

NORTH CAROLINA, CARTERET COUNTY  
The foregoing certificate(s) of Notary Public(s) is/are  
certified to be correct. This instrument and this certifi-  
cate are duly registered at the date and time and in  
the Book and Page shown on the first page hereof.

Melanie Arthur, Register of Deeds  
By [Signature]  
Asst. Register of Deeds

*Att. Jim Thompson*

Melanie Arthur 39P  
CARTERET COUNTY  
HD Date 11/04/2004 Time 16:37:00  
GR 1082262 Page 1 of 39

STATE OF NORTH CAROLINA  
COUNTY OF CARTERET

**DECLARATION OF CONDOMINIUM  
FOR  
VILLAGE GREEN CONDOMINIUMS**

THIS DECLARATION OF CONDOMINIUM is made this the 4<sup>th</sup> day of November, 2004 by GOLF & SHORE PROPERTIES, INC., a North Carolina corporation (hereinafter referred to as "Declarant"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes. Unless otherwise specifically defined in Article I of this Declaration, or as clear contextual meaning shall otherwise require, all terms and words used herein which are defined in N.C.G.S. 47C-1-103 shall have such statutory meaning.

**BACKGROUND STATEMENT**

Declarant is the owner of certain real property situated in Carteret County, North Carolina, and more particularly described on **Exhibit A** attached hereto and incorporated herein by reference (hereafter "Property"). Words hereafter appearing which begin with a capital letter have the specific meaning assigned to such word as set forth in Article I. Declarant has constructed or is in the process of constructing on the Property a residential condominium development consisting of 42 Buildings containing 2 Units per Building for a total of 84 Units. This condominium development shall be known as "Village Green Condominiums". Declarant shall develop Village Green Condominiums in phases (hereafter "Phases") consisting of one or more buildings each. As such Phases are developed, Declarant shall record a plat and plans of each Phase upon the public registry of Carteret County in conformity with N.C.G.S. 47C-2-109.

In creating Village Green Condominiums, Declarant desires to develop a residential condominium community with certain Common Elements to be used for the benefit of all Unit Owners, and certain Limited Common Elements to be used for the benefit of such Unit Owners to which such Limited Common Elements are specifically assigned. Declarant desires to provide for the preservation of the values and amenities in

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Village Green Condominiums and for the maintenance of the Common Elements thereof, and therefore desires to subject the Property to this Declaration and the covenants, restrictions, easements, charges and liens described herein; and further, to submit Village Green Condominiums to the provisions and jurisdiction of the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

Declarant has deemed it desirable to create an incorporated owners association to which shall be delegated and assigned powers of maintaining, and administering the Common Elements of Village Green Condominiums; performing routine and preventive maintenance on the buildings; administering and enforcing the covenants and restrictions created in this Declaration; establishing, levying, and collecting assessments and charges created by this Declaration; and performing any other acts deemed reasonably necessary or appropriate to promote the recreation, health, safety and general welfare of the Unit Owners.

Declarant has also deemed it desirable and beneficial for all Unit Owners that the main road access for the Condominium project, Village Green Drive, be maintained by the Brandywine Owners Association (hereafter "Master Association") in which all Unit Owners are required to be members, in addition to required membership in the Village Green Owners Association (hereafter "Association"). In order for this to become a reality, ownership of said Drive must be conveyed to the Master Association. Declarant, therefore, reserves ownership of this Drive in order to subsequently convey the same to the Master Association for such purpose.

NOW, THEREFORE, Declarant hereby declares that all of the Property is hereby made subject to the following:

ARTICLE I  
DEFINITIONS

As used herein, the following words and terms shall have the following meanings:

- a. "Act" shall mean the Uniform Condominium Act, Chapter 47C, General Statutes of North Carolina, as amended from time to time.
- b. "Association" shall mean Village Green Owners Association, Inc., an incorporated owners association consisting of Unit Owners and their successors and assigns;
- c. "Board" shall mean the Board of Directors of the Association.
- d. "Building" means a structure which contains Units. A Building is a Common Element but the Units within are not. Except as otherwise provided in this Declaration, Buildings will be covered by property damage insurance obtained by the Association insuring against certain designated perils and hazards. Such insurance will

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cover the Buildings and those fixtures and components thereof which constitute (or were to constitute) the original basic building plan of the Units in the Building as initially offered by Declarant for sale to the first purchaser. Such insurance will not cover any upgrades which may have been selected by a first purchaser when the Unit was under construction, above the basic building plan (or which were installed by a subsequent purchaser). Any such upgrades (above the basic plan which is insured) will not be insured by the Association's insurance policy and will be the sole responsibility of the Unit Owner to insure under such Owner's individual contents policy (HO-6).

e. "By-Laws" shall mean the by-laws of the Association which are adopted at the initial organizational meeting of the Association and as may be properly amended from time to time.

f. "Common Elements" shall mean all portions of the Condominium except the Units, the boundaries of which Units are defined in subparagraph u. below. Limited Common Elements are Common Elements. Village Green Drive (excluding the adjoining temporary parking spaces numbered 1 through 14) as depicted upon the recorded plat of the Condominium project, is not part of the Common Elements. However, it is nevertheless dedicated by Declarant for the use and benefit of the Unit Owners and others lawfully entitled to use the same for access. Ownership of this Drive is reserved by Declarant for subsequent conveyance to the Master Association which is conditionally required to accept such conveyance and thereafter be responsible for the maintenance of said Drive. As herein stated, Unit Owners are required to be members of the Master Association and pay dues to the Master Association which, among other obligations, enable it to meet its obligation to maintain said Drive. Declarant reserves the further right to transfer ownership of Village Green Drive to the Association for ownership and maintenance, if the Master Association refuses to accept the Drive. If Declarant elects to convey Village Green Drive to the Association, then said Drive shall then be considered part of the Common Elements and maintained by the Association.

g. "Common Expenses" shall mean expenditures made or liabilities incurred by or on behalf of the Association in the furtherance of its duties, together with any allocations to reserve accounts.

h. "Condominium" shall mean the condominium created by this Declaration.

i. "Declarant" shall mean (i) Golf & Shore Properties, Inc.; (ii) any person who succeeds to any special Declarant rights pursuant to the Act; and (iii) any successors and assigns of Declarant specifically assigned the rights of Declarant hereunder by written instrument recorded in the Office of the Register of Deeds of Carteret County, North Carolina.

j. "First Mortgage" shall mean a mortgage or deed of trust which has been recorded upon the public registry of Carteret County so as to give constructive notice thereof, and which is a first lien on the Unit described therein. A "First Mortgagee" shall

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mean the holder, from time to time, of a First Mortgage as shown by the records of the office in which the First Mortgage is recorded, including a purchaser at foreclosure sale upon foreclosure of a First Mortgage, until expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgage for all purposes under this Declaration and the By-Laws.

k. "Floor Plans" shall mean those plans and drawings of the various Phases of the Buildings and Condominium Units. The Floor Plans of Phase I of Village Green Condominiums are recorded in Map Book 105, Pages 542-545, Carteret County Registry are incorporated herein by reference as if fully set forth herein.

l. "Limited Common Elements" shall mean those portions of the Common Elements specifically allocated for the exclusive use of Units as set forth on **Exhibit B** attached hereto and incorporated herein by reference. Routine maintenance and repair of Limited Common Elements (other than the designated grounds and landscape maintenance responsibility which is the specific responsibility of the Association as set forth in Section 6.14 below) not necessitated by any casualty event covered by insurance, is the sole responsibility and financial obligation of the Unit Owner to which is assigned such Limited Common Elements. However, any repairs or replacements of Limited Common Elements necessitated by the occurrence of a peril or risk insured against by the Association's basic property insurance policy shall be the responsibility of the Association, including payment of any insurance deductible amounts.

m. "Member" shall mean any person or entity which holds membership in the Association.

n. "Master Association" shall mean the Brandywine Owners Association, Inc.

o. "Occupant" shall mean any person or persons lawfully in possession of a Unit, including Unit Owners, such Owner's family members, lessees, guests, and invitees of such Unit Owners.

p. "Person" shall mean a natural person, corporation, limited liability company, partnership, trust or other legal entity, including any combination thereof.

q. "Property" shall mean all of the real property described on the recorded plat of Phase I showing the perimeter boundary of Village Green Condominiums in map book 105, page 542-545 Carteret County Registry, together with all building and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said Property. Property shall also include any subsequent property annexed to the Condominium Project and made subject to this Declaration by Declarant pursuant to Declarant's rights hereunder. No provision in this Declaration which uses the word "Property" shall be interpreted in any way which impairs Declarant's rights to reserve ownership of Village Green Drive to itself or to subsequently convey the same to the Master Association or the Association.

