  - (i) Each Owner is an insured person under the policy with respect to liability arising out of his membership in the Association;
  - (ii) The insurer waives its right to subrogation under the policy against any Owner or members of his household;
  - (iii) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy; and
  - (iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.
- D. Any loss covered by the property policy under Section 27.A. shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to the Association as insurance trustee, and not to any mortgagee or beneficiary under a deed of trust. The Association as insurance trustee shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders 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. If there is a surplus of insurance proceeds after the property has been repaired or restored, the Owners of the affected Townhomes will share in any distribution of the surplus according to the formula used for assessing property insurance premiums. The Board of Directors may elect to credit the accounts of the Owners rather than making an actual distribution.
- E. An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee, or beneficiary under a deed of trust. 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 Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

28. Insurance Required of Owners.

- A. Each Owner is required to purchase, and at all times maintain, one or more insurance policies that cover the following:
- (i) Dwelling coverage, sometimes known as “HO 6,” on Owner Betterments within or appurtenant to Owner’s Townhome in the full replacement cost thereof insuring against risks of direct physical loss commonly insured including fire, wind, extended coverage perils, and if the Owner chooses, flood.
  - (ii) Personal property coverage on the personal property in Owner’s Townhome insuring against risks of direct physical loss commonly insured including fire, wind, extended coverage perils, and if the Owner chooses, flood.
  - (iii) Personal liability coverage in the amount of at least \$500,000.00 insuring the Owner against lawsuits, legal expenses, and medical costs if Owner is legally responsible for injury or property damage to others in such Owner’s Townhome. From time to time the Board of Directors will have the authority to require all Owners to maintain personal liability coverage exceeding \$500,000.00 if the Board determines such increased amount is advisable to adjust for inflation or exposure to risk.
- B. The Board of Directors may require that Owner will file with the Association proof of insurance specified in subparagraphs (i) “dwelling coverage” and (iii) “personal liability coverage” in such form as required by the Board of Directors. If an Owner shall fail to provide or maintain such insurance policies, or give proof of such insurance to the Association, the Board of Directors shall have the authority to purchase such policies in the name of the Owner after giving such owner thirty (30) calendar days’ notice of intent to purchase insurance by first class mail sent to the Owner’s last known address as shown in the Association’s records. If the Board of Directors purchases such insurance, the cost thereof will be deemed a common expense assessment benefitting only the subject Owner and assessed against the subject Owner and such Owner’s Lot. Such assessment, and all costs of collection including attorney’s fees, will be the personal obligation of such Owner, constitute a lien on such Owner’s Lot pursuant §47F-3-116, and be collectible according to §47F-3-116.

29. Assessment of Deductible; Intentional Damage.

- A. Assessment of Deductibles. If a component of a Townhome over which an Owner has maintenance responsibility fails, and such failure causes damage to the Townhome, other Townhomes and/or the Common Elements which damage is covered by the Association’s property insurance, such Owner will be assessed the Association’s insurance deductible if the Owner was negligent in causing the damage.

- (i) If circumstances indicate to the satisfaction of the Board of Directors that an Owner was not negligent, the deductible will be paid by the Association as a general common expense.
  - (ii) If there is probable cause to believe that an Owner was negligent in causing the damage a hearing will be held by the Board of Directors to determine if the damage resulted from the Owner's negligence or intentional act and, in either case, the entire deductible will be assessed to the Owner. If the Board of Directors determines that the damage was not the result of the Owner's negligence or intentional act, the deductible will be a general common expense. The Owner will be given written notice of the hearing mailed by first class mail to the Owner's last known address at least fourteen (14) days in advance of the hearing and the Owner will have the right to be represented by an attorney at the hearing and to present evidence. The Owner will be given a written decision by the Board of Directors.
  - (iii) An assessment of a deductible under this Section will be deemed a common expense assessment benefitting only subject Owner and such Owner's Lot under N.C.G.S. §47F-3-115(c) (2) and assessed against the Owner and such Owner's Lot. Such assessment, and all costs of collection including attorney's fees, will be the personal obligation of the Owner, constitute a lien on such Owner's Lot pursuant §47F-3-116, and be collectible according to §47F-3-116.
- B. Association's Responsibility for Deductible. If a component of a Common Element over which the Association has maintenance responsibility fails as a result of the negligence of the Association, and such failure causes damage to a Townhome and/or the Common Element which damage is covered by the Association's property insurance, the Association will pay the deductible as a general common expense.
- C. Intentional Damage. An Owner is liable to the Association for all costs incurred by the Association in repairing uninsured damage caused by the intentional act of the Owner and such costs will be assessed against the Owner's Lot. Prior to making such an assessment, the Board of Directors will hold a hearing as provided in subparagraph A(ii) above. An assessment of a deductible under this Section will be deemed a common expense assessment benefitting only the subject Owner and such Owner's Lot under N.C.G.S. §47F-3-115(c) (2) and assessed against such Owner and such Owner's Lot. Such assessment, and all costs of collection including attorney's fees, will be the personal obligation of the Owner, constitute a lien on such Owner's Lot pursuant §47F-3-116, and be collectible according to §47F-3-116.
- D. Owner Responsibility. Each Owner will be responsible for the acts of all persons in such Owner's Townhome with such Owner's permission including his family members, guests, and lessees and their invitees.

