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DECLARATION OF CONDOMINIUM
MARTIN'S POINT PROFESSIONAL CENTER CONDOMINIUMS

THIS DECLARATION made this 27th day of March, 2007, by Gordon Jones and wife, Helen M. Jones and James Elliott Dougherty and wife, Amy Marie Dougherty ("Developer"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

WITNESSETH:

WHEREAS, Developer is the owner in fee simple of certain real estate situated in Martin's Point, County of Dare and State of North Carolina, legally described in Exhibit "A" attached hereto and incorporated herein by reference as if fully set out, together with all buildings 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 real estate and subject to all easements and restrictions of record ; and

WHEREAS, Developer desires to submit all of said property to the Act.

NOW, THEREFORE, Developer, as owner of said property, hereby declares as follows:

ARTICLE I

Definitions

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

1. **Act.** The North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.
2. **Association.** Martin's Point Professional Center Owners' Association, Inc., a nonprofit corporation organized under Chapter 55A, North Carolina General Statutes.
3. **Board.** The Board of Directors of the Association.
4. **Bylaws.** The Bylaws of the Association which are hereby incorporated herein and made a part hereof by this reference.
5. **Common Elements.** All portions of the property except the Units, including the easement rights of owners in and to the parking lot, the roadway which adjoins the property along its northwest boundary and is used as access to the property, in common with other adjoining land owners. Limited Common Elements are Common Elements.
6. **Common Expenses.** Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.
7. **Condominium.** The condominium created by this Declaration.
8. **Declarant.** Developer and (i) any other persons who has executed this Declaration, or who hereafter executes an amendment to this Declaration to add Additional Real Estate, except Security Holders and except persons whose interests in the Property will not be conveyed to Unit Owners, and (ii) any person who succeeds to any Special Declarant Rights pursuant to Section 47C-3-104 of the Act.
9. **Declarant Control Period.** The period commencing on the date hereof and continuing until the earlier of (i) the date seven (7) years after the date of the first conveyance of a Unit to a Unit Owner other than a Declarant, or (ii) the date upon which Declarant surrenders control of the Condominium, or (iii) the date sixty (60) days after the Declarant has conveyed seventy five (75%) percent of the Units to Unit Owners other than Declarant.
10. **First Mortgage and First Mortgagee.** A First Mortgage is a mortgage or deed of trust which has been recorded so as to give constructive notice thereof, and which is a first lien on the Units described therein. A First Mortgagee is a holder, from time to time, of a First Mortgage as shown by the records of the office of 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 Mortgagee for all purposes under this Declaration and the Bylaws.



11. **Floor Plan.** The floor plans of the Condominium recorded with, and by the Act made a part of, this Declaration, as the same may hereafter be amended.

12. **Limited Common Elements.** Those portions of the Common Elements allocated by operation of Section 47C-2-102(2) or (4) of the Act for exclusive use of one but fewer than all of the Units and also any Limited Common Elements specifically allocated to Units on Exhibit B and designated as Limited Common Elements on the recorded condominium plat.

13. **Occupant.** Any person or persons in possession of a Unit, including Unit Owners, the family members, lessees, guests and invitees of such person or persons, and family members, guests and invitees or such lessees.

14. **Person.** A natural person, corporation, partnership, trust or other entity, or any combination thereof.

15. **Property.** The real estate described on Exhibit A, together with all buildings and improvements now or hereafter contracted or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

16. **Security for an Obligation.** The vendor's interest in a contract for deed, 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.

17. **Security Holder.** Any Person owning a Security for an Obligation in a Unit.

18. **Special Declarant Rights.** The rights reserved herein and in the Bylaws for the benefit of a Declarant, as follows: to complete the improvements indicated on the Floor Plans; to maintain sales offices, management offices, models and signs advertising the Condominiums; to use easements through Common Elements; to elect, appoint or remove members of the Board during the Declarant Control Period.

19. **Unit.** A portion of the Condominium, whether or not contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit C. Each Unit is designated and delineated on the Floor Plans. References in the Declaration, Exhibits, recorded plats, Articles of Incorporation, Bylaws, Rules or other documents associated with the condominium to "Suite" shall mean "Unit" and referencing "Unit" shall mean "Suite".

