



Prepared by: Steven F. Siegel
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STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

DECLARATIONS OF UNIT OWNERSHIP
AND COVENANTS, CONDITIONS AND
RESTRICTIONS OF
NAVIGATION POINT AT SOUTH
HARBOUR VILLAGE CONDOMINIUMS

THIS DECLARATION OF UNIT OWNERSHIP, made this 13 day of July,
2006 by HAGOOD HOMES OF WILMINGTON, INC., 1908 EASTWOOD ROAD, SUITE 328,
WILMINGTON, NC 28403, hereinafter called "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the City of Southport, Brunswick County, North Carolina, which is more particularly described in Exhibit "A", attached hereto and incorporated herein by reference.

WHEREAS, Declarant has constructed or will construct on this real property certain improvements, more fully described hereafter, which real estate and improvements Declarant desires to submit to condominium ownership;

NOW, THEREFORE, Declarant declares its intention, by the filing of this Declaration, to submit, and does hereby submit, the above-described real property and improvements thereon to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes, as a unit ownership project to be named NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS; and further publishes and declares that all of the property described herein is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved, subject to the following covenants, conditions, restrictions, uses,

limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the conversion of said property into a condominium facility, and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. **DEFINITIONS.** Certain terms in this Declaration and in the Articles of Incorporation and Bylaws appended hereto shall be defined as follows, unless the context clearly indicates a different meaning therefor:

a. "Act" means the provisions of the North Carolina Condominium Act, Chapter 47C of the General Statutes of the State of North Carolina, as such may be supplemented or amended from time to time.

b. "Allocated interests" means the undivided interests in the common elements, the common expense liability and votes in the association allocated to each unit.

c. "Association" means NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS UNITOWNERS ASSOCIATION, INC., which is an entity comprised of all owners of units in NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS.

d. "Assessment" means a share of the funds required for the payment of common expenses, late fees and fines which from time to time is assessed against a unit owner by the Association.

e. "Board of Directors" or "Board" means the Board of Directors of the Association or its agents, which shall be the executive board of the Association, as defined in N.C.G.S. 47C-1-103(13). "Director" means a member of the Board.

f. "Boat Dock Facility" shall mean and refer to all of the property shown on the plat entitled "CAMA Major Permit Application Lot 33-36 South Harbor Village" attached hereto as Exhibit "F" and incorporated herein fully by reference.

g. "Boat Slip" shall mean the space in and above the water adjacent to the facility for the docking of a boat shown diagrammatically as docks 1 through 8, inclusive, on the plat of the docking spaces referred to in Paragraph 1(f) above. The terms "Boat Slip" and "Docking Space" shall have the same meaning and may be used interchangeably. Each boat slip will be for the exclusive use of one unit owner as a limited common area for that unit owner.

h. "Building" means the building currently existing or to be built upon the real property described in Exhibit "A" and which houses the condominium units.

i. "Bylaws" means the bylaws of the Association providing for the government

and administration of the Association. "Articles" means the Articles of Incorporation of the Association.

j. "Common Element or Common Area" means the portion of the condominium property owned in common by all of the unit owners as more specifically set forth herein and shall mean all real and personal property owned by the Association for the common use and enjoyment of the members of the Association.

k. "Common expenses" means the expenses incurred by the Association the administration, maintenance, operation, enjoyment, safety, repair, and replacement (including a capital reserve for repair, maintenance, and replacement) of the common areas and facilities as well as any other expense incurred by the Association which is and declared to be a common expense by the Association, this Declaration, the Bylaws of the Act.

l. "Common surplus" means the balance of all income, rents and revenues of the Association remaining after the deduction of the common expenses.

m. "Condominium project" or "Project" means the entire proposed development consisting of all the land, the building and other "property" as that term is herein defined.

n. "Declarant" means HAGOOD HOMES OF WILMINGTON, INC., its successors and assigns.

o. "Declaration" means this instrument as it may from time to time be lawfully amended or supplemented.

p. "Limited Common Element" means those common areas and facilities which are reserved for the use of a certain unit or units to the exclusion of other units, as more specifically identified herein.

q. "membership" shall mean and refer to the rights, benefits, duties and obligations, which shall insure to the benefit of and burden each member of the Association.

r. "Period of Declarant Control" means the period commencing on the date hereof and continuing until all the units are sold.