ARTICLE VIII  
General Provisions

30. Compliance And Enforcement. In the case of failure of an Owner to comply with the terms and provisions contained in these Covenants or the Articles or the Bylaws of the Association, the following relief shall be available:

- A. The Association, an aggrieved Owner or Owners within the Village West at Emerald Isle on behalf of the Association, or any Owner on behalf of all the Owners shall have the right to bring an action and recover sums due, damages, injunctive relief, and the costs and expenses of enforcement including, without limitation, reasonable attorneys' fees, and/or such other and further relief as may be just and appropriate. The Association by or through its Board of Directors or an adjudicatory panel may assess fines or suspend privileges for violations of the Covenants as provided in the Act.
- B. If the violation is the nonpayment of any annual general or special assessment, the Association shall have the right to suspend the offending owner's voting rights for any period during which an assessment against the Lot or Unit remains unpaid.
- C. The remedies provided by this Article are cumulative and are in addition to any other remedies provided by law.
- D. The failure of the Association or any person to enforce any restriction contained in these Covenants, the Articles or the Bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

31. Variances. Declarant (or the Association after the period of Declarant Control) may allow reasonable variances and adjustments of these Covenants in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided however, that such is done in conformity with the intent and purpose of the general development scheme and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in Village West at Emerald Isle. Any such variance shall be approved by the Declarant (or the Association as the case may be) in writing and delivered to the Owner(s).

32. Waiver. No provision contained in these Covenants, the Articles or the Bylaws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person or entity as to the same or similar future violations, no matter how often the failure to enforce is repeated.

33. Duration and Amendment. These Covenants shall run with the land and shall be binding on all persons acquiring title to any of the Lots and Units up to and including December 31, 2031, at which time said Covenants shall be extended automatically for successive periods of ten (10) years. At any time, by the affirmative vote of, or written agreement signed by, Owners of Lots and Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, these restrictions

may be amended in whole or in part. No such amendment shall affect the easements and rights reserved by Declarant unless Declarant shall consent to such amendment. Further, Declarant shall have the right to make amendments necessary to exercise Declarant's development rights hereunder, and, so long as Declarant is holder of the Stormwater Management Permit for the development it shall have the right to make amendments necessitated by the requirements of the applicable governmental authority with respect to such permit, and, until such time as eighty percent (80%) of the Lots and Units are sold to parties other than the Declarant, the Declarant reserves the right to make amendments to correct or clarify or make minor amendments to the provisions hereof to the extent that such amendments do not substantially adversely affect the rights of the owners of Lots or Units on the Property.

33. Captions. The captions preceding the various Paragraphs of these Covenants are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot or Unit, said Owners are jointly and severally liable for the obligations herein imposed. Throughout these Covenants, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

34. Notice. All notices provided for or permitted pursuant to these Covenants shall be in writing and, except as is herein expressly otherwise provided or required by the Act, notice shall be deemed sufficient and service thereof completed upon hand-delivery or five (5) days after delivery of same to the U.S. Postal Service when mailed postage prepaid by certified mail, return receipt requested, to the party to or upon whom notice is being given or served at the address of such party last reflected on the records of the Association.

#### ARTICLE IX Stormwater Restrictions

35. Stormwater Management System. The development of Village West at Emerald Isle is required to maintain a stormwater management system (the "Stormwater System") approved by the applicable governmental authorities as initially evidenced by the certain Stormwater Management Permit issued by the Town of Emerald Isle under its Unified Development Ordinance and under the Universal Stormwater Management Program, on May 29, 2019, and which may be amended from time pursuant to applicable law (the "Permit"). The following restrictions are necessary to ensure compliance with the Permit and so that the development maintains a built-upon area consistent with the design criteria of the Stormwater System and as permitted by the Permit:

- A. The Town of Emerald Isle is made a beneficiary of these Covenants to the extent necessary to maintain and enforce compliance with the Permit.
- B. The Covenants in this Article IX may not be altered or rescinded without the express written consent of the Town of Emerald Isle.

- C. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Town of Emerald Isle.
- D. This Stormwater System has been approved for the management of stormwater runoff from 84,953 square feet of impervious surface and utilization of 12,061 square feet of permeable (infiltrating) pavement. This allotted amount includes, without limitation, any built-upon area constructed within the Lot boundaries. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.
- E. Runoff from adjacent pervious areas shall not be directed to permeable pavement.
- F. The permeable pavement infiltration system must be provided and maintained at the design condition.
- G. Records of stormwater management inspection and maintenance activities must be kept for the project. The reports will indicate the date, activity, name of person performing the work and what actions were taken.
- H. The Association shall accept transfer of the Permit and assume responsibility for operation and maintenance of the Stormwater System along with conveyance of the Common Elements provided that Declarant shall be responsible for the Stormwater System being in compliance with the Permit at the time of the conveyance.

#### ARTICLE X

##### Rights Reserved Unto Institutional Lenders

36. Institutional Lenders. "Institutional Lender" or Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders which have complied with the provisions below regarding requesting the applicability of these provisions. So long as any Institutional Lender(s) shall hold any deed of trust or mortgage upon any Lot or Unit, or shall be the owner of any Lot or Unit, such Institutional Lender shall have the following rights:

A. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by a certified public accountant, the cost of preparation of said financial statement to be borne by the Owner whose mortgagee or lender requires same.

B. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment, to this Declaration, or the By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

C. To be given notice of default by any owner owning a Lot or Unit encumbered by a deed of trust or mortgage held by the institutional lender or institutional lenders, such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders, or to the place which it or they may designate in writing.

Whenever any Institutional Lender desires the provisions of this Article to be applicable to it, and in order for such provisions to be applicable to such Institutional Lender, it shall serve or cause to be served written notice of such fact upon the Association and sent to its address stated herein, identifying the Lot(s) or Unit(s) upon which any such Institutional Lender holds any deed of trust or mortgage, or identifying any Lot(s) or Unit(s) owned by them, or any of them, together with sufficient pertinent facts to identify any deed of trust or mortgage which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this instrument under authority duly given as of the day and year first above written.

A-TEAM VILLAGE WEST, LLC

BY: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ personally came before me this day and acknowledged that he is a Manager of A-Team Village West, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him as its President.