20. **Unit Boundaries.** The boundaries of each Unit, both as to vertical or horizontal planes, as shown on the building plans, are the underside of the bar joists, the inside of the bearing walls, the center of the demising wall and the top of the slab or floor below the floor covering in units which are not on a slab. A description of the boundaries of each unit created by this Declaration, including the unit's identifying letter, is attached as Exhibit E and incorporated herein by reference as if fully set out.

21. **Unit Owner.** The Person or Persons, including the Declarant, owning a Unit in fee simple, including contract-for-deed purchasers of a Unit, but excluding contract-for-deed purchasers of a Unit who are Security Holders, and also excluding all other Security Holders.

ARTICLE II

Submission of Property to the Act

- 1 **Submission.** Developer hereby submits the Property to the Act.
- 2 **Name.** The Property shall hereafter be known as the Martin's Point Professional Center Condominiums. All of the condominium is located in Dare County, North Carolina
- 3 **Division of Property into Separately Owned Units.** Developer, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the Property into Four (4) Units and does hereby designate all such Units for separate ownership, subject, however, to the provisions of Section II.4 hereof. This Declaration is subject to such additional developer's rights as set forth in the other sections hereof. The maximum number of units shall not exceed four.
- 4 **Alterations of Units.** Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Sections 47C-2-113(a) and (b) of the Act.
- 5 **Limited Common Elements.** The Limited Common Elements serving or designed to serve each Unit are hereby allocated solely and exclusively to each such Unit. In addition to those defined in Section I.12, Limited Common Elements include those set forth on Exhibit B and are hereby allocated to Units as shown in Exhibit B.
- 6 **Unit Allocations.** The allocations to each Unit of a percentage of undivided interest in the Common Elements, of votes in the Association, and a percentage of the Common Expenses, are as stated on Exhibit C. The allocation of undivided interests in the Common Elements and of the Common Expenses is according to the area of each Unit to the area of all Units. The votes in the Association are allocated to all Units with Units A, B and D getting one vote and Unit C getting two votes.
- 7 **Encumbrances.** The liens, defects and encumbrances on the Property to which the rights of Unit Owners and Occupants are hereby made subject are set out on Exhibit D.
- 8 **Condominium Ordinances.** The Condominium is not subject to any code, real estate use law, ordinance, charter provision, or regulation prohibiting the condominium form of ownership, or imposing conditions or requirements upon developments under a different form of ownership. This statement is made pursuant to Section 47C-1-106 of the Act for the purpose of providing marketable title to the Units in the Condominium.
- 9 **Reservation of Special Declarant Rights.** Declarant hereby reserves all Special Declarant Rights.



ARTICLE III

Easements

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 or hereafter encroaches upon 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 so encroached upon.

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, conduits and other utility installations, and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

3. **Easements to Repair, Maintain, Restore and Reconstruct.** Wherever in, and whenever by, this Declaration, the Bylaws or the Act, a Unit Owner, the Association, the Board, or any other Person, is authorized to enter upon a Unit or the Common Elements to repair, maintain, restore or reconstruct all or any part of 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.

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

5. **Easements to Run With Land.** All easements and rights described in this Article IV are appurtenant easements running with the land, and except as otherwise expressly provided in this Article IV 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 of any 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 IV, whether or not specifically mentioned in any such conveyance or encumbrance.

ARTICLE IV

Restrictions, Conditions and Covenants

1. **Compliance with Declaration, Bylaws and Rules and Regulations.** Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, the Master Declaration, this Declaration, the Bylaws, the Articles of Incorporation of the Association, and rules and regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, and aggrieved Unit Owner, or any Person adversely affected, for recovery of damages, injunction or other relief.

2. **Administration of Condominium.** The Condominium shall be administered in accordance with the provisions of the Act this Declaration, the Bylaws and the rules and regulations promulgated by the Board of Directors.

3. **Use Restricted; Use by Declarant.**

(a) The Units shall be occupied and used by Unit Owners and Occupants for nonresidential purposes only.

(b) No "For Sale" or "For Rent" sign or other window displays or advertising shall be maintained or permitted by any Unit Owner or Occupant on any part of the Condominium without the prior written consent of the Board.

(c) Declarant may maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than a Declarant. Declarant shall remove all such signs not later than thirty (30) days after all of the Units have been conveyed to Unit Owners other than Declarant and shall repair or pay for the repair of all damage done by removal of such signs.