s. "Person" means an individual, corporation, partnership, association, trustee, or other legal entity.

t. "Property" means and includes the land, the building, all improvements and structures thereon and all articles of personal property intended for use in connection therewith which are submitted to condominium ownership by this Declaration.

u. "Real Property" shall mean and refer to all of the real property described in

v. "Unit" or "Condominium Unit" shall mean that enclosed space within the building as shown on the building plans described in the Declaration, together with any additional area or space accompanying the same and described herein, which is intended for private ownership and to be sold as a dwelling unit pursuant to the Declaration and the Act. The enclosed space representing each unit shall be bounded by the interior surface material of its perimeter walls, ceilings and floors. Each unit is defined to include:

- (i) all non-load bearing partition walls located entirely within the above-defined enclosed space;
- (ii) all interior finished surfaces of the perimeter walls and ceilings;
- (iii) all carpet, tile, vinyl, wood floor or other decorative floor covering;
- (iv) all windows, including screens, window frames, exterior doors, and exterior door frames;
- (v) all heating and air conditioning equipment and accompanying ducts and components (if separate for each unit);
- (vi) all wires, ducts, pipes, lines and other facilities for the furnishing of utility services located within the above-defined enclosed space, but specifically excluding all wires, ducts, pipes and other facilities which lie within the above-defined enclosed space but are for the common use of one or more other units in the project.

w. "Unit Designation" means the letter thereof which designates a unit within the condominium.

x. "Unit Owner" means a person, corporation, partnership, association, trust, other legal entity, or any combination thereof, in whose name or names the title to or an interest in the title to any unit is vested, excluding those who own or hold such title or interest under the terms of any mortgage or deed of trust or other similar instrument for the purposes of securing the payment of an indebtedness or the performance of an obligation. The terms "Unit Owner" and "Member" shall have the same meaning and may be used interchangeably.

2. DESCRIPTION OF REAL PROPERTY. The real property on which the building and improvements are or are to be located is described in Exhibit "A", attached hereto and incorporated herein by reference.

3. DESCRIPTION OF BUILDINGS. The buildings in which the units are located is described in building plans which are attached hereto as Exhibit "B" and incorporated herein by reference. The buildings will consist of two stories.

4. UNIT DESIGNATION AND DESCRIPTION. The unit designation of each unit and a description of its location, area, floor plan and number of rooms, are shown on the building plans attached hereto as Exhibit "B".

5. DESCRIPTION OF COMMON ELEMENTS AND FACILITIES. The common elements and facilities shall consist of all the real property described in Exhibit "A", which is subjected to the terms of this Declaration, and all of the improvements and facilities thereon which are not units as defined herein and which are not items of personal property owned, held, or maintained by unit owners. Without in any way limiting the scope thereof, the common elements and facilities shall include the following:

a. All foundations, columns, girders, beams, supports, roofs, exterior walls, interior load bearing walls, ventilation fans and vents of the building;

b. All stairways, stairwells, halls, passageways, corridors, lobbies, exits and entrances which give access to the units, except as designated on Exhibit "B" for a specific unit;

c. All yards, gardens, parking areas, driveways, boat docks and other amenities;

d. All installations for the provision of utility services, including, but not limited to, electricity, water, gas, refrigeration, telephone, heating, air conditioning, sewer, trash disposal, incineration, and television which are for the common use and benefit of the unit owners and which are not defined as being a part of the units;

e. All tanks, pumps, motors, fans, compressors and control equipment existing for common use.

f. All of the boat docking facility as shown on the plat attached hereto as Exhibit "F" except for the boat slips themselves which shall be the responsibility of the unit owner who has the right to use that boat slip.

6. ALLOCATED INTERESTS. Unless and until this project shall be expanded as herein provided, the percentage of each unit owner's undivided interest in the common elements of NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS is set forth in Exhibit "C", attached hereto and incorporated herein by reference. This percentage is based on the relation that the total volume in square feet of each unit bears to the aggregate square feet contained in all units as of the date of this Declaration. The number of members in the Association shall be limited to EIGHT (8). Such membership shall become appurtenant to and may not be separated from the ownership of a unit in Navigation Point at South Harbour Village Condominiums.

7. LIMITED COMMON ELEMENTS. The decks or porches adjacent to each unit and any storage space allotted to each unit, designated in Exhibit "B" attached hereto as "limited

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f. Rights of Members.