WITNESS my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Notary's Typed or Printed Name

My Commission Expires: \_\_\_\_\_



STATE OF NORTH CAROLINA

COUNTY OF CARTERET

CONSENT TO DECLARATION

First National Bank of Pennsylvania, a national association, herein "Beneficiary", and PBRE, Inc., Trustee, as designated in that certain Deed of Trust executed by A-Team Village West, LLC, as recorded in Deed Book \_\_\_\_, Page \_\_\_\_, Carteret County Registry, has executed this Exhibit to the Declaration of Protective Covenants, Restrictions And Easements For Village West At Emerald Isle, for the purpose of subordinating said Deed of Trust recorded aforesaid to this Declaration, so that said real property currently subject of the Deed of Trust to Beneficiary may be hereafter acquired, conveyed, mortgaged, occupied and used in accordance with said Declaration.

IN WITNESS WHEREOF, Beneficiary and Trustee have executed this Consent to Declaration on the \_\_\_\_ day of \_\_\_\_\_, 2021.

FIRST NATIONAL BANK OF PENNSYLVANIA

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

PBRE, Inc.

BY: \_\_\_\_\_ (SEAL)

TITLE: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, do hereby certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he is \_\_\_\_\_ of First National Bank of Pennsylvania and acknowledged, on behalf of First National Bank of Pennsylvania, the due execution of the foregoing instrument.

Witness my hand and official seal, this \_\_\_\_ day of \_\_\_\_\_, 2021.

(Official Seal)

\_\_\_\_\_  
NOTARY PUBLIC

\_\_\_\_\_, Notary Public

*Notary's typed or printed name*

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, do hereby certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he is \_\_\_\_\_ of PBRE, Inc. and acknowledged, on behalf of PBRE, Inc., the due execution of the foregoing instrument.

Witness my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
NOTARY PUBLIC

\_\_\_\_\_, Notary Public

*Notary's typed or printed name*

My Commission Expires:

\_\_\_\_\_

EXHIBIT A  
LEGAL DESCRIPTION

All of that certain tract or parcel of land as shown on that certain map entitled Village West at Emerald Isle, Emerald Isle, North Carolina, recorded at Map Book \_\_\_\_, Page \_\_\_\_, Carteret County, North Carolina Registry.

EXHIBIT B  
LIMITED COMMON ELEMENTS

Initially None.

EXHIBIT C  
Basic Building Plans and Specifications  
For Townhomes

TBD

BYLAWS  
OF  
VILLAGE WEST AT EMERALD ISLE  
OWNERS' ASSOCIATION, INC.

ARTICLE I  
NAME AND PURPOSE OF THE CORPORATION

Section 1. Name:

This corporation shall be known as:

VILLAGE WEST AT EMERALD ISLE OWNERS' ASSOCIATION, INC.

Section 2. Purposes:

The corporation has been organized for the following purposes:

- A. To promote, by serving as the owner's association therefor (the "Association"), the health, safety and welfare of the owners of the Lots and Units at Village West at Emerald Isle, a planned development community in Emerald Isle, North Carolina;
- B. To provide for the preservation of the values and amenities of the community;
- C. To operate and maintain Common Elements and facilities on the Property for the benefit of the Owners of the Lots and Units;
- D. To operate the development as a mixed use commercial and residential development;
- E. To provide a forum for the expression of ideas and plans with regard to the improvement of commercial opportunity for commercial Units, protection of interests of all Members, and general conditions in the community, and to take steps toward the fulfillment of said ideas and plans;
- G. To carry out the obligations of, and exercise the rights and powers of, the Association under the Declaration and the Act;
- H. To exercise all powers and authority granted to the Association under the Act and the nonprofit corporation act in North Carolina.

ARTICLE II  
DEFINITIONS

Section 1. "Act" shall mean Chapter 47F of the North Carolina General Statutes as amended from time to time.

Section 2. "Common Elements" shall mean all portions of the development except the Lots and Condominium. Limited Common Elements are Common Elements.

Section 3. "Condo Association" shall mean the Village West at Emerald Isle Condo Owners' Association, Inc., a North Carolina nonprofit corporation.

Section 4. "Condo Declaration" shall mean the Declaration of Condominium for Village West Condos at Emerald Isle – A Condominium, recorded or to be recorded in the Carteret County Registry.

Section 5. "Declaration" shall mean the Declaration of Protective Covenants, Restrictions and Easements for Village West at Emerald Isle, recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, Carteret County Registry.

Section 6. "Master Association" shall mean the Village West at Emerald Isle Owners' Association, Inc., a North Carolina nonprofit corporation.

Section 7. "Master Covenants" shall mean the Declaration of Covenants, Restrictions and Easements recorded at Deed Book \_\_\_\_, Page \_\_\_\_, Carteret County Registry for Village West at Emerald Isle.

Section 6. "Member" shall mean and refer to all those owners who are members of the Association as provided in Article IV, Section 1, hereof.

Section 7. All defined terms in the Declaration are incorporated herein.

### ARTICLE III LOCATION

The principal office of the Association shall be located at 125 Horton Drive, Morehead City, North Carolina, or at such other places as determined by the Board of Directors.

### ARTICLE IV MEMBERSHIP

Section 1. Every person or entity who is an Owner of a fee or undivided fee interest in any Lot or Unit which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. Unit Owners shall also be Members of the Condo Association, and the Condominium is also subject to the provisions of the Condo Declaration, however, these Bylaws apply only to the Association. The Condo Association is a separate nonprofit corporation

with its own Bylaws.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of said assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by the Act and the Declaration or any Supplemental Declaration to which the Properties are subject. Assessments of the Condo Association are subject to the Condo Declaration and the Bylaws of the Condo Association and are not deemed a part of the assessments of the Master Association for purposes of these Bylaws.

Section 3. The rights and privileges of any person to use the Common Elements of the Association, which person's interest in the Lots and Units and Common Elements is subject to assessments under the Declaration whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common Elements and facilities and the personal conduct of any person thereon, as provided in the Declaration, these Bylaws or the Act, they may, in their discretion, suspend the rights and privileges of any such person to use the Common Elements for violation of such rules and regulations for a period not to exceed thirty (30) days.