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 his 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 his Unit or the Common Elements. The limitations contained in this Section are subject to certain uses that may from time to time occur within the Condominium and the standards which shall apply to the conditions in this Section are understood to be standards which would be applicable to commercial uses. So long as the provisions of Article VII dealing with insurance and the allocations for costs of such insurance are met in accordance with the provisions of Article VII, it shall be presumed that the provisions of this Section dealing with cancellation of insurance and increases in the insurance rate are satisfied.

5. **Waste and Water System.**



(a) The sewage and waste water disposal system for the Condominium is an onsite ground absorption system as shown on the recorded plats.

(b) Water shall be metered to the Condominium through one meter and the cost thereof shall be a common expense.

6. **Alterations of Common Elements.** No Unit Owner or Occupant, except Declarant during the Declarant Control Period, shall alter, construct anything upon, 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 Board unless otherwise authorized herein.

7. **Renting of Units.** Any Unit Owner who enters into a lease of his Unit for a lease term longer than thirty (30) days shall promptly notify the Association of the name and address of each lessee, the Unit rented, and the term of the lease. Other than the foregoing restrictions, each Unit Owner shall have the full right to lease his Unit. The Unit Owner and not the lessee, shall be responsible for all obligations and duties of a Unit Owner hereunder.

8. **Rules and Regulations.** In addition to the foregoing restrictions, conditions and covenants concerning the use of the Condominium, reasonable rules and regulations not in conflict therewith and supplementary thereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the Bylaws.

9. **Restrictions, Conditions and Covenants to Run with Land.** Each Unit Owner and Occupant shall be subject to all restrictions, conditions and covenants of this Declaration, and all such restrictions, conditions and covenants shall be deemed to be covenants running with the land, and shall bind every Person having any interest in the Property, and shall inure to the benefit of every Unit Owner.

10. **Partition or Combination of Units.** Except as herein provided, no Unit may be divided or subdivided into a smaller Unit or Units, nor shall any Unit or portion thereof be added to or incorporated into any other Unit, provided however, that upon the express written consent of the Board of Directors, two or more existing Units may be combined to form a single Unit. In the event of such combinations, each Unit shall retain its individual legal character and its appurtenant undivided interest in the Common Elements. Such combination shall be accomplished by the opening of a doorway or other passageway between the Units so combined and insofar as such doorway or passageway affects the Common Elements, such doorway or passageway shall be considered a Limited Common area and facility pursuant to this Declaration, and the cost of maintaining, repairing and replacing such doorway or passageway shall be the sole responsibility of the Unit Owners of the affected Units. The location and construction of such doorway and passageway shall be the sole responsibility of the Unit Owners of the affected Units. The location and construction of such doorway and passageway shall require the written consent of the Board of Directors and shall be in compliance with all governmental laws, codes, ordinances and regulations as well as the plans and specifications of the Condominium. In addition, such Units may be combined by removing or by not constructing



the intervening partitioning wall, notwithstanding the fact that such partitioning wall is or would have been part of the Common Elements so long as no portion of any load bearing wall, column or structural member is materially weakened, removed or not constructed and no portion of the Common Elements, other than that partitioning wall (and any wiring, conduits, ducts, utilities, apparatus or equipment contained therein which must be relocated by such Unit Owners if they serve any other part of the Condominium) is damaged, destroyed or endangered. The cost of any such combination shall be the responsibility of the Unit Owners whose Units are being combined. The prohibition against subdivision of a Unit set forth in this Section IV.10 shall not prevent a subsequent physical division of any Unit into its component Units. Any such division shall be at the sole cost and expense of the Unit Owners making such division.

Any instrument conveying, devising, encumbering or otherwise dealing with any Unit which describes said Unit by the numerical designation shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common Elements. Except as specifically provided in this Declaration with respect to the addition or inclusion of additional Units, the Common Elements shall not in any manner be divided nor shall any right to partition any part thereof exist. The Common Elements and each Unit's undivided interest therein shall not be conveyed, devised, encumbered or otherwise dealt with separately from the Unit to which the interest is appurtenant. Nothing herein contained shall be deemed to prevent ownership of a Unit by the entireties, jointly, or in common or in any other form by law permitted, or to prevent termination of the Condominium in accordance with the Act.