(i) Each member of the Association shall have the exclusive right subject to the provisions hereof and subject to the By-laws and Rules and Regulations promulgated by the Board of Directors to occupy, possess, and lawfully use the boat slip assigned to such member and the walkways referred to in this Declaration.

(ii) Each member shall have the right and easement of enjoyment in and to the common area subject to the right of the Association:

(1) To limit the number of guests of members;

(2) In accordance with its Articles and By-Laws to borrow money for the purpose of improving the properties, common area and facilities;

(3) To suspend all rights of any member for any period during which any dues or assessments against such member remains unpaid, and for a period not to exceed thirty (30) days for any infraction of its published Rules and Regulations.

9. USE RESTRICTIONS.

a. Each unit shall be used for single-family residential purposes only, which shall include the rental and long term leases of individual units by the owner. No use shall be made of any portion of the properties, common area or any boat slip for any commercial purpose nor for any purpose not in accordance with this Declaration, the By-Laws and the Rules and Regulations.

b. No immoral, improper, offensive, noxious or unlawful use shall be made of any unit or of the common elements, and all applicable laws, zoning ordinances and regulations of all governmental authorities shall be observed. No owner of any unit shall permit or suffer anything to be done or kept in his unit, or on the common elements, which will increase the rate of insurance on the unit, or which will obstruct or interfere with the rights of other occupants of the other units or annoy or embarrass them, nor shall any owner undertake any use or practice which shall constitute a nuisance to any other owner of a unit, or which interferes with the peaceful possession and proper use of any other unit or the common elements.

c. No owner of a unit shall permit any structural modification or alteration to be made to the unit without first obtaining the written consent of the Board of Directors of the Association, nor alter nor cause any changes to be made to the exterior of the building (including painting, installing television or radio antenna or installing signs), or in any manner alter the appearance of the exterior portion of the building without obtaining such consent. No unit owner shall fix any object to the common elements (including fences, flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the common elements or limited common elements without first obtaining the written consent of the Board of Directors of the Association.

a. Generally. The management of the affairs of the project shall be the right and responsibility of the Association and said management duties shall be carried out in accordance with the terms and conditions of this Declaration, the Articles of Incorporation and the Bylaws of the Association, copies of which are attached hereto and incorporated herein by reference; provided, however, that the Association shall not be authorized to take over management rights and responsibilities until conveyance of management responsibilities to the Association, as provided in the Declaration and in the Bylaws.

annually by the Board of Directors, or manager, with the assistance of the insurance company or companies providing coverage.

c. Premiums. All premiums on insurance policies purchased by the Board of Directors or manager and any deductibles payable in the event of loss shall be paid by the Association and chargeable to the Association as a common expense.

d. Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board of Directors or manager as insurance trustee for the unit owners and their mortgagees. The insurance trustee shall have authority to deal with the insurer in the compromise and settlement of claims and to execute and deliver releases to the insurer upon the payment of claims. The insurance trustee's duty upon receipt of any insurance proceeds shall be to hold the same in trust for the benefit of the unit owners and their mortgagees.

e. Distribution of Insurance Proceeds. Proceeds of insurance policies shall be distributed by the insurance trustee to or for the benefit of the beneficial unit owners in the following manner:

(i) Expenses of the insurance trustee. All expenses of the insurance trustee shall be paid first.

(ii) Reconstruction or repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds remaining after deduction of the insurance trustee's expenses shall be paid to defray the cost of such repair or reconstruction. Any proceeds remaining after defraying such costs shall be distributed to the unit owners, in accordance with each unit owner's percentage undivided interest in the common areas and facilities, as set forth in Exhibit "C". In the event a mortgagee endorsement has been issued for a condominium unit, any proceeds remitted under this section shall be payable jointly to the unit owner and the mortgagee.

(iii) Failure to reconstruct or repair. If it is determined as provided below that the damage for which the proceeds are paid will not be reconstructed or repaired, the remaining proceeds shall be distributed to the unit owners in accordance with each unit owner's percentage undivided interest in the common areas and facilities, as set forth in Exhibit "C".

f. Damage and destruction.