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r. "Security for an Obligation" shall mean a mortgagee's interest in a mortgage, trustee's interest in a deed of trust, purchaser's interest under a sheriff's certificate of sale during the period of redemption, or the holder's interest in a lien.

s. "Security Holder" shall mean any person owning a Security Interest in a Unit.

t. "Unit" shall mean that interior portion of a Condominium Building on the Property constituting a single family living unit, together with its assigned percentage of undivided interest in the Common Elements. There are two Units per Building as shown upon the recorded plat of the Condominium.

u. "Unit Boundaries" shall mean the interior surfaces of all exterior walls, floor surfaces, and top most ceiling surfaces of each Unit as depicted upon the recorded plats and plans of the Condominium. Unit Boundaries shall also include air conditioning grills and filters; interior light fixtures and recessed receptacles; the inside components and surfaces of all exterior window and door trim, sashes, and door thresholds; interior plumbing fixtures; interior passage and closet doors; drapes, blinds, and other interior window treatments; carpeting; all built-in appliances. Routine maintenance, repair, and replacement of the various aspects of the Unit Boundaries not necessitated by any casualty event covered by insurance, is the sole responsibility and financial obligation of the Unit Owner. However, any repairs or replacements to any aspect of the Unit Boundaries necessitated by the occurrence of a peril or risk insured against by the Association's basic property insurance policy shall be the responsibility of the Association, consistent with the Association's limitation to provide insurance only for the basic building plan as set forth in subparagraph d. above.

v. "Unit Owner" or "Owner" shall mean the Person(s), including the Declarant, owning a Unit, but excluding Security Holders.

w. "Village Green Drive" shall mean that road right of way appearing upon the recorded plat of the Condominium as "PRIVATE ROAD 25' B/B".

## ARTICLE II CONDOMINIUM

2.1 Submission. Declarant hereby submits the Property to the Act.

2.2 Name. The Property shall hereafter be known as Village Green Condominiums.

2.3 Division of Property into Separately Owned Units. To establish a plan of condominium ownership for the Condominium pursuant to the Act, the Declarant does hereby divide the Property into 42 Buildings containing 2 Units each for a total of 84 Units, and does hereby designate each Unit for separate ownership, as and when the various Phases of the Condominium are constructed and plat and plans thereof recorded. Areas depicted upon the recorded plat(s) of the Condominium as "Reserved for Future Units" or other words to that effect, are reserved by

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Declarant for the subsequent construction of such Units.

2.4 Construction in Phases. As Declarant constructs the various Phases of the Condominium, such Phases shall become subject to this Declaration to the same extent as if originally made subject thereto. For such purpose, Declarant shall record a Notice of Annexation upon the public registry at the time the plats and plans of such Phases are recorded which then subjects such Phases to this Declaration.

2.5 Dedication of Common Elements. The Declarant does hereby dedicate all portions of the Property not constituting Units or Limited Common Elements, such as street, buffer areas, gated entries, and open spaces, for the use and benefit of all Owners, subject to the superior rights and authority of the Association, the Master Association, and the Declarant as provided herein. The Declarant does hereby dedicate the Limited Common Elements to the Unit Owners as set forth in section 2.7 below and on **Exhibit B** attached hereto, subject to the superior rights and authority of the Association, the Master Association, and the Declarant as provided herein. This dedication in no way impairs the Declarant's right to convey Village Green Drive to the Master Association or to the Association as set forth herein. Declarant reserves the right to construct automatic security gates at each terminus of Village Green Drive and to transfer ownership thereof to either the Master Association or the Association in the same fashion as Village Green Drive.

2.6 Alterations of Units. With the approval of the Association, a Unit may be altered pursuant to the provisions of section 47C-2-112 (a) and (b) of the Act. However, no Unit may be further subdivided into two or more distinct Units.

2.7 Limited Common Elements. Some portions of the Common Elements are to be used and enjoyed exclusively by Unit Owners, subject to the rights and obligations of the Association, the Unit Owners, and the reserved easements, as set forth in the Declaration. The Limited Common Elements hereby allocated to a Unit are:

a. All of the property around such Unit within a perimeter "bold line" surrounding the Unit itself as shown on the several Phases of the Condominium Project as they are subsequently recorded. The First Phase is recorded in book 10S, page 542-545, Carteret Registry. Thus, as a typical example, the Limited Common Element allocated for Unit 1A is the area in bold line surrounding Unit 1A on said map which is 38.33 feet along Village Green Drive, extending northerly 130.03 feet, and is 38.32 feet on the northern boundary. Limited Common Elements for all other Units are hereby allocated to such Units in the same fashion in accordance with all subsequently recorded Phases.

b. Any appurtenant structure attached to a Unit, such as a deck or sunporch, which Declarant may chose to add to a Unit, which right is hereby reserved by Declarant.

c. Those structural features, if any, described in N.C.G.S. 47C-2-102 (2) and (4).

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2.8 Unit Allocations. Except as otherwise specifically provided herein, and subject to any superior rights of Declarant as provided herein, the allocations to each Unit of an undivided interest in the Common Elements, of the share obligation of the Common Expenses, and of votes in the Association are as follows:

Each Unit shall have a 1/84<sup>th</sup> undivided interest in the Common Elements and a 1/84<sup>th</sup> share obligation of the Common Expenses. Each Unit shall have 1 vote in the Association, regardless of the number of Owners, subject to the superior voting rights of the Declarant as set forth in Section 4.2. The superior exclusive rights of Unit Owners in the Limited Common Elements shall not be impaired by the undivided interests in the Common Elements allocated to Owners by this section.

2.9 Liens and Encumbrances. The liens and encumbrances on the Property to which the rights of Unit Owners are hereby made subject and subordinate, specifically including the right of the Declarant to make a conveyance of Village Green Drive to the Master Association or to the Association as provided herein, are set out on **Exhibit C**.

2.10 Condominium Ordinances. The Condominium is not subject to any code, real estate use law, charter provision, or regulation (i) prohibiting the condominium form of Unit Ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon physically similar developments under a different form of ownership. This statement is made pursuant to N.C.G.S. 47C-1-106.

ARTICLE III  
BRANDYWINE OWNERS ASSOCIATION, INC.

Every Owner, including Declarant as to Units which it owns, shall be a member of the Brandywine Owners Association, Inc. ("Master Association") for so long as Owner owns a Unit. There shall be no Owner of a Unit until such Unit is fully constructed and a Certificate of Occupancy issued by the Carteret County Building Inspections Office for such Unit. Accordingly, no dues or assessment obligation to the Master Association shall arise until such time. Tenants shall not be members, regardless of the length of the term of the lease or rental contract. Unit Owners, as members of the Master Association, shall pay such dues and assessments as are properly determined by the Board of Directors of the Master Association, shall comply with the articles of incorporation and by-laws of the Master Association, and all other lawful rules and regulations imposed by such Association which are applicable to the interests of the Unit Owners.

ARTICLE IV  
VILLAGE GREEN OWNERS ASSOCIATION, INC.

Section 4.1 Membership Mandatory. Every Owner of a Unit, including Declarant as to Units which it owns, shall be a Member of the Village Green Owners Association, Inc.

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("Association") for so long as Owner owns a Unit. There shall be no Owner of a Unit until such Unit is fully constructed and a Certificate of Occupancy issued by the Carteret County Building Inspections Office for such Unit. Accordingly, no dues or assessment obligation to the Association shall arise until such time. Tenants shall not be Members, regardless of the length of the term of the lease or rental contract.

Section 4.2 Voting Rights. Members shall be entitled to vote at all annual and special meetings of the general membership on matters required by the by-laws of the Association, this Declaration, or any applicable statute to be voted upon. While all Unit Owners shall be Members, there shall be only one vote per Unit entitled to be cast at meetings of the Association by the Unit Owners, subject to the special voting rights of Declarant set forth in the next paragraph. In cases where two people are Owners (such as husband and wife, parent and child, or brother and sister), a unanimous vote of the two will be required; and in the case of three or more people (such as heirs), a simple majority shall be required. In the event that only one of multiple Owners of a Unit attends a meeting of the Association at which a vote is taken, or votes in some other fashion by approved proxy or otherwise, such vote for the Unit so represented will be presumed to be and recorded as the vote made and entered for that Unit, with the approval of all, or a majority of, the Unit Owners.

Notwithstanding the above paragraph, and subject to G.S. 47C-3-103, Declarant is hereby allotted 10 votes for each Unit which it owns in Village Green Condominiums.

Section 4.3 Authority of Declarant to Appoint Directors and Officers. Notwithstanding any other provision of this Declaration, Declarant shall have the sole authority to appoint and remove the officers and directors of the Association for the maximum period of time proscribed by G.S. 47C-3-103. Specifically, this right terminates no later than the earlier of: (i) 120 days after conveyance of seventy-five percent (75%) of the Units (including Units which may be created pursuant to special Declarant rights) to Unit Owners other than Declarant; (ii) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised. Declarant may voluntarily surrender the right to appoint and remove officers and directors before termination of that period, but in that event he may require, for the duration of the period of Declarant control, that specified actions of the Association or executive board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Section 4.4 Suspension of Voting Rights. The right of any Member to cast a vote for a Unit may be suspended by the Association for a substantial violation of the Association's rules and regulations, or of this Declaration.

Section 4.5 By-laws. The initial proposed By-Laws of the Association are attached hereto as **Exhibit D** and are incorporated herein by reference.

Section 4.6 Controlling Statutory Provisions. Except to the extent provided in this Article

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IV, the provisions of Article 3 of Chapter 47C of the N.C. General Statutes shall be otherwise controlling. Any provision in this Article IV which is not permitted under Article 3 of Chapter 47C shall be deemed amended accordingly so as to conform to the statutory mandate.

Section 4.7. Miscellaneous. At such time as Declarant no longer has any votes in the Association, the affairs and the responsibilities of its operation shall be the sole responsibility of its then constituted Members, Officer, and Directors.