Nothing contained in this Section IV.10 shall prohibit the subletting of all or a portion of any Unit.

ARTICLE V

Assessments

1. **Assessment Liens.** The Board has the power to levy assessments 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 Person liable therefore, all as set forth in the Bylaws. The Bylaws shall set the method of assessment, the procedure for collection and any other matters necessary to identify the nature of the assessment rights set forth herein. This specifically includes, but not by way of limitation, the method for collection of liens and assessments in the manner set forth in N.C.G.S. Chapter 44A, et Seq.

2. **Personal Liability of Transferees; State; Liability of First Mortgagee**

(a) The personal obligation 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 said transferee, but any lien filed shall remain a lien upon the Unit.

(b) Any transferee referred to in (a) above shall be entitled to a statement from the Board, pursuant to Section 8.11 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessments against such Unit in excess of the amount therein set forth.

(c) Where a mortgagee or the beneficiary of a deed of trust, or other Person claiming through such deed of trust, pursuant to the remedies provided in a deed of trust, or by foreclosure or by a deed, or assignment, in lieu of foreclosure, obtains title to a Unit, the liability of such mortgagee or such other Person for assessments shall be only for the assessments, or installments thereof, 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 liability therefore, any unpaid portion of assessments which is not a lien under (b) above or, resulting as provided in (c) above, from the exercise of remedies in a deed of trust, or by foreclosure thereof or by deed, or by assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Unit Owners, including the transferee under (b) above and the purchaser at foreclosure or such other Person under (c) above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

3. **Prohibition of Exemption from Liability for Contribution Toward Common Expenses.** Except as stated in paragraph V.4 below, no Unit Owner may exempt himself 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.

ARTICLE VI

Management, Maintenance, Repairs, Replacements, Alterations and Improvements

1. **Common Elements.**

(a) **By the Association.** The management, replacement, maintenance, repair, alteration and improvement of the Common Elements shall be the responsibility of the Association, and, subject to the provisions of Section VI.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by the Unit Owners pursuant to Section VI.1(b) hereof. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(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 intentional acts or the intentional acts of any Occupant, guest or invitee of his Unit. Such payment shall be made upon demand made by the Association.



2. **Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units.**

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

(b) In addition, the Association may assess any Common Expense benefiting less than all of the Units against the Units benefited in proportion to their Common Expense liability.

3. **Units.** Each Unit Owner shall maintain his Unit at all times in a good and clean condition, and repair and replace, at his expense, all portions of his Unit; shall perform his responsibilities in such manner as not to unreasonably disturb other Occupants; shall promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association; and, 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 acts or omissions, or the acts or omissions of any Occupant, guest or invitee of his Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

4. **Waiver of Claims.** Except only as provided in Section VI.5(a) and (b), the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the members of the Board, officers of the Association, or employees or agents of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit or personal property therein, even if caused by the omission or neglect of any one or more of such Persons and all such claims are hereby waived and released; provided that this waiver shall not apply to any such loss or damage due to intentional acts.

5. **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 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 power under the Act, this Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. Notwithstanding Section VI.4, the Association shall be responsible for the repair of any damage caused by the Association or its authorized Person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done as to cause as little

inconvenience as 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 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 reasonably necessary for the Purpose of altering, maintaining, repairing or replacing the Unit of, or performing the duties and obligations under the Act, this Declaration or the Bylaws 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 Unit Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of any emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section VI.4, the Person making such entry shall be responsible for repair of any damage caused by such Person to the entered Unit or Limited Common Element.

ARTICLE VII

Insurance

1. **Casualty Insurance.** The Association shall maintain casualty insurance upon the Property in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for all Unit Owners and Security Holders as their interests may appear, and be disbursed pursuant to the Act. Such insurance shall be in the amount equal to not less than the full insurable value of the Property on a replacement cost basis and shall insure against such risks and contain such provisions as the Board from time to time shall determine, but at a minimum 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 cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to Section 47C-3-112(g) of the Act. Each unit owner shall pay insurance based on its percentage of ownership in the Condominium.