(i) Determination to reconstruct or repair. Damage to or destruction of the buildings and improvements, except that which is solely the responsibility of the unit owner, shall be promptly required or restored by the Board of Directors or manager, using the proceeds of insurance on the building for that purpose, and unit owners shall be liable for assessment for any deficiency in accordance with their percentage undivided interest in the common areas and facilities; provided, however, if the buildings shall be more than two-thirds destroyed and the owners of three-fourth of the units resolve not to proceed with repair or reconstruction, then in that event, the property shall be deemed to be owned as tenants in common by the unit owners and shall be governed by the provisions of Chapter 47C of the North Carolina General Statutes and any

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G.S. 47C-2-102(2).

Any decks, porches, balconies, patios and all other exterior doors and windows or other fixtures designated to serve a single unit but located outside the unit's boundaries are limited common elements allocated exclusively to that unit, pursuant to G.S. 47C-2-102(4).

c. Each wall which is built as part of the original construction of a unit and placed on the dividing line between the units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

d. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

e. Notwithstanding any other provisions of this Article, an owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

f. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

g. If any owner desires to sell his unit, such owner may, in order to assure a prospective purchaser that no adjoining unit owner has a right of contribution as provided in this Section, request of the adjoining unit owner a certification that no right of contribution exists, whereupon it shall be the duty of the adjoining unit owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining unit owner claims a right of contribution the certification shall contain a recital of the amount claimed.

h. In the event of any dispute arising concerning a party wall, or under the provisions of this Section, such dispute shall be settled by arbitration as provided by the laws of North Carolina as then existing.

17. PROCESS AGENT. HAGOOD HOMES OF WILMINGTON, INC., JAMES KENNY, 1908 EASTWOOD ROAD, SUITE 328, WILMINGTON, NC 28403 is hereby designated to receive service of process in any action which may be brought under the Act. The Board of Directors may change the process agent by filing a Declaration of Change of Registered Agent in the office of Register of Deeds of Brunswick County, North Carolina.

18. MORTGAGE OF UNITS. Any unit owner may give a deed of trust or mortgage on his unit without prior notice to or authorization by the Declarant or the Board of Directors of the Association. Any rights the Association may have to place a lien upon the property of the unit owner shall be subordinate to and inferior to any deed of trust or mortgage that said unit owner has placed on his property.

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19. TERMINATION. The condominium may be terminated and removed from the provisions of the Unit Ownership Act only by written agreement of all the owners of units expressed in an instrument to that effect and duly recorded, provided that the holders of all liens affecting any of the units must consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of the undivided interest in the property which the unit owner owns after termination. The termination shall become effective when the above instruments have been duly recorded in the public records. After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the units formerly owned by such unit owners shall have mortgages and liens against the respective undivided shares of the unit owners. The undivided share or interest in the property owned as tenants in common which shall appertain to each unit owner shall be the percentage of the undivided interest previously owned by such unit owner in the, common areas and facilities.

20. ASSOCIATION. The Association shall be formed in accordance with Articles and Bylaws attached hereto as Exhibits "D" and "E". The Association shall have all the powers and duties set forth in the Act as well as all of the powers and duties granted to or imposed upon it by this Declaration, the Bylaws attached hereto as Exhibit "E", and the Articles attached hereto as Exhibit "D" as the same may be amended from time to time. Each unit owner, by the acceptance and recording of the deed to such unit owner's unit, appoints irrevocably the Board of Directors of the Association as herein provided, to act on the unit owner's behalf, including the right to execute in such unit owner's name any and all instruments or documents necessary or reasonably required in regard thereto. The operation of the Association shall be governed by the Bylaws and Articles. No modification or amendment of the Bylaws or Articles shall be valid unless set forth in or annexed to an amendment to this Declaration, certified by the President and Secretary of the Association and recorded in the office of the Register of Deeds of Brunswick County.

21. AMENDMENT OF DECLARATION. This Declaration may be amended at any regular or special meeting of the Association, called and convened in accordance with the Bylaws, by the affirmative vote of or written agreement signed by unit owners of units to which at least 100% of the votes in the Association are allocated. Any holder of a first mortgage on a unit who receives a written request from the Association to approve any proposed modification and does not deliver or post to the Association a negative response within thirty (30) days following receipt of such request shall be deemed to have approved same. Notwithstanding the aforesaid, no amendment shall change, affect or alter the allocated interest in the common areas appurtenant to a unit, a unit owner's proportionate share of the common expenses or common profits, or the voting rights appurtenant to any unit create or increase special Declarant rights, increase the number of units, change the boundaries of any unit, or the uses to which a unit is restricted, in the absence of unanimous consent of the unit owners, and all holders of first mortgages on units. Further, no amendment shall be effective until certified by the President and Secretary of the Association and recorded in the office of the Register of Deeds of Brunswick County.