#### ARTICLE V EASEMENTS

5.1 Encroachments. In the event that, by reason of the construction, reconstruction, rehabilitation, alteration, or improvement of the Buildings or improvements comprising a part of the Property, any part of the Common Elements now or hereafter encroaches upon any part of any Unit, or any part of any Unit now or hereafter encroaches upon any part of the Common Elements, or upon any part of another Unit, an easement for the continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided, that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Units encroached upon.

5.2 Easements Through Walls. Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association, to install, lay, maintain, repair and replace any chutes, flues, ducts, vents, pipes, wires, conduit, and other utility installations, and structural components running through the walls of the Building and the Units, whether or not such walls lie in whole or in part within the boundaries of any Building or Unit.

5.3 Easements to Repair, Maintain, Restore, and Reconstruct. Wherever in, and whenever by, this Declaration, the By-Laws, or the Act, a Unit Owner, the Association, the Board, or any other person is authorized to enter upon a Building, a Unit, or the Common Elements to repair, maintain, restore, or reconstruct all or any part of a Building, a Unit, or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration, or reconstruction are hereby declared and granted.

5.4 Declarant's Easements. Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations and completing the development and construction of the Condominium, which easements shall exist as long as reasonably necessary for such purposes.

5.5 Construction Easements. Declarant hereby expressly reserves such easements through the Common Elements as may be reasonably necessary for the purpose of allowing Declarant to construct additional Units on property allowed to be annexed into this Condominium by a specific provision in this Declaration, a part of which construction may occur

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upon the Common Elements.

5.6 Easements Appearing Upon the Plats. Easements are hereby declared and granted in favor of Persons to whom they appear to benefit which are more particularly shown and described upon any plat of the Condominium recorded upon the public records of Carteret County.

5.7 Utility Easements. Easements for installation, maintenance, and repair for general service utilities, such as electric power, telephone, and television are hereby declared and granted to such providers thereof as may be contracted with by either the Declarant, the Association, or any Unit Owner, to be located upon the Common Elements and within the Buildings and Units in such places as such providers require.

5.8 Easements Upon Common Elements. Every Unit Owner is hereby granted a general access and use easement to go and come upon, and to make use of, all of the Common Elements of the Condominium except the Limited Common Elements of another Unit. Such easement and its specific manner of use is subject to the superior right of the Association to enact reasonable rules and regulations to assure the orderly and safe use thereof and to minimize wear and tear.

5.9 Easement for Repair and Maintenance of Village Green Drive. Declarant hereby reserves an easement over and upon the Common Elements consisting of a strip of land 10 feet in width which adjoins and runs along each margin of Village Green Drive. Declarant reserves the right to assign this easement to the Master Association for purposes of its eventual maintenance responsibility for said Drive.

5.10 Easement for Maintenance of Vegetated Earth Berm. An easement for the installation, maintenance, nourishment, and enhancement of the Vegetated Earth Berm/Buffer Area appearing upon the recorded plat of the Condominium and located along N.C. Highway 24 is hereby declared for the use and benefit of the Association and the Declarant to enable said parties to fulfill their obligations regarding the same. This easement is over and upon a strip of land 20 feet in width the southern margin of which runs along and with the northern margin of said berm. The berm/buffer is a Common Element but not a Limited Common Element assigned to any particular Unit.

5.11 Easements to Run With the Land. All easements and rights described in this Article are appurtenant easements running with the land, and except as otherwise expressed, shall be perpetually in full force and effect, and shall inure to the benefit of, and be binding upon, Declarant, the Association, Unit Owners, Occupants, Security Holders, and any other person having any interest in the Condominium or any part thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to, and together with, all easements and rights described in this Article, whether or not specifically mentioned in any such conveyance or encumbrance.

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ARTICLE VI  
RESTRICTIONS, CONDITIONS AND COVENANTS

6.1 Compliance with Declaration, By-Laws, Rules and Regulations. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the By-Laws, and the rules and regulations promulgated by the Board, or the Association and the Master Association, all as may be adopted and/or amended from time to time. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner, or any Person adversely affected, for recovery of damages, injunction or other relief, including reasonable attorneys fees if successful on the merits of the specific case.

6.2 Administration of Condominium. The Condominium shall be administered in accordance with the provisions of the Act, this Declaration, and the By-Laws.

6.3 Use Restricted/Sales Model. All Units shall be occupied and used by Unit

Owners and Occupants for single family residential purposes only. No commercial activity of any sort shall be conducted upon or within a Unit. However, Declarant may use any Unit(s) which it owns, or leases, as a "sales model" for purposes associated with its sales and marketing, or to maintain a centralized office for any purpose.

6.4 Hazardous Use and Waste. Nothing shall be done to or kept in any Unit or the Common Elements that will increase any rate of insurance maintained with respect to the Condominium without the prior written consent of the Board. No Unit Owner or Occupant shall permit anything to be done to or kept in a Unit or the Common Elements that will result in the cancellation of insurance maintained with respect to the Condominium, or that would be in violation of any law, or that will result in the commitment of waste, damage, abuse, or destruction to or in a Unit or the Common Elements.

6.5 Alterations of Common Elements. No Unit Owner or Occupant, except Declarant to the extent Declarant has the authority under the Act to do so, shall alter, construct anything upon, add anything to, or remove anything from, the Common Elements, or paint, decorate, landscape or adorn any portion of the Common Elements, without the prior written consent of the Association. Nothing herein shall impair Declarant's right to complete the Condominium project in accordance with its plan to do so, and Declarant hereby reserves all rights and privileges in furtherance thereof, consistent with and subject to any provision of the Act otherwise limiting the same.

6.6 Pets. Only domestic house pets are permitted to be kept within a Unit. No pigs, monkeys, poisonous reptiles or insects, ferrets, raccoons, squirrels, mice, rats, snakes, raptors, parrots, or goats shall be allowed under any circumstances. The Association is granted sole authority to alter or supplement the prior prohibitions, in its discretion. No pet may be kept within a Unit except one that is owned by the Unit Owner. No pets may be kept for any

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commercial purposes whatsoever. All pets shall be on a leash (the other end of which is held by a human being) when outside of a Unit and when physically upon any portion of the Common Elements or Limited Common Elements. No pet shall be allowed to roam unrestrained outside of a Unit. No dog houses, pet enclosures, cable runs, or similar pet accessories or restraints shall be permitted upon or attached to any Unit or Common Element or Limited Common Element. Declarant specifically delegates to the Association the right, responsibility, and authority to enact and enforce additional rules and regulations concerning the number, type, size, and manner of keeping domestic pets within Units as may be deemed appropriate by said Association.

6.7 Rules and Regulations. In addition to the foregoing restrictions, conditions and covenants concerning use of the Condominium, reasonable rules and regulations may be promulgated and amended from time to time by the Board of the Association which affect the use and enjoyment of the Property by the Unit Owners and their guests and licensees as to the Units themselves and the Common Elements.

6.8 Rentals. No rental of any Unit shall be allowed for a period or term of less than three (3) months. The Association is specifically granted the right to promulgate a standard rental or property management agreement which must be utilized as to form and content by any Owner electing to rent a Unit. Any Owner electing to rent a Unit must provide in writing to the Association, a statement indicating that said Owner is intending to rent or lease a Unit, which notice must specify the agent or property manager responsible for renting or leasing the Unit and in whom is vested the responsibility for the conduct of the renters, if such rental is through an agent or property manager. When an Owner is represented by such an agent, any communications between the Association and such agent are deemed communications between the Association and such Owner.

6.9 Receptacles for Mail and Periodicals. The Declarant will construct a central, secure physical facility for individual mailboxes for each Unit, and each Owner shall be given a set of keys for the box assigned to that Unit. All Owners shall be required to utilize such facility for the receipt of mail and periodicals sent to such Owner. The Association is specifically authorized to restrict or prohibit mailboxes, newspaper boxes, or other such receptacles to be affixed by an Owner to the Common Elements, the Limited Common Elements, or upon any Unit. Declarant shall construct this mail facility upon that area depicted as "OPEN SPACE - .85 AC" upon the recorded plat of the Condominium and reserves the right to do so accordingly.

6.10 Vehicular Parking and Right of Way Restrictions. Owners, occupants, and their family members who maintain residence in a Unit shall not park any personal automobile or vehicle within the boundaries of Village Green Drive for any continuous period in excess of 24 hours. Nevertheless, no Owner, occupant, or family member shall do so at any point within such street boundary which is directly opposite another automobile or vehicle parked on the opposite side of the street, or which unreasonably impairs the ability of two vehicles to pass safely between and abreast of the two parked vehicles.

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Owners, occupants, and their family members who maintain residence in a Unit shall not park or place any boats, trailers, campers, motor homes, RV, ATV, tractors, jet skis, equipment, tools, riding lawnmowers, storage sheds, mail boxes, newspaper receptacles, paraphernalia, or any other item of personal property (other than a personal auto or vehicle limited in time per above paragraph) within the right of way of Village Green Drive. No vehicle shall be worked on, stored for over 90 continuous days due to inoperability, repaired, modified, placed on risers or jacks, or oil changed except inside the garage of a Unit. Temporary guests, invitees, and other such permittees may temporarily park their vehicles within the street right of way while visiting or attending to business upon the Lot, provided the manner in which such parking is done is consistent with the above paragraph.

The Association, with approval of a majority of Unit Owners, is hereby given specific authority to pass regulations which add, subtract, or otherwise modify this Section.