2. **Public Liability Insurance.** The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants and holders of a vendor's interest in a contract for deed on a Unit, the Association, the Board, the manager, if any, the Declarant, and 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 Five Hundred Thousand Dollars (\$500,000.00) per occurrence for death, bodily injury and property damage. 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 liability arising out of or in connection with the use or maintenance of the Units. In the event that the market for insurance does not have available at a price or cost justifiable by reasonable decision of the Board of Directors of the Association the insurance specified herein, the Board may make such



judgments as to insurance as necessary, consistent with the intentions of this paragraph, for the best interest of the Association.

3. **Fidelity Coverage.** Fidelity coverage shall be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other Person handling or responsible for handling funds of the Association in the face amount of at least the greater of (i) one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all Units plus the Association's reserve funds. Such bonds shall contain an appropriate endorsement to cover Persons who serve without compensation. The premiums on such bonds shall be a Common Expense.

4. **Other Insurance.** The Association may procure such other insurance, including worker's compensation insurance, as it from time to time deem appropriate to protect the Association of the Unit Owners.

5. **Insurance Trust.** 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.

6. **Individual Policy for Unit Owners.** Each Unit Owner may obtain insurance, at his own expense, affording personal property, and any other coverage obtainable, to the extent and in the amounts such Unit Owner deems necessary to protect his own interests; provided that any such insurance shall contain waivers pursuant to Section VI.3 and shall provide that it 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 insurance purchased by a Unit Owner under this Section, 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 assign the proceeds of his insurance, to the extent of such reduction, to the Association.

7. **Allocation of Insurance.** It is acknowledged that specific uses of the Units within the Condominium may result in additional insurance costs by way of increased premiums or allocation and that such costs are appropriately carried by the particular commercial use which results in such additional costs. Therefore, notwithstanding the other provisions of this Declaration which allocate the common percentages among the various Unit Owners, certain costs dealing with insurance shall be allocated on a less than equal method among the various Unit Owners. Each particular Unit shall be responsible to obtain insurance for business interruption and for any other similar discretionary insurance at the sole cost of the Unit or Unit Owner. For additional casualty insurance costs which may be generated by a particular Unit or the use within such Unit (such as a restaurant) such additional costs shall be allocated to the Unit which results in the additional casualty risk. Where possible, the allocation shall be made based upon information provided by the insurance carrier or underwriter. It is the intention of this Section that the individual Unit Owners shall be required to pay in common percentages based upon their square footage for those categories of insurance which are common to all of the Unit



Owners. For those categories of insurance which result in a particular use in an individual Unit or Units which does not apply in common to all of the Units, such additional costs which would not otherwise apply for the insurance coverage shall be born entirely by those Units whose use results in the additional cost. The Board of Directors of the Association shall determine the allocations according to the concepts set forth in this Section and the discretion of the Board in such matters shall be conclusive.

ARTICLE VIII

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced, and proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-112(d) and (g) of the Act.

ARTICLE IX

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all of 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 Section 47C-1-107 of the Act.

ARTICLE X

Termination

The Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act.

ARTICLE XI

Amendment

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Section 47C-2-108 and 47C-2-117 of the Act, except that no amendment altering or impairing Special Declarant Rights may be made without the written consent of Declarant.

ARTICLE XII

Rights of First Mortgagees

The following provisions shall take precedence over all other provision of this Declaration and the Bylaws:

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 the First Mortgagees and the insurers and guarantors of a First Mortgage on any Unit, current copies of the Declaration, the Bylaws, other rules and regulations co-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, Bylaws, other rules and regulations governing the Condominium, and the most recent annual financial statement (if one is prepared).

2. **Successors' Personal Obligation for Delinquent Assessment.** The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the successors in title or interest to said Unit unless said delinquent assessments are expressly assumed by them.

3. **Rights of Action.** The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners and any aggrieved Unit Owner shall have a right of action against the Association for failure to comply with the regulations, and decision of the Association made pursuant to authority granted to the Association in this Declaration and the Bylaws.

4. **Management and Other Agreements.** Any management agreement between the Declarant or the Association and 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. A unit owner may serve as the professional manager.

5. **Right of First Refusal.** The right of Unit Owners to sell, transfer, mortgage or otherwise convey his interest in his Unit shall not be subject to any right of first refusal.