22. SEVERABILITY. The invalidity of any provision of this Declaration shall not impair or affect the validity and enforceability of the remainder of this Declaration and, in such

event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included.

23. LAW CONTROLLING This Declaration, the Bylaws and any Rules and Regulations adopted thereunder shall be construed under and controlled by the laws of the State of North Carolina.

24. WARRANTIES. The Declarant disclaims any warranty or representation in connection with the condominium project, except as specifically set forth herein, and no person shall rely upon any warranty or representation not specifically made herein. Any estimates of common expenses, taxes, or other charges are deemed accurate, but no warranty or guaranty is made or intended, no may one be relied upon.

25. RIGHTS OF OWNER. The rights of any owner, as provided herein, shall not include mortgagees of any property within the project unless said mortgagee obtains title to the property by means of foreclosure or other legal methods.

26. DISPUTE ARBITRATION.

a. Any unit owners having disputes regarding matters touching and concerning NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS hereby agree that disputes will be settled by arbitration if such disputes are not resolved by mutual agreement among the unit owners within sixty (60) days of the disputing unit owner giving written notice of the dispute to the unit owner with whom the dispute exists.

b. One Arbitrator mutually acceptable to the disputing unit owners shall be chosen by said owners.

c. The Arbitrator shall be governed by the United States Arbitration Act, 9 U.S.C. 1-16, and judgement upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof.

d. The Arbitrator is not empowered to award damages (including punitive damages) in excess of actual damages.

IN TESTIMONY WHEREOF, the Declarant has caused this Declaration to be signed in his name and duly attested and sealed, this the 13 day of July, 2006.

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HAGOOD HOMES OF WILMINGTON, INC.

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_____(SEAL)
BY: JAMES KENNY-PRESIDENT

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Amanda S. Holtz, a Notary Public in and for the State and County aforesaid, certify that JAMES KENNY personally came before me this day and acknowledged that he is the President of HAGOOD HOMES OF WILMINGTON, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

Witness my hand and official stamp or seal, this 13 day of July, 2006.

[Signature]
Notary Public

My Commission Expires: 8-29-09

(Notarial Seal)



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All of that certain parcel of land known as Navigation Point at South Harbour Village as shown on the map recorded in Map Book 11 at Page 84-85 of the Brunswick County Registry, reference to which is hereby made for a more particular description, comprising approximately 6.76 acres, more or less.



EXHIBIT "B"

FOR THE PLANS AND SPECIFICATIONS OF THE BUILDING AND UNITS, SEE UNIT OWNERSHIP PLAT BOOK 11, PAGES 84 THROUGH 85, NEW BRUNSWICK REGISTRY, WHICH RECORDED PLANS AND SPECIFICATIONS ARE INCORPORATED HEREIN BY REFERENCE.



EXHIBIT "C"

<u>Unit</u>	<u>Allocated Interests</u>
5000-A	13.00%
5000-B	13.00%
5002-A	13.00%
5002-B	13.00%
5004-A	13.00%
5004-B	13.00%
5006-A	13.00%
5006-B	13.00%

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improvements thereon are submitted to said Declaration;

(3) To make, establish and enforce reasonable rules and regulations governing the use of subdivision development, common elements, land, and other real and personal property which may be owned by the Association itself;

(4) To make, levy and collect assessments against unit owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration of Covenants, Conditions, and Restrictions and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use said assessments to promote the recreation, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas, including but not limited to the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the Bylaws, including the employment of attorneys to represent the Association when necessary for such other needs as may arise;

(5) To maintain, repair, replace and operate the properties for which the Association is responsible;

(6) To enforce by any legal means, the provisions of the Declaration of Covenants, Conditions and Restrictions, the Bylaws of the Association, and the rules and regulations for the use of the Association property;

(7) To contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association;

(8) To have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration of Covenants, Conditions and Restrictions of NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS and all powers reasonably necessary to implement the purposes of the Association.