6.11 Overflow Parking Spaces. There are 14 sequentially numbered single vehicle parking spaces located along the boundary of Village Green Drive as shown upon the recorded plat of the

Condominium. These spaces are dedicated by the Declarant as temporary vehicle parking for the guests and invitees of Unit Owners only. Such spaces shall not be used for the parking or placing of any vehicles or item of personal property, either temporarily or permanently, owned or leased by Unit Owners or members of their family or anyone else maintaining residence in a Unit. The Association is granted specific authority to enact rules and regulations affecting the use of these spaces.

6.12. Garage Door Requirement. To enhance the orderly appearance of the neighborhood, the garage door of a Unit shall be closed at all times that no Owner or other occupant is physically present upon the Lot. Owners are encouraged to maintain the interior of their garage in as neat and orderly a condition as possible and to close the garage door when no reasonable necessity for keeping it open exists, even when Owner or occupant is present upon the Unit.

6.13 Swales. No planting, landscaping, improvements, equipment, or tangible personal property of any sort may be done or caused to be done, or constructed, or placed within the areas shown as swales upon the recorded plat of the Condominium. These areas must be maintained in their original state so as to serve the purposes originally intended, which is drainage of surface water.

6.14 Landscaping and Easement for Maintenance. It is the desire and intent of the Declarant to create an attractive, healthy, aesthetically diverse, pleasing, and harmonious landscaping plan within the Property and Units therein which can be kept neat, cut, trimmed, and otherwise appropriately maintained and nurtured by the Association. Towards that end, the Units will be sold by the Declarant with a basic landscape plan already installed. As Units are sold and transferred by the Declarant to Owners, the Association shall thereafter provide general maintenance of the landscaping plan which was installed upon the Common Elements of the

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Property. Such maintenance shall include trimming and pruning of ornamentals, cutting of grass, periodic fertilizing, insect and disease control, and replacement of dead or diseased plantings.

In matters involving taste and aesthetic quality, the decision and opinion of the Association shall overrule any opinion to the contrary by the Owner. The reason for this authority is, among other considerations, that the Association has the responsibility to maintain the Common Elements and landscaping installed by Declarant or by the Association, and must have the authority to control or otherwise direct the installation of plantings in order to be able to exercise this responsibility in as efficient and economical manner as possible so that the objectives of this Section may be achieved. Each Owner hereby acquits and releases the Association from any liability from improper landscape maintenance of a Lot, provided such maintenance was undertaken in good faith.

The Association shall be responsible to replace and pay for any aspect of the landscaping which was originally installed by the Declarant, or any landscaping which was installed and mandated (as opposed to simply approved upon an Owner's request) by the Association, which fails to thrive, PROVIDED, Owner undertakes all reasonable steps to keep such landscaping adequately watered and does nothing to create or allow an environment which would be prejudicial to or impair the viability of such landscaping, such as injury by children or pets. The Association shall have no responsibility to replace any landscaping installed by the Owner.

To facilitate the Association's landscape maintenance responsibility, an easement is hereby granted the Association to enter upon the Common Elements (including the Limited Common Elements) during daylight hours only for the purpose of maintaining existing landscaping, mowing lawns, edging, spraying for insect and weed control, fertilizing, prune and trim, plant additional plantings, and any and all other reasonably appropriate and necessary endeavors to properly fulfill its responsibility under this Section. The Association shall have no duty to provide watering for any aspect of the landscape, the duty to do so being the sole responsibility of Owner.

6.14. Signs. "For Sale" and "For Rent" signs are permitted to be placed in a front yard of a Unit, provided the signs are professionally made and do not exceed two feet by two feet in size. No other sign, plaque, or other print media shall be placed upon any Building, Common Element, or Limited Common Element without the consent of the Association to which is specifically assigned the authority to regulate the same.

6.15 Restrictions. Conditions and Covenants To Run With The Land. Each Unit Owner and Occupant shall be subject to all restrictions, condition and covenants of this Declaration. All such restrictions shall be deemed to be covenants running with the land, shall bind every person having any interest in the Property, and shall inure to the benefit of every Unit Owner and the Association.

6.16 Stormwater Restrictions. The following covenants are intended to ensure ongoing

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compliance with State Stormwater Management Permit Number SW8 031002, as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit. These covenants are to run with the land and be binding on all persons and parties claiming under them. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality. Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division of Water Quality. The following specific restrictions apply:

a. The maximum built-upon area per Building is 3,763 square feet. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right of way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina, driveways, and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

b. Filling in, piping or altering any 3:1 vegetated conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is prohibited by any persons.

c. Lots within CAMA's Area of Environmental Concern may have the permitted built-upon area reduced due to CAMA jurisdiction within the AEC.

d. Filling in, piping or altering any designated 5:1 curb outlet swale or vegetated area associated with the development is prohibited by any person.

e. A 30' vegetated buffer must be maintained between all built-upon area and the Mean High Water Mark line of surface waters.

f. All roof drains shall terminate at least 30' from the Mean High Water mark.

g. This project proposes a curb outlet system. Each designated curb outlet swale or 100' vegetated area shown on the approved plan must be maintained at a minimum of 100' long, maintain 5:1 (H:V) side slopes or flatter, have a longitudinal slope no steeper than 5%, carry the flow from a 10 year storm in a non-erosive manner, maintain a dense vegetated cover, and be located in either a dedicated common area or a recorded drainage easement.

#### ARTICLE VII ASSESSMENTS

7.1 Assessment for Common Expenses. The Association has the power to levy assessments, both regular and special, against the Units for Common Expenses. Such assessments shall be a lien on the Units against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Unit sold, or a money judgment obtained against the Owner liable therefor, all as set forth in the By-Laws and NCGS Chapter 47C. In regards to

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special assessments, the Association may, in any calendar year, levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of improvements upon the Common Elements, including fixtures related thereto; provided that such assessment shall have the assent of two-thirds (2/3) of the membership in attendance, in person or by proxy, at the regular annual meeting or at a meeting duly called for this purpose at which a quorum is present.

7.2 Personal Liability of Transferee; Statement; Liability of First Mortgagee.

a. The personal obligation of an Owner for assessments which are delinquent at the time of transfer of a Unit shall not pass to the transferee of said Unit unless said delinquent assessments are expressly assumed by the transferee in writing. This provision, however, shall not affect the Association's lien for assessments (even delinquent assessments) against the Unit and the appurtenant interest in the Common Elements.

b. Upon reasonable notice and request, any transferee referred to in subparagraph a. above shall be entitled to a written statement from the Board identifying the status of all assessments and dues charged against such transferee's Unit. Such statement shall also identify any special assessments which have been approved by the Board but not yet due.

c. Where a mortgagee, or other person claiming through such mortgage pursuant to the remedies provided in a mortgage or deed of trust, or by foreclosure, or by deed in lieu of foreclosure, obtains title to a Unit, the liability for assessments of such mortgagee or such other person, and the lien against the Unit owned by such mortgagee or other person, shall be limited to such assessments that would become delinquent if not paid after acquisition of title. For purposes hereof, title to a Unit shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.

d. Without releasing the transferor from any personal liability therefor, any unpaid portion of assessments which is not a lien under (c) above shall be a Common Expense chargeable against all Unit Owners, including the mortgagee or such other person who acquires ownership by foreclosure or by deed in lieu of foreclosure.

7.3 Prohibition Of Exemption From Liability For Contribution Toward Common Expenses. No Unit Owner may exempt himself or "opt out" from liability for his share of the Common Expenses assessed by the Association by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit or otherwise.

7.4 Payment of Assessments. Assessments shall be due and payable in monthly installments or as the Board may otherwise direct. As provided in the Association By-Laws, and as required by NC.G.S. § 47C-3-115 of the Act, Declarant shall pay all reasonably necessary expenses of the Condominium until assessments are levied against the Units. An assessment shall be deemed levied against the Unit upon the giving of notice by the Board to a Member of the Association who is a Unit Owner of that Unit. Unit Owners shall have no obligation to pay monthly assessments until an assessment is levied. Assessments will begin at such time as the Board elects.

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7.5 Allocation of Assessments to Units. Except for assessments under subsections a. through g. below, all Common Expenses must be assessed against all the Units in accordance with the allocations set forth in Section 2.8 above. Any past due Common Expense assessment or installment thereof bears interest at the rate established by the Association not exceeding eighteen percent (18%) per year.

a. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element must be assessed against the Unit to which that Limited Common Element is assigned.

b. In the event of any damage to any Building which is the result of any casualty, such as fire or naturally occurring weather event, the cost of repairing the same, above amounts available from insurance proceeds, must be assessed equitably against the Units damaged.

c. The costs of property damage insurance must be assessed to the Units in proportion to the square footage size of the total Unit according to its completed configuration. Square footage shall include decks and sun porches which have no heat or air conditioning.

d. Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered, in proportion to their Common Expense liabilities.

e. If any Common Expense is necessitated by the misconduct or the active or passive neglect of any Unit Owner, the Association may assess that expense exclusively against such Unit.

f. If Common Expense liabilities are reallocated, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

g. If Village Green Drive or any Common Element is damaged by the acts, negligent, accidental, or otherwise, of a Unit Owner, permittees of such Owner, or by third parties acting on such Owner's behalf (e.g., television or telephone line installer, moving van, etc.), the Association shall have the right to separately assess the Unit of such Owner the full costs of repairing such damage.

7.6 Authority to Increase Assessments Without Vote of Membership. The Board of Directors may increase the amount of annual assessments for each Unit by 10% or less over the prior year's assessment amount without a vote of the membership.