6 **Consent of First Mortgagees.** This Section XII.6 shall be effective only if, at the time this Section would apply, at least one Unit is subject to financing. Any decision to terminate the Condominium for reasons other than substantial destruction or condemnation of the Property shall require the prior written consent of Eligible Mortgage Holders, as defined in Section 13.7 hereof, representing at least 67% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act. Except for any amendment to the Declaration made for the purpose of adding any of the Additional Real Estate to the Condominium in accordance with the provisions hereof, any amendment to the Declaration or Bylaws which changes any of the following shall require the prior written consent of Unit Owners holding at least 67% of the total votes in the Association and of Eligible Mortgage Holders representing at least 51% of the votes of allocated Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act or hereunder:

- (a) voting rights;
- (b) assessments, assessment liens or subordination of such liens;
- (c) reserves for maintenance, repair and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests 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 or fidelity bonds;
- (j) leasing of Units;
- (k) imposition of any restrictions on a Unit Owner's right to sell, transfer or otherwise convey his Unit;
- (l) a decision by the Association to establish self-management when professional management has been required previously by an Eligible Mortgage Holder;
- (m) restoration or repair of the Condominium (after damage or destruction or partial condemnation) in a manner other than that specified in this Declaration or the Bylaws;
- (n) any action to terminate the legal status of the Condominium after substantial damage or destruction of condemnation; or
- (o) any provisions that expressly benefit First Mortgagees or insurers or guarantors of First Mortgages.

7. **Notice.** Each First Mortgagee and each insurer or guarantor of a First Mortgage, upon written request stating its name and address and describing the Unit encumbered by the First Mortgage, held, insured or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires consent of a specified percentage of First Mortgagees; (ii) any condemnation or casualty loss that affects either 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 any the Unit Owner of the Unit on which the First

Mortgagee held its First Mortgage or in the performance of any obligation under this Declaration or the Bylaws by said Unit Owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. 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 Mortgage Holders shall be considered an "Eligible Mortgage Holder". With respect only to non-material amendments (which excludes items (a) to (o) of Section XII.6), 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 of amendment to the Declaration or Bylaws who does not deliver or post to the requesting part a negative response within thirty (30) days shall be deemed to have approved such request.

8. **Assessments.** Assessments shall be due and payable in monthly installments unless otherwise approved by the Board of Directors of the Association. As provided in Article VIII of the Bylaws and as legally required by Section 47C-3-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. An assessment shall be deemed levied against a 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 upon transfer of the first unit, such assessment to be prorated based upon the fiscal year as set forth in the bylaws.

9. **Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards.** No provision of this Declaration or the Bylaws shall be deemed to give a Unit Owner, or any other party, 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.

10. **Additional Real Estate: Common Element Interests; Reallocation.** If the Additional Real Estate is added, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated in proportion to the area of each Unit to the area of all Units and the voting rights in the Association shall be reallocated on the basis of equality. The effective date for said reallocation shall be the date of recordation of the amendment to this Declaration, which document shall comply with the provisions of the Act. The effective date for assignment of assessments to the Units added to the Condominium shall be the date the Board levies an assessment against said Units. All improvements intended to be located within any portion of the Additional Real Estate added to the Condominium shall be substantially completed prior to the addition of said portion of the Additional Real Estate.

ARTICLE XIII

General Provisions

1. **Conflict with the Act; Severability.** Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the




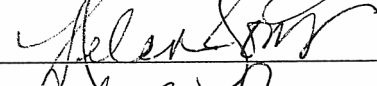
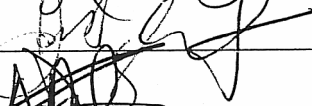

provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any Person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other Person or circumstances.

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. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part of which they appear.

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

4. **Exhibits.** The exhibits referenced in this Declaration are incorporated herein by reference, whether or not they are attached hereto and recorded herewith.

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

 (SEAL)
 (SEAL)
 (SEAL)
 (SEAL)

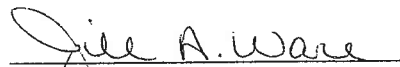
NORTH CAROLINA
DARE COUNTY



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I, a Notary Public for the aforementioned state and county do hereby certify that Gordon Jones, and wife, Helen M. Jones, Declarant, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and seal, this the 23 day, 2007.
of march

My commission expires:
9-19-11


Notary Public

Jill A. Ware
Notary Public
Dare County, N.C.