(9) Upon dissolution, the assets of the Corporation shall be distributed as set forth in G.S. Section 55A-14-03.

ARTICLE IV

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MEMBERSHIP

A. The membership of NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS UNITOWNERS ASSOCIATION, INC. shall consist of the owners of units in NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS, the Developer, and the owners of any other lands which may be added thereto by the Developer. Membership shall be established by acquisition of fee title to a unit in NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS UNITOWNERS ASSOCIATION, INC. whether by conveyance, devise, descent, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a unit designated shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. Neither one's membership in the Corporation nor a member's share in the funds and assets of the Corporation may be assigned, hypothecated or transferred in any manner except as an appurtenance to NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS.

C. There shall be one class of members in the Association as provided for in the Declaration

ARTICLE V DIRECTORS

A. The number of Directors and the method of election of the Directors shall be fixed by the Bylaws; however, the number of Directors shall not be less than two. Directors shall be elected at large from the membership.

B. The first election by the members of the Association for Directors shall not be held until after the Developer has relinquished control of the Association as set out in the Declaration of Covenants, Conditions and Restrictions. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the Bylaws. After the Declarant has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

ARTICLE VI INITIAL BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be two and the

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the notice of the meeting.

2. Annual Meeting. The first annual meeting of the members of the Association shall be held within thirty (30) days from the date on which the management of the condominium project is turned over by the Declarant to the Association, as provided in the Declaration. Subsequent annual meetings shall be held at a date and time to be determined by the Board of Directors of the Association. At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

3. Special Meetings. Special meetings of the members may be called at any time by the President of the Association or by the Board of Directors or at the written request of the members entitled to vote one-half (1/2) of all of the votes of the Association. Business transacted at all special meetings shall be confined to the objects stated in the notice of the meeting.

4. Notice of Meetings. Written notice of each annual and special meeting of the members shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days, but no more than fifty (50) days, before the meeting. The notice shall specify the place, day, time and purpose of the meeting. Waiver in writing of the notice required herein, signed by the member before, at, or after such meeting, shall be equivalent to the giving of such notice. Each member shall notify the Secretary of the Association of any address change, and the giving of notice shall be in all respects sufficient if sent to the address of the member which is then on file with the Secretary.

5. Membership List. At least ten (10) days before every election of directors, a complete list of members entitled to vote at the election, showing the unit owned by the member and the residence address of each, shall be prepared by the Secretary. Such list shall be open to examination by any member throughout the ten (10) day period preceding the election, until the election is completed.

6. Voting Rights. Each owner shall be entitled to vote in accordance with the owner's percentage interest in the common areas and facilities, as that percentage interest is reflected in the Declaration of Unit Ownership and Covenants, Conditions and Restrictions of NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS (herein called "Declaration"). If more than one person or entity owns a unit, they shall file a certificate with the Secretary naming the person authorized to cast the vote for the unit. If no certificate is filed, the co-owners must designate, at the time of the meeting, the person authorized to cast such vote.

7. Proxies. At all meetings of the members, every member shall have the right to vote in person or by proxy. All proxies shall be executed in writing by the member or by his duly authorized attorney-in-fact and shall be filed with the Secretary. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

8. Quorum. The presence at a meeting of members entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the votes of the Association on the basis of common area

ownership shall constitute a quorum for any action, except as otherwise provided in the Declaration or these Bylaws. If, however, such quorum is not present or represented at any meeting, the members present and entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. If adjournment extends thirty (30) days past the originally scheduled meeting date, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided.

9. Voting Required to Transact Business. When a quorum is present at any meeting, a majority of the votes entitled to be cast by the members present or represented by proxy shall decide any question brought before the meeting unless the question is one upon which, by express provision of the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

10. Order of Business. The order of business at annual members' meetings and as far as practical at other members' meetings, will be:

- A. Roll call and certification of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of prior meeting;
- D. Officers' reports;
- E. Committee reports;
- F. Appointment by Chairman of Inspectors of Election;
- G. Approval of budget, if required;
- H. Elections of directors and officers;
- I. Unfinished business;
- J. New business;
- K. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

1. Number. The affairs of the Association shall be managed by a Board of Directors

be maintained, cared for and preserved by the owners.