## ARTICLE V VOTING RIGHTS

Section 1. The Association shall have one class of voting membership. Members shall have one vote for each Lot and/or Unit in which they hold the interests required for membership. When more than one person holds such interests or interests in any Lot or Unit all such persons shall be Members, and the vote for such Lot or Unit shall be exercised as they among themselves determine but in no event shall more than one vote be cast with respect to any such Lot or Unit.

Section 2. Designation of Voting Representatives.

If a Lot or Unit is owned by one person such person's right to vote shall be established by the record title to such person's property. If a Lot or Unit is owned by more than one person, the person entitled to cast the vote for said property shall be designated by a certificate signed by all of the record owners of said property and filed with the secretary of the Association. If a Lot or Unit is owned by a corporation or other entity, the person entitled to cast the vote for said property shall be designated by a certificate of appointment signed by an officer of a corporation, or Manager or other officer of a limited liability company, partner of a partnership, or Trustee of a trust, as the case may be, and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the subject Lot or Unit. The Association shall be entitled to rely on such certificates as provided to it without independent investigation of its authenticity.

Section 3. Declarant Control Period.



Subject to the remainder of this paragraph, the Declarant may appoint and remove the officers and members of the Board of the Association during the period that shall terminate no later than the date of conveyance by Declarant of eighty percent (80%) of the Lots and Units to parties other than the Declarant, which period shall be referred to as the period of "Declarant Control". The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Declarant Control Period, but in that event Declarant shall have the right for the duration of the Declarant Control Period to specify that any or all of the following actions of the Association or Board be approved by the Declarant before they become effective:

1. Amend the Declaration or Bylaws;
2. Prepare a budget for the Association.

During the Declarant Control Period, and at all times thereafter, the Board shall manage and operate the Association in a manner consistent with the terms and conditions of this Declaration, any and all supplements or amendments hereto, the Association's Bylaws and the North Carolina General Statutes. Upon the Declarant's written notification to each Owner prior to the termination of the Declarant Control Period, said notice manifesting the Declarant's intention to surrender his right to appoint and remove the officers and members of the Board, the Association shall call a meeting of the membership for the purpose of electing a new Board for the Association from the membership of the Association. From that point on, the new Board shall then become responsible for the operation and management of the Association and the Declarant's responsibility for same terminates.

## ARTICLE VI PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Elements subject to the rules and regulations of the Association and the rights of the Association under the Act and the Declaration, and the development rights of Declarant under the Declaration.

Section 2. Any Member may delegate such Member's rights of enjoyment in the Common Elements to the tenants, guests, invitees or employees in the Member's Lot or Unit, as the case may be. The rights and privileges of such person(s) are subject to suspension under Article IV, Section 3, to the same extent as those of the Member.

Section 3. Each occupant of a Townhome on a Lot or of a Unit, as a tenant or owner, or employees of same, or other guest or invitee, shall be entitled to the use and enjoyment of the Common Elements and facilities subject to the rules and regulations of the Association, and to the right of the Association to assess user fees or other charges as provided in the Declaration and the Act, and to the development rights of the Declarant under the Declaration.

ARTICLE VII  
POWERS OF THE ASSOCIATION

Section 1. Mergers and Consolidations.

Subject to the provisions of the Declaration and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance, and shall set forth the purpose of the meeting.

Section 2. Mortgages; Other Indebtedness.

The Association shall have power to mortgage the Common Elements only to the extent authorized under the Declaration and with such voting requirements as shall be required by the Declaration, or if not established in the Declaration, by the Act.

Section 3. Dedication.

The Association shall have the power to dispose of Common Elements only as authorized under the Declaration and with such voting requirements as shall be required by the Act. Notwithstanding anything to the contrary in the foregoing, the Association shall have the authority to dedicate to the public such boardwalk/sidewalk areas as is provided in the Declaration and in any agreements between Declarant and the Town of Emerald Isle.

ARTICLE VIII  
BOARD OF DIRECTORS

Section 1. Generally.

The affairs of the Association shall be managed by a board of three (3) directors. The initial Board of Directors shall consist of three (3) directors who shall hold office until the first meeting of the Members of the Association or until their successors are elected and qualified. At the first membership meeting the Members shall elect two (2) directors for two year terms and one (1) director for a one year term. At the end of these terms, each director shall be elected for two (2) year terms. The election and removal of Directors shall be subject to the provisions of Article V, Section 3 hereof with regards to the Declarant Control Period.

Section 2. Vacancies.

Vacancies on the Board of Directors shall be filled by majority vote of the remaining directors, and any such appointed directors shall hold office during the unexpired term of their predecessors.

Section 3. Removal.

Any director may be removed from the Board, with or without cause, by a vote of the Members of the Association owning Lots and/or Units to which at least 67% of the votes in the Association are allocated.

Section 4. Compensation.

No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 5. Action Taken Without A Meeting.

The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IX  
ELECTION OF DIRECTORS; NOMINATING COMMITTEE;  
ELECTION COMMITTEE

The following provisions address election of Directors other than those appointed by Declarant during the Declarant Control Period:

Section 1. Election of the Board of Directors shall be by written ballot as hereinafter provided. At such election the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The candidates receiving the largest number of votes shall be elected. Votes may not be cast cumulatively.

Section 2. Nominations for election to the Board of Directors may be made by owners of Lots and/or Units.

Section 3. Nominations may be submitted by Members to the Board of Directors at least thirty (30) days prior to each annual meeting of the Members.

Section 4. The Board of Directors may also submit nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members, as the committee in its discretion shall determine. Additional nominations by Members from the floor may be made at the time of the election.