NORTH CAROLINA
DARE COUNTY

I, a Notary Public for the aforementioned state and county do hereby certify that James Elliott Dougherty and wife, Amy Marie Dougherty, Declarant, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and seal, this the 23 day, 2007.
of march

My commission expires:
9-19-11

Jill A. Ware
Notary Public

Jill A. Ware
Notary Public
Dare County, N.C.

NORTH CAROLINA
Dare COUNTY

The foregoing Certificates of

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

REGISTER OF DEEDS

BY: DEPUTY/ASSISTANT-REGISTER OF DEEDS



EXHIBIT "A"

PROPERTY DESCRIPTION

Beginning at an iron rod, said iron rod being in the intersection of the western boundary of the property herein described with the northern boundary of U.S. 158 Service Road (Martin's Point Road) and being in the southeastern corner of Lot 7 Martin's Point Commercial Lots as shown in Plat Cabinet B at Slide 75 of the Dare County Registry; thence from said point of beginning North 19 deg. 56 min. 55 sec. West 300.54 feet to an iron rod; thence North 70 deg. 03 min. 05 sec. East 100 feet to an iron rod; thence South 19 deg. 56 min. 55 sec. East 281.45 feet to an iron rod in the northern margin of the right-of-way of U.S 158 Service Road (Martin's Point Road); thence South 53 deg. 50 min. 05 sec. West 56.59 feet to a point; thence South 66 deg. 05 min. 09 sec. West 45.21 feet to the point and place of beginning.

The same being Lot 6 Martin's Point Commercial Lots as shown in Plat Cabinet B at Slide 75 of the Dare County Registry.



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EXHIBIT "B"

The limited common elements are those areas shown on the Condominium Unit Plat of the Martin's Point Professional Center Condominium recorded in Unit Ownership Book ~~406~~ at Page 258 of Dare County Registry.



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EXHIBIT "C"

<u>Suite Designation</u>	<u>Percentage of Undivided Interest in Common Elements</u>	<u>Percentage of Common Expenses</u>	<u>Votes in Association</u>
A	16%	16%	1
B	17%	17%	1
C	43%	43%	2
D	24%	24%	1



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EXHIBIT D

List of liens, defects and encumbrances to which the rights of unit owners are subject:

- A. General service and utility easements to supply utility service to the condominium property.
- B. Rights of the association and the unit owners and the Declarant set forth in the Declaration of Unit Ownership and the related documents; plats and plans, and bylaws.
- C. Permanent financing, whether renewed or extended and whether represented by the existing financing for developer now in place; except that the individual units and the respective percentages of common ownership will be released prior to conveyance to the unit owners.
- D. The provisions of Chapter 47C of the North Carolina General Statutes.
- E. Easement(s) to Virginia Electric and Power Company, now North Carolina Power, recorded in book 775, Pate 334 and Book 326, Page 226 of the Dare County Registry.
- F. Easement(s) to Norfolk and Carolina Telephone and Telegraph Company, Now Carolina Telephone and Telegraph Company, recorded in Book 325, Page 220 Dare County Registry.
- G. Reservation of gas, oil and mineral rights.
- H. Restrictive covenants recorded in Book 328, Page 78, Dare County Registry.
- I. Building restriction lines, easements and any other facts shown on plat, recorded in Plat cabinet B, Slides 74 and 75, Dare County Registry.
- J. Assessment(s) for Martin's Point Property Owners' Association.
- K. Easements as set forth in the restrictive covenants.
- L. Deed of Trust executed by Gordon Brennan Jones, James Elliott Dougherty, Helen Mary Jones and Amy M. Dougherty to Goshen, Inc., Trustee, for Southern Bank and Trust Company, dated April 18, 2005, recorded on April 18, 2005 at 03:52 p.m. in book 1625, Page 377, Dare County Registry, securing the sum of \$869,250.00.

EXHIBIT "E"
UNIT BOUNDARIES

Suites A, B, C and D of the Martin's Point Professional Center Condominiums as shown on a plat or survey entitled "Martin's Point Professional Center, Southern Shores, NC", prepared by Edmond P. Virgil, R.A. and dated the 12th day of February, 2007 and recorded in Unit Ownership Book 407 at Page 258 of the Dare County, North Carolina Public Registry.



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