c. To insure the common areas and facilities of the condominium project in the manner set forth in the Declaration against loss from fire and other casualty, and to insure the unit owners against public liability, and to purchase such other insurance as the Board may deem advisable.

d. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

e. To make and amend rules and regulations governing the use of the common areas and facilities and the conduct of the unit owners, their tenants and guests.

f. To acquire, rent or lease a condominium unit in the name of the Association or its designee.

g. To contract for management of the condominium project and to delegate to such manager, employee or contractor all powers and duties of the Association except those specifically required by the Declaration to have specific approval of the Board of Directors or the membership of the Association.

h. To enforce the provisions of these Bylaws, the Declaration and the rules and regulations promulgated thereunder by any legal means, including the denial of a unit owner's right to use the common areas and facilities and assessment of penalties as defined in the Declaration.

i. To designate, as the Board deems appropriate, assigned parking spaces for each unit, visitors, service vehicles, and other vehicles.

j. To propose and adopt an annual budget for the property.

ARTICLE V

MEETINGS OF DIRECTORS

1. Regular Meetings. The first regular meeting of each newly elected Board of Directors shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum is present, or as soon thereafter as maybe practicable. Subsequent regular meetings of the Board of Directors shall be held, at such place and hour as may be fixed from time to time by resolution of the Board, after not less than three (3) days notice to each director.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any one (1) director, after not less than three (3) days notice to each director.

5. Vacancy. A vacancy in any office may be filled by the Board of Directors. An officer appointed to fill a vacancy shall serve for the unexpired term of the officer he replaces.

6. Duties. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the members and board of Directors; shall have general and active management of the business of the Association; shall see that all orders and resolutions of the Board are carried into effect; shall have general superintendence and direction of all the other officers of the Association and shall see that their duties are performed properly; shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the president of a corporation.

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be prescribed by the Board.

c. Secretary. The Secretary shall record the notes and keep the minutes of all meetings of the members and of the Board of Directors in one or more books provided for that purpose; shall see that all notices are fully given in accordance with the provisions of these Bylaws or as required by law; shall be custodian of the Association's records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents requiring said seal; shall keep the records of the Association, except those of the Treasurer, and in general, shall perform all duties as from time to time may be assigned to him by the President or by the Board of Directors.

d. Treasurer. The Treasurer shall receive and deposit all monies and other property of the Association in such depositories as may be designated by the Board; shall keep proper books of account; shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association, which records shall be open to inspection by members at reasonable times; shall, if required, give the Association at the Association's cost, a bond satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association; shall prepare an annual budget and statement of income and expenditures to be presented to the members at their regular annual meeting; shall with the approval of the Board, be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, but in such event, the Treasurer shall retain supervisory responsibilities, and, in general, shall perform all duties incident to the office of Treasurer and assigned to him by the President or the Board.

7. Indemnification. Any person other than one with whom the corporation has contracted for the management of the condominium project or any portion thereof, who at any time serves or has served as a director, officer, employee or agent of the corporation, or in such capacity

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

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

Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

8. Fidelity Bond. The Association may provide blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. A management agent that handles funds for the Association should also be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all other such bonds shall name the Association as and obligee and their premiums shall be a common expense and paid by the owners' Association. The fidelity bond shall cover the maximum funds that will be in the custody of the owners' Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of 3 months' assessment on all units in the project, plus the Association's reserve funds. The bonds must include a provision that calls for 10 days' written notice to the Association, any insurance trustee, or any servicer that services a FNMA-owned mortgage in the condominium project, before the bond can be canceled or substantially modified for any reason.

ARTICLE VII

COMMITTEES

The Board of Directors shall appoint a Nominating Committee and such other committees as they may from time to time deem appropriate.

such interest and late fees, together with all costs of collecting such assessments, including reasonable attorney's fees.

10. Remedies for Default. If an assessment against a unit owner is not paid when due, the unpaid assessment shall constitute a lien against the unit and its appurtenant undivided interest in the common areas and facilities, which lien shall secure the unpaid assessment, and interest thereon, any expenses incurred in collecting the assessment, and any advances for taxes, and payments on account of superior mortgages, liens or encumbrances required to be advanced by the Association in order to preserve and protect its lien. This lien shall be enforceable from the time it is filed in the public records of New Hanover County, North Carolina in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes. The lien may be foreclosed in the manner provided by North Carolina General Statutes 47A-22 and, in any such foreclosure proceeding, the Association shall be entitled to collect a reasonable rental for the unit from the unit owner and to appoint a receiver to collect the same. In addition, and without waiving its right to foreclosure, the Association shall have the right to maintain a suit to recover unpaid assessment or to exercise any other remedies provided in these Bylaws and the Declaration.