Section 5. All elections to the Board of Directors at and after the first annual meeting shall be made on written ballot which shall clearly list the names of the persons for whom the vote is being cast and the terms of office if necessary. The Chairman of the meeting shall appoint one or more persons to count the ballots and report the results.

ARTICLE X  
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

- A. To call special meetings of the Members whenever it deems necessary, and it shall call a meeting at any time upon written request of the members owning at least four of the Lots and/or Units (whether the four Units/Lots have different owners or the same owners);
- B. To generally govern the Association in accord with the Declaration and the Articles of Incorporation and Bylaws of this Association, and with the Act and the laws related to nonprofit corporations in North Carolina, including, without limitation, to appoint and remove at its pleasure all officers, agents and employees of the corporation, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, officer or director of the Association in any capacity whatsoever;
- C. To ensure that the Association operations and Common Elements are in compliance with the Town of Emerald Isle zoning ordinance. To accomplish zoning compliance, the Board shall have, without limitation, the following power and authority:
  - a. To establish the terms, conditions, rules and regulations of the Common Element operations which are binding on the Owners;
  - b. To employ or contract with staff to carry out the purposes of the Association and any reasonable and necessary requirements of a Master Association in a planned community.
- D. To establish, levy and assess, and collect the assessments, charges, fees, fines, late fees, administrative fees, transfer fees or charges referred to in the Declaration and permitted by the Act;
- E. To adopt and publish rules and regulations governing the use of the Common Elements and the conduct of the Members, their employees, owners, tenants, guests, and invitees of Owners while in the community;
- F. To exercise for the Association all powers, duties and authority vested in or delegated to this corporation, except those reserved to the Members in the Declaration;
- G. In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent director to be vacant.
- H. To prepare and enforce, directly or indirectly, the rules and regulations governing activities within the boundaries of the Property.

Section 2. It shall be the duty of the Board of Directors:

- A. To cause to be kept a complete record of all its acts and corporate affairs and to make such records available as required by the Act.
- B. To supervise all officers, agents and employees of this organization, and to see that their duties are properly performed.
- C. To employ and discharge such management as the Directors may deem necessary.
- D. To adopt a budget and authorize expenditures.
- E. As more fully provided in the Declaration applicable to the Property and herein:
  - 1. To fix the amount of the assessment against each Lot/Unit for each assessment period at least thirty (30) days in advance of such date or period and, at the same time;
  - 2. To prepare a roster of the Lots and Units and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member and, at the same time;
  - 3. To send written notice of each assessment to every Owner subject thereto.
- F. To issue, or to cause an appropriate officer to issue, upon demand by any Owner with respect to their Lot and/or Unit, or any Security Holder with respect to the Lot and/or Unit on which they hold a lien, or to a purchaser of a Lot and/or Unit under a written contract of purchase, or the attorney or agent for any of such persons or entities, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. The Association may charge an appropriate fee for the issuance of such certificate.

#### ARTICLE XI DIRECTOR'S MEETINGS

- Section 1. A regular meeting of the Board of Directors shall be held as scheduled by the Board.
- Section 2. Notice of such regular meeting shall be given to each director, personally or by mail, telephone, telefax or email (with confirmation of receipt), at least seventy-two (72) hours prior to the meeting.
- Section 3. Special meetings of the Board of Directors shall be held when called by any officer of the corporation or by any two directors after not less than three (3) days' notice to each director.
- Section 4. The transaction of any business at any meeting of the Board of Directors, however

called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting. Meetings may be conducted in person, or by telephone or video conference provided that all participating Directors may all hear one another simultaneously.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof. Board meetings may be conducted by conference call or video conference or any manner in which all Directors may be heard at the same time.

## ARTICLE XII OFFICERS

Section 1. Generally.

The officers of this Association shall be a President, Vice President, Secretary and a Treasurer, and if the Board so elects, an assistant Secretary and/or assistant Treasurer.

Section 2. Election of Officers.

The Officers of the Association shall be elected by the Board (subject to the provisions herein and in the Declaration regarding Declarant Control). The election shall be held annually at the first meeting of the Board held after the annual meeting of members, except that the first Board shall elect officers as soon as practicable after the filing of the Declaration.

Section 3. Term.

Each officer shall serve until his successor has been duly elected and has qualified.

Section 4. Removal.

Any officer may be removed, with or without cause, and without notice, by the Board.

Section 5. Vacancy.

Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

Section 6. President.

The President shall be the chief executive officer of the Association, shall be deemed to be the Chairman of the Board, shall have all of the powers and duties incident to the office of a President of a corporation, and shall preside at all meetings of the Board and of the members, and the general

supervision of officers in the management of the business and affairs of the Association; and shall see that all actions and resolution of the Board are carried into effect.

#### Section 7. Vice-President

In the absence of the President or in the event of his 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.

#### Section 8. Secretary.

The Secretary shall be the ex-officio secretary of the Board of Directors and shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall keep the records of the corporation. He shall record in a book kept for that purpose the names of all Members of the Association together with their addresses as registered by such Members.

#### Section 9. Treasurer.

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the corporation and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursement made in the ordinary course of business conducted within the limits of a budget adopted by the Board.

The Treasurer shall keep proper books of account and cause an annual review of the corporation books to be made by a certified public accountant, or by audit committee appointed by the Board of Directors, at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting. He shall be responsible for the preparation of such tax returns as may be required.

The duties set forth herein may be delegated by the Board of Directors to any manager hired by the Association to manage the day to day activities of the Association. The Treasurer shall supervise the manager when performing the delegated activities.

#### Section 10. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

#### Section 11. Multiple Offices.

The offices of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

ARTICLE XIII  
COMMITTEES

Section 1. The Board of Directors may appoint such committees as it deems desirable, which Committees may provide advice to the Board but which may not exercise the powers of the Board.