ARTICLE VIII  
MANAGEMENT, MAINTENANCE, REPAIRS, REPLACEMENTS  
ALTERATIONS AND IMPROVEMENTS

Subject to the superior provisions of Article VII above, the following provisions apply:

8.1 Common Expenses.

a. By the Association. The management, replacement, maintenance, repair, alteration and improvement of the Common Elements shall be the sole responsibility of the Association. Subject to subparagraph b. immediately below, the costs thereof shall be a Common Expense. All damage to a Unit by any work on or to the Common Elements done by

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or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense. The Association may charge to any Unit Owner, the cost of any repairs or maintenance required because of the actions - negligent, accidental, or otherwise - of the Unit Owner, permittees of such Owner, or third parties acting on such Owner's behalf.

b. By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his (or other Occupant's) intentional or negligent act or omission. Such payment shall be made upon demand by the Association and may be collected in the same manner as a Common Expense, including lien foreclosure.

c. Common Utilities. The Association shall provide and bear the cost for utility service and charges, such as electric, street lighting, and water, utilized in the Common Elements, and shall repair and maintain any signage on the Common Elements. This provision imposes no liability upon the Association for the personal utility usage of a Unit Owner.

8.2 Units. Each Unit Owner shall (i) maintain his Unit at all times in a good and clean condition; (ii) perform his responsibilities in such a manner as not to unreasonably disturb other Owners; (iii) promptly report to the Board, or its designee, any defect or need for repairs to any aspect of the Building or Unit for which the Association has such responsibility; and (iv) to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own negligent or intentional acts or omissions, or the negligent or intentional acts or omissions of any Occupant of his Unit. Such payment shall be made upon demand by the Unit Owner of such other Unit. Nothing herein contained shall modify any waiver by insurance companies of their rights of subrogation.

### 8.3 Right of Entry.

a. By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous condition or situation originating in or threatening that Unit, an adjoining Unit, or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purpose of performing any of the Association's duties or obligations, or exercising any of the Association's powers under the Act, this Declaration, or the By-Laws, with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. The Association shall be responsible for any damage caused by the Association, or its authorized persons, to the Unit entered, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as reasonably possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

b. By the Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives to enter his Unit, or Limited Common Elements allocated to his Unit, when requested and when reasonably necessary for the purpose of altering,

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maintaining, repairing, or replacing the requesting Owner or Occupant's Unit, or performing the duties and obligations under the Act, this Declaration, or the By-Laws of the Unit Owner or Occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of emergency or dangerous condition or situation, such right of entry shall be immediate; however, the person making such entry shall be responsible for the repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE IX  
INSURANCE

9.1 Casualty Insurance. The Association shall maintain casualty insurance upon the Property in the name of the Association, as Trustee, for all Unit Owners and Security Holders as their interests may appear, and such proceeds shall be disbursed pursuant to the Act. Such insurance shall be in an amount equal to not less than the full insurable value of the Property on a replacement cost basis, according to the basic building plan and shall insure against such risks and contain such provisions as the Board from time to time shall determine, consistent with the mandate of the Act and this Declaration. At a minimum, the coverage shall conform in all respects to the requirements of the Act, and shall provide that, notwithstanding any provision thereof that gives the insurer an election to restore damage in lieu of making a cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to the Act. Such insurance shall provide indemnity for property damage occasioned by the occurrence of typical casualties and other perils, such as fire, vandalism, windstorm, hail, lighting, wind driven water, rising water flooding (if deemed necessary by the Association), tornadoes, hurricanes, and other such natural catastrophes, with reasonable deductibles as determined by the Association. Such insurance will cover the Buildings and those fixtures and components thereof which constitute (or were to constitute) the original basic building plan of the Units in the Building as initially offered by Declarant for sale to the first purchaser. Such insurance will not cover any upgrades which may have been selected by a first purchaser, when the Unit was under construction, above the basic building plan (or which were installed by a subsequent purchaser). Any such upgrades (above the basic plan which is insured) will not be insured by the Association's insurance policy and will be the sole responsibility of the Unit Owner to insure under such Owner's individual contents policy (HO-6).

9.2 Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of all Unit Owners, Occupants and holders of an interest in a contract for a deed on a Unit, the Association, the Board, the Manager, if any, the Declarant and all of their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that, the public liability insurance shall be for at least \$1,000,000.00 per occurrence for death, bodily injury and property damage. Limits on liability may be altered from time to time by the Board. Said insurance shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefited parties against such liability arising out of or in connection with the use, ownership, or maintenance of the Common Elements, and the streets, sidewalks and public spaces adjoining the Condominium; and insure the Association, the Board, the manager, if any, and their respective officers, directors, agents and employees against such

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liability arising out of or in connection with the use or maintenance of the Units.

9.3 Other Insurance. The Association may procure such other insurance as it may from time to time deem appropriate to protect the Association or the Unit Owners.

9.4 Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

9.5 Individual Policy For Unit Owners. Each Unit Owner may obtain insurance, at his own expense, affording coverage to personal property, Unit "upgrades" above the original basic building plan, additional living expense, condominium assessment, person liability, and any other coverage obtainable, to the extent and in the amount such Unit Owner deems necessary to protect his own interest which policy shall provide that its coverage is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of the insurance purchased by a Unit Owner under this paragraph, then such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction to the Association upon demand, and assigns the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE X  
CASUALTY DAMAGE

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced, and the proceeds of insurance shall be used and applied in accordance with the provisions of N.C.G.S. 47C C-3-1 13.

ARTICLE XI  
CONDEMNATION

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

ARTICLE XII  
TERMINATION

The Condominium may be terminated only in strict accordance with the provisions of N.C.G.S. 47C-2-118.

ARTICLE XIII  
AMENDMENT

This Declaration may be amended only in strict compliance with the Act, including without

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limitation, N.C.G.S. 47C-2-117.

ARTICLE XIV  
RIGHTS OF FIRST MORTGAGEE; VA, FNMA, AND FHLMC PROVISIONS

14.1 Availability of Condominium Documents, Books Records and Financial Statements. The Association shall, upon request and during normal business hours, make available for inspection by Unit Owners and First Mortgagees and the insurers and guarantors of a first mortgage on any Unit, current copies of the Declaration, the By-Laws, other rules and regulations governing the Condominium and the books, records and financial statements of the Association. The Association shall provide a financial statement for the preceding fiscal year if requested in writing by a first mortgagee or insurer or guarantor of a first mortgage. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of Units, current copies of the Declaration, By-Laws, other rules and regulations governing the Condominium, and the most recent annual financial statement.

14.2 Successor's Personal Obligation for Delinquent Assessments. The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not become a personal obligation of the successors in title or interest to said Unit unless said delinquent assessments are expressly assumed by them.

14.3 Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners and any aggrieved Unit Owners shall have a right of action against the Association for failure to comply with the provisions of this Declaration, the By-Laws and the rules, regulations, and decisions of the Association made pursuant to authority granted to the Association in this Declaration and the By-Laws.

14.4 Management and Other Agreements. Any management agreement between the Declarant or the Association and a professional manager, or any other agreement providing for services of the Developer, sponsor, builder, or Declarant, shall be terminable by either party thereto without cause and without payment of a termination fee upon not more than thirty (30) days prior written notice and shall not exceed a term of three (3) years, subject to renewal by the consent of both parties.

14.5 Consent of First Mortgagees. This Paragraph shall be effective only if, at the time this Paragraph would apply, at least one Unit is subject to mortgage financing. Any decision to terminate this Condominium for reasons other than substantial destruction or condemnation of the Property shall require the prior written consent of Security Holders, as defined in Paragraph 13.7, representing 67% of the votes allocated to Units subject to First Mortgages held by eligible Security Holders. Any amendment to the Declaration or By-Laws which changes any of the following shall require the prior written consent of all Unit Owners and of all eligible Security Holders:

- a. Voting Rights;
- b. Assessments, assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair, and replacement of Common Elements;

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- d. Responsibility for maintenance and repair;
- e. Re-allocation of interest in the Common Elements or Limited Common Elements or rights to their use;
- f. Boundaries of any Unit;
- g. Convertibility of Units into Common Elements or Common Elements into Units;
- h. Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- i. Insurance of fidelity bonds;
- j. Leasing of Units;
- k. Imposition of any restrictions on a Units Owner's right to sell, transfer or otherwise convey his Unit;
- l. A decision by the Association to establish self-management when professional management had been required previously by any eligible Security Holder;
- m. Restoration or repair of the Condominium (after damage or destruction or partial condemnation) in a manner other than that specified in the Declaration or the By-Laws;
- n. Any action to terminate the legal status of the Condominium after substantial damage or destruction or condemnation; or Any provisions that expressly benefit First Mortgagees or insurers or guarantors of First Mortgages.

14.6 Consent of First Mortgagees or Unit Owners. This Paragraph shall be effective only if, at the time this Paragraph would apply, at least one Unit is subject to mortgage financing. Except with the consent of 67% of all First Mortgagees, the Association shall not be entitled to:

- a. By act or omission, seek to abandon or terminate the Condominium;
- b. Change the pro rata interest or obligations of any Unit for the purpose of
  - i. Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or
  - ii. Determining the pro rata share of ownership of each Unit in the Common Elements;
- c. Partition or subdivide any Unit;
- d. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause).
- e. Use hazard insurance proceeds for losses to any part of the Condominium (whether to Units or Common Elements) for other than repair, replacement or reconstruction thereof.