11. Foreclosure. The Association shall have the power to bid on the unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. If the Association becomes the owner of a unit by reason of foreclosure, it shall offer said unit for sale. At such time as a sale is consummated, the Association shall deduct from the proceeds of said sale all sums of money due it for assessments and charges, the costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees; funds necessary to discharge any liens or mortgages of record, and any and all expenses incurred in the resale of the unit, which shall include, but not be limited to, advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the unit in question. All surplus monies remaining after deducting the foregoing items of expenses, costs and other deductions shall be returned to the former owner of the subject unit, or paid to the Clerk of Superior Court in accordance with the general mortgage foreclosure laws of North Carolina.

12. Liability of Purchaser at Foreclosure Sale. When the mortgagee of a first mortgage of record or other purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage, such purchaser, his successors and assigns, shall not be liable for the share of common expenses or assessments chargeable to such unit which became due prior to the acquisition of title to the unit by such purchaser. The unpaid share of the common expenses or assessments shall be absorbed and paid by the owners of all the units, including the purchaser, his successors and assigns, as common expenses, on the basis of their proportionate interest in the common areas and facilities.

13. Liability of Grantee in Voluntary Conveyance. In any voluntary conveyance of a unit, the purchaser shall be jointly and severally liable with the seller for all unpaid assessments against the seller up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor.

15. Common Profits. If, in any year, there is an excess of assessments and other income over common expenses, the excess (common profits) shall, unless otherwise determined by the Board of Directors, be applied to payment of the next year's assessments.

FINANCES

2. Depository. The Association shall deposit its monies in such bank or banks as the Board of Directors designate.

RECORDS

2. Other Records. The Board of Directors or the manager shall keep correct and complete books of records of account, minutes of the proceedings, and a record of the names and addresses of the members entitled to vote, which latter records must be kept at the Association's principal office. Any member, his agent or attorney may examine these books and records for any proper purpose at any reasonable time.

3. Inspection of Records. The Association shall make available to unit owners, lenders, holders, insurers or guarantors of any first mortgage, current copies of the Declarations, Bylaws or other rules concerning the project and the books, records and financial statements of the Association. Available means available for inspection upon request during normal business hours and under reasonable circumstances. Furthermore, upon written notice, any holder of a first

mortgage on any unit of the condominium project shall be entitled to a copy of the Association's financial statement for the immediately preceding fiscal year.

4. Request for Notice. Upon written request to the Association, any mortgage holder, insurer or guarantor will be entitled to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of the project to the unit securing its mortgage, (b) any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage, (c) a lapse, cancellation or material modification of any insurance policies or fidelity bond maintained by the Association, (d) any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XII

RULES AND REGULATIONS

The Board of Directors shall have the right to enact administrative rules and regulations regarding the use of the common areas and facilities and conduct of the members and assess fines for infractions.

No building, fence, wall, sign or other structure shall be commenced, stored, erected, or maintained upon the common area or other property of the Association, nor shall any addition to or change or alteration be made to any portion of the common area or to any boat slip or floating dock or other property of the Association, until the plans and specifications showing the nature, kind, height, materials, and location of said change shall have been submitted to and approved in writing as to the surrounding area by the Board of Directors of the Association.

ARTICLE XIII

AMENDMENT

These Bylaws may be amended at a duly called meeting of the members, following an affirmative vote on the amendment by a majority of the Board of Directors. The notice of the members' meeting shall contain a full statement of the proposed amendment. Amendments must be approved by an affirmative vote of a majority of the votes of all Association Members, voting in person or by proxy. No amendment shall become operative until its has been set forth in an amended declaration and duly recorded in the office of the Register of Deeds of New Hanover County, North Carolina. All unit owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended declaration, duly recorded.

The foregoing were adopted as the Bylaws of the 5002 NAVIGATION POINT AT SOUTH HARBOUR VILLAGE CONDOMINIUMS UNITOWNERS ASSOCIATION, INC., a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Board of Directors.