ARTICLE XIV  
MEETINGS OF MEMBERS

Section 1. Meetings of the Members shall be held at the Property, or such other place as may be designated from time to time by the Board. The Members shall meet at least once each year as specified in the notice of such meeting. The Members shall elect the members of the Board of Directors and may transact any other business properly coming before them.

Section 2. Special meetings of the Members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, or by any two or more members of the Board of Directors or upon written request of the members owning at least four of the Lots/Units (whether the four Lots/Units have different owners or the same owners).

Section 3. Notice of any meetings shall be given to the Members by the Secretary, or upon the failure or refusal of the Secretary to provide Notice then by the President. Notice may be given to the Member either personally, by delivery to the Member's Lot or Unit, or by sending a copy of the notice through the mail postage thereon fully prepaid, or electronically by e-mail, to the Member's physical or e-mail address, as the case may be, appearing on the books of the corporation. Each Member shall register his address, and e-mail address if any, with the Secretary and notices of meeting regular or special shall be sent no more than thirty days (30) or less than fourteen (14) days in advance of the meeting and, except for the annual meeting, shall set forth in general the nature of the business to be transacted.

Section 4. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the votes of each class of membership shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles of Incorporation or by the Declaration shall require a quorum as therein provided.

Section 5. The President, or in his absence the Vice-President, shall preside at the meeting and the Secretary shall be responsible for recording minutes of the proceedings.

ARTICLE XV  
PROXIES

Section 1. At all corporate meetings of Members, each Member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the secretary. No proxy shall extend



beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the Member of his Unit or other interest in the Property.

#### ARTICLE XVI BOOKS AND RECORDS

The books, records and papers of the corporation shall be subject to the inspection of Members pursuant to the provisions of the Act and the nonprofit corporation act in North Carolina.

#### ARTICLE XVII CORPORATE SEAL

The corporate seal of the Association shall consist of two concentric circles between which are the words VILLAGE WEST AT EMERALD ISLE OWNERS' ASSOCIATION, INC., and in the center of which is inscribed "SEAL".

#### ARTICLE XVIII AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members with notice as required by law, by a vote of two-thirds (2/3) of the votes cast, or a majority of the votes entitled to be cast on the amendment, whichever is less (with respect to all Members as class voting is not required), provided that those provisions of these Bylaws which are governed by the Articles of Incorporation of this Association, or as to which amendment is restricted by applicable law, may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

#### ARTICLE XIX ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations for Assessments.

(a) Each Owner of a Lot or Unit, by the acceptance of title thereto, shall be deemed to covenant and agree to pay to the Association assessments as outlined in these Bylaws, the Declaration, and the Act. The assessments may be classified as (A) Regular for operation, maintenance, repair, replacement and improvement of Common Elements, and other purposes of the Association, and (B) Special for capital improvements to Common Elements, emergencies, for damages and expenses created by less than all Owners and to pay expenses and liabilities not covered by Regular assessments. Each Owner of a Lot, by the acceptance of title thereto, shall be also be deemed to covenant and agree to pay to the Association Supplemental Assessments related

to maintenance and repair and other expenses related to Townhomes as more particularly set forth in the Declaration. Assessments are to be fixed, established and collected from time to time as hereinafter provided and as provided in the Declaration.

(b) The Regular and Special and Supplemental assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the subject Lot or Unit, after filing of a claim of lien with the Clerk of Court of Carteret County pursuant to the Act, against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot or Unit at the time the assessment was made.

(c) Each Lot or Unit will be assessed the same amount for Regular Assessments in accordance with the Declaration, except for assessments in connection with the maintenance, repair or replacement of Limited Common Elements, as provided below. Each Lot will be assessed the same amount for Supplemental Assessments in accordance with the Declaration. Special Assessments will be allocated as approved in the assessment. Notwithstanding anything to the contrary in the foregoing, Assessments for insurance and for utilities shall be allocated as provided in the Declaration and the Act and applicable law.

## Section 2. Preparation of Budget

(a) For each fiscal year, beginning in the year in which assessments will commence, the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. The budget may be amended by the Board from time to time during the fiscal year as the Board determines necessary. The budget shall take into account any projected or anticipated income. The Board of Directors shall keep separate for budget purposes, in accordance with the Declaration, items relating to the daily operation, management and maintenance of the Association and Common Elements from items relating to capital improvements, and shall also budget separately for Limited Common Area Expenses and the expenses related to the Supplemental Assessments. It shall not be necessary that the actual funds collected therefor be held segregated in separate accounts when the assessments for such items are collected.

(b) Upon adoption of such Annual Budget by the Board of Directors, copies of said Annual Budget shall be delivered to each Owner by any means provided for notice to Members of the Association pursuant to applicable law and the Bylaws. From and after the sale or transfer of a Lot or Unit to a third party other than Declarant, there shall also be sent to each Owner a notice of meeting to be held for ratification of the budget which meeting may be the annual meeting of members or separate meeting or the Board may provide written ballots to all Owners for vote by written ballot. The notice may provide that a quorum is not required for any meeting or vote to approve a budget. The budget shall be approved unless 80% of the votes in the Association are voted to reject the budget.

(c) The failure of the Board or delay of the Board in preparing any budget, and to levy or in

levying assessments, shall not constitute a waiver or release of the Owner's obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new Regular assessment is levied by the Board, each Owner shall continue to pay on the schedule last determined by the Board Regular assessments in the amount previously levied as the Regular assessment. Any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of Owners to pay such assessments.

### Section 3. Assessment.

(a) The Board shall assess the Lots/Units all sums necessary to meet the budget, and to meet all necessary and appropriate expenses and liabilities considered Special Assessments, and Supplemental Assessments and shall allocate the assessments as provided in the Declaration. The Board shall fix the date of commencement and the amount of the assessment against each Lot/Unit for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and Units and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Assessments for insurance premiums may be billed separately from other Regular Assessments when such premiums come due, and will be billed in an amount sufficient to pay the premiums even if that amount is greater than was anticipated in the budget, provided that Owners shall have at least thirty days' notice of such assessments.