14.7 Notice. Each First Mortgagee and each insurer or guarantor of a First Mortgage, upon written request stating its mortgage held, insured or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires the consent of a specified percentage of First Mortgagees; (ii) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its First Mortgage; (iii) any 60-day delinquency in the payment of assessments or charges owed by the Unit Owner of the Unit on which the First Mortgagee held its First Mortgage or in the performance of any obligation under the Declaration or By-Laws by said Unit Owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

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Each First Mortgagee who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of eligible Security Holders shall be considered an "eligible Security Holder". With respect only to non-material amendments (which excludes items (a) to (o) of Paragraph 13.5), such as for the correction of technical errors or for clarification, any First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve an addition or amendment to the Declaration or By-Laws who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

14.8 Rights of First Mortgagee: Insurance Proceeds or Condemnation Awards. With respect to First Mortgages held by or for the benefit of any person, no provision of this Declaration or the By-Laws shall be deemed to give a Unit Owner, or any other person, priority over any rights of a First Mortgagee pursuant to its First Mortgage on said Unit Owner's Unit, in the case of a distribution to said Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

#### ARTICLE XV GENERAL PROVISIONS

15.1 Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provision of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event, the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph, or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or affect the rest of this Declaration or the application of any such covenants, restriction, condition, limitation, provision, paragraph or clause to any other Person or circumstance.

15.2 Interpretation of Declaration. Whenever appropriate singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender, as the context requires. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

15.3 Captions. The captions herein are only for convenience and reference. They do not define, limit or describe the scope of this Declaration, or the intent of any provision.

15.4 Exhibits. Exhibits A through D are attached hereto and made a part hereof.

15.5 Authority of Association. Unless specifically limited by a provision of this Declaration or the By-Laws, any action allowed or required to be taken by the Association may be taken by a majority vote of the Board, without joinder or approval of the Members of the Association.

15.6 Authority to Convey Village Green Drive and Security Gate Apparatus to Master Association. The Declarant, as set forth hereinabove, reserves the right to convey Village Green Drive (exclusive of the parking spaces numbered 1 - 14) to the Master Association, or to

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the Association, for ownership and maintenance. This reservation includes any "security gate" apparatus, as well. If Village Green Drive and security gate apparatus is conveyed to the Master Association under these circumstances, then the Association shall not consider road maintenance or security gate expenses in fixing its annual budget to establish dues and assessments for Unit Owners, since the dues and assessments Owners pay to the Master Association shall be used for that purpose. If, however, Village Green Drive and security gate apparatus is conveyed to the Association, then the Association shall consider road maintenance or security gate expenses in fixing its annual budget to establish dues and assessments for Unit Owners.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration on the day and year first above written.

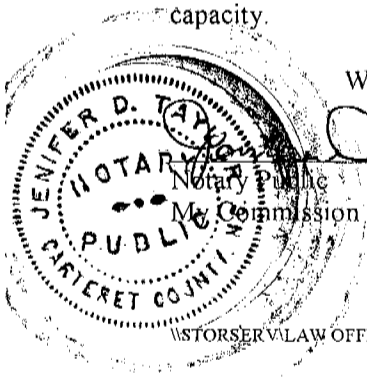
GOLF & SHORE PROPERTIES, INC.

C. Eugene Gurganus

NORTH CAROLINA  
CARTERET COUNTY

I, Jenifer D Taylor, a Notary Public of the County and State aforesaid, hereby certify that before me this date personally appeared C. Eugene Gurganus and acknowledged that he/she is the authorized corporate officer of Golf & Shore Properties, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him/her in that capacity.

Witness my hand and notarial seal this 4<sup>th</sup> day of Nov., 2004.



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EXHIBIT A

(Legal Description of Real Property constituting Village Green Condominium)

BEGINNING at a point located at the intersection of the north right-of-way line of NC Hwy 24 and the west right of way line of Brandywine Blvd, thence from the beginning point so located and with the west right of way of Brandywine Blvd. the following courses and distances;

N 18-38-29 E, 127.63' to a point;  
thence N 27-34-54 E 146.08' to a point,  
thence with a curve having a radius of 470.00', a length of 567.91', a chord 533.99' and a direction of N 53-15-26 E to a point;  
thence N 87-52-22 E 208.18' to a point;

thence leaving the right of way S 18-34-32 W 243.12' to a point; thence S 74-05-41 E 196.24' to a point; thence S 83-04-00 E 200.00' to a point; thence continuing N 87-37-10 E 200.00' to a point; thence continuing N 78-18-21 E, 200.00' to a point; thence continuing N 73-38-56 E, 409.48' to a point; thence S 39-21-49 E, 144.49' to a point thence S 16-04-28 E 267.58 to a point in the northeast right of way of NC Hwy 24; thence continuing with the northeast right-of-way of NC Hwy 24, S 73-42-53 W, 462.74' to a point, thence continuing with the right of way a curve having a radius of 1,631.70', a length of 994.66', a chord of 979.33' and a direction of N 88-49-19 W to a point in the northern right of way of NC Hwy 24, thence with said right of way N 71-21-31 W 546.23' to the point and place of beginning, containing 18.47 acres.

This being the same property as shown on that plat entitled "Site Plan/Low-Density Impervious Coverage Information, Village Green", prepared by Stroud Engineering, PA, and dated September 24, 2003 and referenced herein for a more perfect description.

**EXHIBIT B**

**(Identification of Limited Common Elements Allocated to Units)**

Some portions of the Common Elements are to be used and enjoyed exclusively by Unit Owners, subject to the rights and obligations of the Association, the Unit Owners, and the reserved easements, as set forth in the Declaration. The Limited Common Elements hereby allocated to a Unit are:

a. All of the property around a Unit within a perimeter "bold line" surrounding the Unit itself as shown on the several Phases of the Condominium Project as they are subsequently recorded. The First Phase is recorded in book 108, page 542-545, Carteret Registry. Thus, as a typical example, the Limited Common Element allocated for Unit 1A is the area shown on said map in bold line surrounding Unit 1A and is 38.33 feet along Village Green Drive, extending northerly 130.03 feet, and is 38.32 feet on the northern boundary. Limited Common Elements for all other Units are hereby allocated to such Units in the same fashion in accordance with all subsequently recorded Phases.

b. Any appurtenant structure attached to a Unit, such as a deck or sunporch, which Declarant may chose to add to a Unit, which right is hereby reserved by Declarant.

c. Those structural features, if any, described in N.C.G.S. 47C-2-102 (2) and (4).

**EXHIBIT C**

**(Liens and Encumbrances on the Condominium Property)**

The following liens and encumbrances affect the Condominium Property:

1. Deed of trust dated April 21, 2004 to Branch Banking and Trust Company recorded in book 1051, page 9 (and re-recorded in book 1059, page 68), Carteret County Registry. This deed of trust will be released from each Unit sold at closing.
2. Deed of trust dated October 6, 2004 to Branch Banking and Trust Company recorded in book 1078, page 106, Carteret County Registry. This deed of trust will be released from each Unit sold at closing.
3. Ad valorem property taxes against the Condominium Project for 2004 have been paid by the Declarant. Property taxes for 2005 and all subsequent years shall become a lien against the property as of January 1 of such years.
4. Electric utility easements to CP&L recorded in Book of Contract 7, Page 112; and book 433, page 452, Carteret Registry.
5. Telephone utility easements to Carolina Telephone and Telegraph in book 271, page 505; and book 428, page 405, Carteret Registry.
6. Brandywine utility easement recorded in book 424, page 497, Carteret Registry.
7. Restrictive Covenants recorded in book 435, page 362, Carteret Registry.
8. Any other general service utility service easements of record in the Carteret Registry.
9. This Declaration of Condominium; the by-laws, rules, and regulations of the Association and the Master Association, and the related liens for assessments; and all matters appearing upon a recorded plat of any Phase of the Condominium Project.

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**EXHIBIT D**

**BY-LAWS  
OF  
VILLAGE GREEN OWNERS ASSOCIATION, INC.**

**ARTICLE I  
NAME AND LOCATION OF PRINCIPAL OFFICE**

Section 1. Name: The name of the corporation is Village Green Owners Association, Inc.. The Articles of Incorporation were issued by the Office of the Secretary of State of North Carolina on May 19, 2004 and appear in said office under SOSID 726430. Copies of these Articles are available at the principal office of the corporation (and are attached to this Exhibit D as Exhibit D').

Section 2. Principal Office: The principal office of the corporation is located at 224 Brandywine Blvd., Morehead City, North Carolina 28557. However, the meetings of the Association, its members and directors, may be held at such places within Carteret County, North Carolina as may be designated by the Board of Directors. The location of the principal office may be changed in accordance with applicable law.

**ARTICLE II  
DEFINITIONS**

All terms used herein which have particular definitions as set forth in Article I of the Declaration of Condominium for Village Green (hereafter "Declaration") recorded in the Carteret County Registry shall have the same meaning herein. All subsequent references herein to the "Association" shall refer to Village Green Owners Association. To the extent the terms and provisions of the Declaration differ from the terms and provisions of these by-laws, the Declaration shall control, and these by-laws shall be deemed amended to conform to the Declaration, to the extent allowed by law.

**ARTICLE III  
ADOPTION OF RELATED PROVISIONS**

For the purpose of these by-laws, the various provisions relating to the powers, membership, voting rights, board of directors, officers, meetings, quorum requirements, and assessments of the Association as more particularly set forth in the Declaration and in the Articles of Incorporation are hereby adopted herein verbatim by reference, as follows:

**Powers** - Article Five of the Articles of Incorporation.

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**Membership** - Article Four of the Articles of Incorporation and Article IV of the Declaration.

**Voting Rights** - Article IV of the Declaration.

**Board of Directors and Officers** - Article Eight of the Articles of Incorporation and Article IV of the Declaration.

**Meetings** - Article Ten of the Articles of Incorporation.

**Quorum Requirements** - Article Eleven of the Articles of Incorporation.

**Common Expenses** - Article VII of the Declaration.

**ARTICLE IV**  
**MEETINGS OF MEMBERSHIP**

Written notice of the annual and special meetings of the membership shall be given to each member at least 10 but not more than 60 days prior to said meetings. Notice may be given by hand delivery or by first class mail addressed to each member at the record address of such member on file with the Association. If mailed, the first day of such notification period shall be the date said notice was first deposited, post paid, into an official depository of the U.S. Postal Service. Meetings for which proper notice has been given, may not be held sooner than the eleventh day thereafter. It shall be the responsibility of all members to assure that the Association has an accurate mailing address on file. Action taken at special meetings shall be strictly limited to the purpose(s) set forth on the notice of special meeting sent to the members.

There shall be an annual meeting of the membership held each year in the month of December. The specific date, time, and place of said meeting shall be determined by the President of the Association unless the Board of Directors, or a prior meeting of the membership, has previously specified the date, time and place. At the annual meeting, the members shall elect the new members of the Board of Directors for the coming fiscal year; shall vote on the budget proposed by the out-going Board; and shall transact such other business as may properly come before the meeting. The Secretary shall maintain a list of all members and their addresses entitled to vote at annual and special meetings.

Special meetings of the membership may be called by the President, a majority of the Board of Directors, or by lot owners having at least ten percent (10%) of the votes in the Association. Notice of special meeting shall be sent to members at least 10 but not more than 60 days in advance of the meeting, and shall contain a description of the agenda items and the general nature of the business to be considered at the meeting.

All business conducted at any meeting of the membership shall be governed by the protocols and requirements of the latest edition of Robert's Rules of Order. No resolutions or

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motions may be voted upon at any meeting without a quorum present, either in person or through an authorized written and signed proxy.

**ARTICLE V**  
**OFFICERS**

Section 1. Officers. The Association shall have not less than three Officers, a President, Secretary, and Treasurer. These Officers shall be appointed by the Board of Directors at its first meeting following its election, and for a one year term (commencing January 1<sup>st</sup>) or until their successors shall be duly elected. The term of service of said Officers shall coincide with the term of service of the Board which appointed them. The Board of Directors may also appoint a Vice President, in its discretion. The President and any Vice President shall be lot owners and members in good standing in the Association, but the Secretary and Treasurer need not be lot owners or members. The President shall act for and on behalf of the Association, but neither the President, nor any other officer, shall have the authority to obligate the credit of the Association without authorization of either the Board of Directors or the membership. All checks written on any bank account of the Association shall be signed by any one or more of the authorized Officers as indicated on the Association's bank signature cards and a resolution adopted by the Board of Directors. No Officer shall be disqualified, by virtue of service as Officer, from being re-elected for a succeeding term. If the office of any Officer becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the Directors shall conduct a special meeting for the purpose of electing a replacement Officer who shall be elected by a majority vote. Further, any Officer may be removed, with or without cause, by a majority vote of the Directors at a special meeting called for that purpose.

Section 2. Duties of Officers. The duties of the Officers shall be as follows:

a. President: The President shall preside at all meetings of the members, and he shall attend all meetings of the Directors. He shall have no vote at meetings of members, except to break a tie vote. He shall have no vote at meetings of the Directors, unless he is also a Director. He shall have other duties, as follows: He shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Board of Directors are carried into effect; he shall have superior authority over all other officers of the Association, and shall see that their duties are performed properly; he shall report on the operations of the Association for the fiscal year to the directors whenever called for by them, and to the members at the annual meeting; from time to time he shall report to the Board of Directors all matters within his knowledge which the interest of the Association may require to be brought forward; he shall be an ex-officio member of all committees; and he shall have such other general powers and duties of supervision and management typically vested in the office of the President of an Association pursuant to applicable law.

b. Vice-president: If a Vice-President is hereafter elected, the Vice-President shall be vested with all of the powers and required to perform all of the duties of the President in his absence, and such other duties as may be prescribed by the Board of Directors.

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c. Secretary: In a format directed by the Board of Directors, the Secretary shall record and preserve the minutes of the meetings of the members and the Board of Directors; shall, at the next subsequent meeting, read the minutes of the previous meeting and call for approval, or corrections, as applicable; shall see that all notices are fully and timely given in accordance with the provisions of these by-laws or as required by law; shall keep a register of the mailing address of each member, which shall be furnished to the Secretary by all members; and shall perform such other duties as may be reasonably requested of her by the President or the Board of Directors.

d. Treasurer: The Treasurer shall keep full and accurate accountings of all receipts and disbursements by and from the Association in books belonging to the Association; shall deposit all monies and other valuable effects of the Association, in the name and to the credit of the Association, in such depositories as may be designated by the Board of Directors; shall disburse and pay out the funds of the Association as directed by the Board of Directors; shall keep all financial records, receipts, invoices, and statements; and shall render to the President and/or the Directors at the regular meetings of the board, or at other times requested, an account of all his transactions as Treasurer, and a report of the financial condition of the Association. All of such records shall be open and available to on-site inspection by any member at a reasonable times and circumstances, upon reasonable advance notice. At the discretion of the Board of Directors, he shall cooperate with the Association in applying for a fidelity bond, the cost of which shall be borne by the Association. Further, he shall perform such other reasonable duties as may from time to time be requested of him by the President or by the Board of Directors.

#### ARTICLE VI DIRECTORS

The initial Board of Directors shall be the charter directors designated in the Articles of Incorporation. The new Board to be elected at the organizational meeting shall consist of three persons. Thereafter, and for so long as Golf and Shore Properties, Inc. ("Declarant") has the sole authority to appoint and remove the Directors pursuant to Section 4.3 of the Declaration of Condominium for Village Green Condominiums, the Board shall consist of the same number of persons (3). All Directors shall serve a calendar year term (or in the case of the new Board elected at the organizational meeting, a term expiring the following December 31<sup>st</sup>) or until their successors are elected, commencing on January 1<sup>st</sup> of each year. A Director shall not be disqualified by virtue of his/her service as Director from being re-elected for a succeeding term. For so long as Declarant has the sole authority to appoint and remove the Directors pursuant to Section 4.3 of the Declaration of Condominium for Village Green Condominiums, the Directors shall not be required to be lot owners or members in the Association.

Subject to the preemptive right of the Declarant to appoint the Directors as set forth above, if the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors may appoint a replacement to fill the unexpired term of the vacant Director. If, however, the remaining Directors are unable to reach a unanimous decision on a replacement, a majority of the votes entitled to be cast at a properly called special meeting of the membership shall elect a

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replacement to fill the unexpired term of the vacancy.

For so long as Declarant holds its preemptive right to appoint and replace Directors as set forth above, Declarant may remove any Director, with or without cause, and appoint a replacement. Otherwise, members constituting at least two-thirds of all members present and entitled to vote in person or by proxy at any meeting of the membership at which a quorum is present, may remove any member of the Board of Directors with or without cause.

The first meeting of the new Board of Directors to be elected at the organizational meeting of the membership shall immediately follow the conclusion of the organizational meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The term of service of this new Board shall end on December 31<sup>st</sup> of the year in which it was elected. At the first meeting of the Directors, the Officers who will serve for the same period for which the Directors were elected shall be appointed by the Board. Thereafter, the Board of Directors shall meet at least once a year in an annual meeting. This annual meeting shall be held in December prior to the annual meeting of the membership. Any member may attend this Board meeting or any other meeting of the Board of Directors, but it shall not be a prerequisite for a meeting of the Board that notice of their meeting be given to the general membership. However, it shall be required that 10 days advance notice be given to all Directors prior to any Board meeting date, unless all Directors waive such notice in writing. No member present at a Board meeting who is not a Director shall have a vote on any issue voted on by the Board. Directors may vote at Board meetings by written proxy. Special meetings shall be held whenever called by the President or by a majority of the Directors. A quorum of Directors shall be deemed present at any Board meeting if a majority is present. If the required quorum shall not be present at the meeting, the Directors then present shall adjourn the meeting.

The Board shall cause to be presented to the members at the annual meeting a full and clear written report of the financial affairs and condition of the Association, including the operating expenses of the Association and the assessments paid by each member. This report shall be included in the notice to the members of the annual meeting so they may consider the same at the annual meeting.

Directors may not delegate any discretionary powers conferred upon them by these by-laws, the Articles of Incorporation, or the Declaration. However, administrative duties and responsibilities such as record keeping, financial accounting, preparation of reports, and so forth, may be delegated by the Directors to others as they deem appropriate.

#### ARTICLE VII FISCAL YEAR

The fiscal year of the Association shall be the calendar year.