(b) The Board may assess Special Assessments and Supplemental Assessments for purposes of the Association as permitted by the Declaration, these Bylaws and the Act, at such times as the Board deems necessary and appropriate.

(c) Written notice of the assessment(s) shall be sent to every Owner subject thereto; however failure to provide written notice shall not invalidate the assessment.

(d) The Association shall upon request furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association or its designated manager, setting forth whether assessments against such Lot and/or Unit have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

### Section 4. Payment of Assessment.

Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payment shall be made to the Association, or as the Board may from time to time otherwise direct.

### Section 5. Common Expenses Associated With Limited Common Elements or Benefiting Less Than All Lots/Units.

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the subject Lot or Unit, or in equal shares to the Lots or Units to which such Limited Common Element was allocated at the time the expenses was

incurred; however, the Board of Directors shall have the authority when fundamental fairness requires to declare such Common Expense a general Common Expense and not assess the same specifically against the Lot or Unit to which the Limited Common Element is appurtenant. Any expenses as provided in Article III of the Declaration related to repair, maintenance and insurance for the Townhomes shall be assessed against the Lots in equal shares.

(b) That in the event damage to a Limited Common Element or Townhome is covered by the Association's casualty insurance, and to the extent of such coverage, the costs of repairs or replacements will not be assessed to the appurtenant Lot or Unit Owner(s) unless damage is the intentional act of the Lot or Unit Owner(s).

(c) In addition, the Association may assess any item of Common Expense benefiting less than all of the Units and/or Lots against the Units and/or Lots benefited in proportion to their Common Expense liability.

#### Section 6. Assessment Roll; Certificate.

All assessments shall be set forth upon a roll of the Units and Lots, which shall be available in the office of the Association for inspection, as to information on the Units/Lots owned or mortgaged to the inspecting party, at all reasonable times by members and Security Holders, and their duly authorized representatives. Such rolls shall include, for each Lot/Unit, the names and addresses of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to an Owner, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against such Owner's Lot or Unit. The certificate shall be furnished within seven (7) business days after receipt of the request and shall be binding upon the Association and all subject Owners. For such certificate a reasonable fee may be charged by the Board.

#### Section 7. Default and Enforcement.

If any assessment, or installment thereof, levied against a Lot/Unit remains unpaid for a period of thirty (30) days or longer, it shall constitute a lien against that Lot/Unit when filed of record in the office of the Clerk of Superior Court of Carteret County as provided by the Act. The Association's lien may be foreclosed and the Lot/Unit sold with the Association having the power of sale with respect thereto, or a money judgment obtained against the persons liable therefore, all as provided in the Act as amended from time to time. Fees, charges, late charges, fines and interest charged pursuant to the Act may be charged and are enforceable as assessments. The Association shall further be entitled to recover its reasonable attorneys' fees incurred in collection of assessments, subject to any limitations in amount and notice requirements in the Act.

If any action is taken by the Association to foreclose a lien on a Lot/Unit because of unpaid assessments, the Owner shall be required to pay a reasonable rent for the use of the Lot/Unit during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment or installment thereof, together with interest, and the Member so sued and liable for such assessment shall pay all costs of collection, at the same rate as charged on the assessments being collected from the dates incurred until paid.

Section 8. Interest on Delinquent Assessments.

Assessments, or installments thereof, paid before they become delinquent shall not bear interest, but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not exceeding the rate of interest allowed by the Act, from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by the Act. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

Section 9. Common Expenses.

Common expenses shall mean and include all sums declared common expenses by the Act, or by any specific provisions of these Bylaws or the Declaration, and shall include, without limitation, the following: cost of maintenance and repair; cost of replacement of improvements; cost of new improvements on the Property; the general operating expenses of the Association including, but not limited to utility charges; real estate taxes; and other governmental assessments or charges against the Property until the Lots/Units are separately assessed; premiums for any and all insurance maintained by the Association, including any and all deductible or co-insurance amount not covered by insurance; utility charges not charged directly to Owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to any provision of the Declaration, these Bylaws, or the Act; deficits remaining from any prior assessment period; the cost, including fees and interest incurred in connection with any borrowing done by the Association; costs of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party, or to which the Common Elements or Property or any part of either thereof is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article XXIV hereof.

Section 10. Allocation of Common Surplus.

Any common surplus, including funds in reserve accounts, may be allocated to each Lot/Unit in accordance with its percentage of Common Expenses and, if allocated, may be paid to the Lot/Unit Owner or credited against such Lot's/Unit's share of Common Expenses subsequently assessed in the discretion of the Board.

Section 11. Capital Improvement Reserve.

Upon the initial transfer of title from the Declarant to the purchaser of each Unit, the Association

may collect from such purchaser an amount equal to a minimum of two month's Regular owner association dues as part of a capital improvement reserve for the use and benefit of the Association. The purpose of this fund is to provide the Association with available cash to meet expenditures for capital improvements deemed necessary or desirable by the Board of Directors. Amounts paid by purchasers into the capital improvement fund are not refundable and are not to be considered as advance payments of the assessments described in Article XIX hereof.

## ARTICLE XX CORPORATE EARNINGS

No director, officer, employee, committee member or other person or entity associated with the Corporation shall receive at any time any of the earnings or pecuniary profit from the operations of the corporation, except as provided in Article 13, Chapter 55A of the North Carolina General Statutes, as amended from time to time.

## ARTICLE XXI ALTERATION OF UNITS.

### Section 1. Procedure.

If any Owner desires to make any alterations requiring consent of the Declarant or Association pursuant to the Declaration, the procedures set out in the Declaration shall be followed.

### Section 2. Guidelines.

The Association may adopt architectural guidelines from time to time, as provided in the Section of the Declaration regarding rules and as permitted by the Act, for guidance to the Owners and to the Association in applying the architectural restrictions.