#### ARTICLE VIII ASSOCIATION BUDGET

The Board of Directors who become elected at the organizational meeting of the Association, and all Boards thereafter, shall, during their year of service, determine what

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revenues the Association needs to perform its duties and operations for the fiscal year following their period of service. This determination shall be in a manner consistent with Article VII of the Declaration, and shall be in the form of a written recommendation for adoption by the general membership at its annual meeting in December. This recommendation shall also include the amount of assessments required to meet the budget. The written recommendation for budget adoption and assessments shall be included in the notice of annual meeting sent to the general membership. The budget may be ratified by the membership without a quorum requirement, and the notice shall so state. The recommended budget and assessments structure shall be deemed ratified and approved by the membership unless a majority of all votes entitled to be cast in the association at that meeting rejects the budget. In the event the proposed budget and assessments structure is rejected, the budget and assessments last ratified shall continue to be the budget and assessments of the Association until a budget subsequently proposed by the Directors is ratified. Notwithstanding anything to the contrary in this Article VIII, the Board shall have the right to increase the regular periodic annual dues for the coming fiscal year by not more than 10% over the prior fiscal year and without the approval or vote of the membership.

**ARTICLE IX**  
**AMENDMENTS**

Section 1. These by-laws may only be altered, amended, or supplemented by action of the membership at a duly called special meeting of the members, and provided, (1) that the notice of the meeting shall contain a full statement of the proposed amendment; and (2) that the proposed amendment shall pass by a minimum two-thirds majority of the votes entitled to be cast in person or by proxy; and (3) that a majority of the Directors approve the amendment. No amendment to these by-laws shall be passed which would operate to impair or prejudice the rights of any mortgagee.

**ARTICLE X**  
**CERTIFICATE OF ADOPTION**

The undersigned corporate officer of the Association hereby certifies that:

1. The initial organizational meeting of the Association as required by the corporate charter was held on \_\_\_\_\_. Among other business taken up, these Bylaws were proposed for ratification by the members at the meeting.

2. The membership, by majority vote at the organizational meeting, did adopt and ratify these Bylaws.

IN WITNESS WHEREOF, I have hereunto subscribed my name this the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
President, Village Green Owners Association, Inc.

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STATE OF NORTH CAROLINA  
COUNTY OF CARTERET

I, \_\_\_\_\_, a Notary Public of the County and state aforesaid, certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he/she is President of Village Green Owners Association, Inc., a North Carolina corporation, and that by authority duly given and as an act of the corporation, he signed the foregoing instrument on behalf of the corporation.

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

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

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

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EXHIBIT D'  
**NORTH CAROLINA**  
**Department of The Secretary of State**

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To all whom these presents shall come, Greetings;

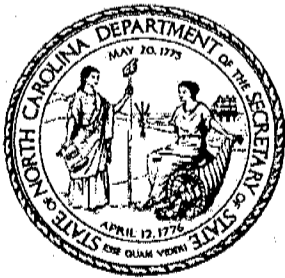
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

**ARTICLES OF INCORPORATION**

**OF**

**VILLAGE GREEN OWNERS ASSOCIATION, INC.**

the original of which was filed in this office on the 19th day of May, 2004.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 19th day of May, 2004

*Elaine F. Marshall*  
Secretary of State

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Elaine F. Marshall  
North Carolina Secretary of State  
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**ARTICLES OF INCORPORATION  
OF  
VILLAGE GREEN OWNERS ASSOCIATION, INC.**

Pursuant to Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has on this day, executed these Articles of Incorporation for the purpose of forming a non-profit corporation, and does hereby certify as follows:

**ARTICLE ONE**

**Name**

The name of the corporation is: Village Green Owners Association, Inc., hereafter called the "Association".

**ARTICLE TWO**

**Registered Office and Agent**

The street address and mailing address of the Association's initial registered office is 224 Brandywine Boulevard, Morehead City, Carteret County, North Carolina, 28557, and the initial registered agent for the Association at that address is Mark Mansfield.

**ARTICLE THREE**

**Name of Incorporator**

The name and address of the incorporator is: Mark Mansfield, 224 Brandywine Boulevard, Morehead City, NC 28557.

**ARTICLE FOUR**

**Membership**

The Association shall have two classes of members, Class A members and Class B members. Class A members shall consist of all persons, firms, and corporations, other than Declarant (hereafter defined), holding fee simple interests in any condominium unit appearing upon the applicable recorded declaratory instruments of Village Green Condominiums, a Carteret County condominium property, and such other persons, if any, as may be provided by the By-Laws. The Class B member shall be Golf and Shore Properties, Inc., a North Carolina corporation and the developer of the condominium project (herein and elsewhere "Declarant"), or its assigns, for so long as it owns any property in the project. Class A and Class B members shall have the sole voting rights with respect to the Association in all matters, which rights are more particularly set forth in the Declaration of Condominium for Village Green Condominiums (hereafter "Declaration") to be recorded in the Office of the Register of Deeds of Carteret County. No member shall have any liability whatsoever for the Association's indebtedness, nor any other liability to any party, solely by reason of their status as a member of the Association. No member shall have any ownership interest in the Association or any of its assets solely by reason of their status as a member.

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**ARTICLE FIVE**  
**Powers of the Association**

The Association shall have all of the specific powers which are granted to it by the Declaration recorded in the Carteret County Registry, as well as such other powers as are reasonably and necessarily incident thereto. In addition, the Association shall have all of the powers provided to homeowners associations generally by N. C. General Statute 47F-3-102, all of which powers described in this Article Five being hereby incorporated herein by the references herein made.

**ARTICLE SIX**  
**Dissolution and Distribution of Assets**

The Association may be dissolved with the assent given in writing and signed by the holders of seventy-five percent of the membership shares. Upon dissolution, other than incident to consolidation or merger, the assets of the Association shall be granted, conveyed, and assigned to any non-profit corporation, association, trust, foundation, or other organization devoted to similar purposes.

**ARTICLE SEVEN**  
**Address of the Principal Office**

The street address and mailing address of the principal office of the Association is 224 Brandywine Boulevard, Morehead City, Carteret County, North Carolina 28557.

**ARTICLE EIGHT**  
**Board of Directors/Officers**

The policy affairs and direction of the Association shall be determined by a Board of Directors consisting of at least three, but not more than seven, persons qualified and duly elected to serve in such capacity pursuant to the By-Laws and N. C. General Statute 47F-3-103. For so long as the votes represented by the Class B member are greater in number than the votes represented by the Class A membership, the directors need not own property in the condominium. However, at such time as the votes represented by the Class A membership are greater in number than the votes represented by the Class B member, then there shall be at least one director owning a unit in the condominium. The officers of the Association shall be elected in the manner provided in the By-Laws, and they shall be responsible for executing and implementing the decisions made by the Board of Directors from time to time, as well as all other duties imposed upon them by the By-Laws. The names and addresses of the initial Board of Directors ("Charter Directors") who shall serve in such capacity until their successors shall be elected are:

Mark Mansfield, 224 Brandywine Blvd., Morehead City, NC 28557.  
Eugene Gurganus, 478 Newport Loop Road, Newport, NC 28570.  
Mary Jane Rogers, 224 Brandywine Blvd., Morehead City, NC 28557.

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party, or in which he/she may become

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involved, by reason of his/her being or having been a director or officer of the Association, whether or not he/she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is found to be, or adjudged guilty of, willful misfeasance or malfeasance in the performance of his/her duties. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled.

**ARTICLE NINE**  
**By-Laws**

The By-Laws of the Association shall be adopted by a simple majority of the votes entitled to be cast by the members of the Association present at the organizational meeting of the Association.

**ARTICLE TEN**  
**Meetings of the Association**

An organizational meeting of all Charter Directors and members shall be held at a time and place to be determined by the Incorporator, but in no event less than 60 days after the date of incorporation of the Association. The Incorporator of the Association shall serve as Secretary of the meeting. At such meeting, the first order of business shall be to approve the By-Laws proposed by the Charter Directors. The second order of business shall be to elect a new Board of Directors and Officers to serve for the remainder of the current fiscal year or as specified in the By-Laws. The third order of business shall be to appoint members to the standing committees of the Association as provided in the By-Laws. Such other business as may properly come before the meeting shall also be conducted. Provided all Charter Directors and members are present, there shall be no quorum requirements for this meeting. At least 10 days prior to the organizational meeting, a copy of these Articles of Incorporation and the By-Laws proposed for adoption shall be sent to all of the Charter Directors and members. Notice of this meeting may be waived by a writing signed by all Charter Directors and members.

The Association shall have an annual meeting of the general membership at least once a year. Special meetings may be called by the president, a majority of the Board of Directors, or by owners of lots having 10% of the votes in the association. Notice of such meetings shall be given the membership in the manner provided by the By-Laws.

**ARTICLE ELEVEN**  
**Quorum Requirement for Action at Meetings; Proxy Voting**

There shall be a quorum present of votes entitled to be cast at any meeting of the membership where a vote on any issue is taken. The quorum requirements shall be as set forth in N.C. General Statute 47F-3-109. Voting by proxy shall be permitted in accordance with N.C. General Statute 47F-3-110.

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**ARTICLE TWELVE**  
**Amendment**

Amendment of these Articles shall require the assent of 75% of the votes entitled to be cast by the members present in person or by proxy at a meeting called with due notice for such purpose, subject to all applicable quorum requirements of the By-Laws.

**ARTICLE THIRTEEN**  
**Period of Existence**

The Association shall have perpetual existence.

This the 13 day of May, 2004.

*Mark Mansfield*

Mark Mansfield, Incorporator  
224 Brandywine Boulevard  
Morehead City, NC 28557