## ARTICLE XXII COMPLIANCE, ENFORCEMENT, FINES AND PENALTIES.

### Section 1. Default and Remedies.

Default or failure to comply with any of the terms, conditions, obligations, and provisions of the Act, the Declaration, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any Owner or occupant, shall be grounds for relief that may include, without intending to limit the same, or to constitute an election of remedies, an action to recover fines and penalties as determined by the Board, sums due for damages, and injunction, or any combination thereof, and which relief may be sought by the Association, an aggrieved Owner, or by any person or class of persons adversely affected. Also if any Member fails to perform any obligation under the Act, the Declaration, these Bylaws, the Articles or such rules and regulations, then the Association may, but is not obligated to, perform the same for the Members' account, and for such purpose may enter upon such Member's Lot (Townhome) or Unit, may make necessary

repairs, advance expenses or other sums necessary to cure the default, and for such other expenses and costs, may levy a special assessment against the Lot/Unit owned by such defaulting Member. The Association also shall be entitled to suspend the right of a defending Owner to vote as a Member of the Association until the default is cured.

#### Section 2. Notice of Default and Failure to Cure.

In the event of any such default or failure, the Board shall serve upon or mail to the defaulting Member, and to each Institutional Lender of that Member's Lot/Unit when required under Article X of the Declaration, a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice, the defaulting Member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting Member, and to each such first mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting Member and each such first mortgagee. The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the Board, at the hearing or at such later time, shall determine in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board due to such default. The Board shall serve upon or mail to the defaulting Member, and to each first mortgagee which was entitled to notice of the default as above provided, a copy of its determination. If the defaulting member: (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so request a hearing, but fails to cure the default (to the extent not waived by the Board) hearing, then the Board shall serve upon or mail to the defaulting Member, and to each such first mortgagee which was entitled to notice of the default as above provided, a written notice of such Member's failure to effect a cure, and the Board may then proceed to take such action as it deems necessary to obtain relief. The hearings, fines or other actions taken shall be subject to any monetary limits, and due process requirements, in the Act.

#### Section 3. Remedy of Abatement in Addition to Other Remedies.

In the event a Member fails to effect the cure specified by the Board within the time period set out in (i) or (ii) of Article XXII, Section 2 hereof, whichever is applicable, where the default is a structure, thing, or condition existing in or on the premises of the Member's Lot (Townhome)/Unit the Board, or its duly authorized representative, shall have the right to enter upon the premises of the Member's Lot (Townhome)/Unit in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting Member's expense (and levy an assessment therefor as provided in Article XXII, Section 1 hereof), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives, shall not thereby be deemed guilty of any manner of trespass.

Section 4. Injunction.

Any person or class of persons entitled to seek relief for any such default or failure may obtain a temporary restraining order, injunction, or similar relief, without first using the procedure established by Article XXII, Section 2 hereof, if such default or failure creates an emergency or a situation dangerous to persons or property.

Section 5. Recovery of Attorneys' Fees and Costs.

In any proceeding arising because of an alleged default by a Member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be allowed by the court.

Section 6. Non-Waiver of Covenants.

The failure of the Association, or of any Member thereof, to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration, these Bylaws, the Articles, the rules and regulations, or the Act, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a Member to enforce such term, provision, right, covenant, or condition in the future irrespective of the number of violations or breaches thereof that may have occurred.

Section 7. Assessment Lien.

Assessment liens shall be enforced pursuant to Article XIX hereof and not pursuant to this Article XXII.

ARTICLE XXIII  
GENERAL PROVISIONS.

Section 1. Rules and Regulations.

The Board, including the first Board, may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of Common Elements, so as to promote the common use and enjoyment thereof by Owners and occupants, and for the protection and preservation thereof. In addition, the Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Lots/Units to provide for the common good and enjoyment of all Owners and occupants.

Section 2. Parliamentary Authority.

Robert's Rules of Order, newly revised, shall govern the conduct of Association proceedings only if adopted by the Board of Directors to be used for such proceedings, and when not in conflict with the Declaration, these Bylaws, the Act, and/or any statutes of the State of North Carolina applicable



thereto. The Chairman of the meeting shall have the authority to appoint a parliamentarian.

### Section 3. Compliance With The Act; Conflict; Severability.

These Bylaws are established in compliance with the Act, as amended. Should any of the terms, conditions, provisions, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said Act, the provisions of said Act shall control unless the Act permits these Bylaws to override the Act, in which event these Bylaws shall control. In the case of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

## ARTICLE XXIV INDEMNIFICATION.

Any person who at any time serves or has served as a director or officer of the Association, or in such capacity at the request of the Association for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with any threatened or pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may become liable in any such action, suit or proceeding.

The indemnification provided by this section shall not automatically apply if a director or officer is charged with fraud or embezzlement. If either of these offenses is alleged, the Board of Directors excluding any director charged with fraud or embezzlement shall determine whether to provide a defense. If fraud or embezzlement are not proven (excluding a plea of no contest), the Association shall reimburse all costs of the defense.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by these Bylaws, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval of, the members of the Association.

Any person who at any time after the adoption of these Bylaws serves or has served in any of the aforesaid capacities for or on behalf 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 provisions of these Bylaws.

The Association shall have authority to assess the members of the Association, in the manner of a special assessment, to collect monies necessary to carry out its obligations in accordance with the indemnity provisions of this Article. Such assessment may be made, however, without vote of the members as is required for other special assessments, as the payment of such obligation is an obligatory and not optional payment of the Association.

IN WITNESS WHEREOF, the undersigned Secretary of the Association certifies that these are the Bylaws adopted by the Board of Directors of the Association on \_\_\_\_\_, 2021.

\_\_\_\_\_(SEAL)  
\_\_\_\_\_, Secretary