

RESOLUTION

Whereas, pursuant to Article 5.8(C) of the Bylaws of Monterey Pines Association, Inc., (the "Association") its Executive Board shall have the power and authority necessary to "supervise[ing] the operation, care, upkeep and maintenance of the Common Elements."

Whereas, pursuant to Article 5.8(I) of the Bylaws of Monterey Pines Association, Inc., its Executive Board shall have the power and authority to "obtain[ing] insurance for the Property, pursuant to the applicable provisions of the Declaration."

Whereas, pursuant to Article 7.1, the Board shall prepare a budget for the Condominium for the purpose of determining the amount of the Assessments to be collected from the Unit Owners in order to provide for the Common Expenses of the Condominium.

Whereas, it has come to Board's attention by the Association's liability insurance carrier that clarification of the Unit, Common Element, and Limited Common Element is necessary.

Whereas, the Board through this resolution is not making any changes to the meaning of Unit, Common Element and Limited Common as these terms appear in the Declaration of Monterey Pines Condominium or in the Plat recorded in Currituck County.

Whereas, this resolution is not transferring any property rights under the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

BE IT RESOLVED, that the board adopts the following clarifications for the following terms as they appear in the Declaration:

Common Elements. "Common Elements" shall mean and refer to the portions of the Condominium which are not included in the Units; provided however, if any chute, flue, conduit, wire, pipe, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated exclusively to that Unit, and any portion serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

Limited Common Elements. "Limited Common Element" shall include any portions of the plumbing systems, including pipes or other plumbing fixture whether located inside or located outside the designated boundaries of a Unit, including individual plumbing, shall be Limited Common Elements allocated exclusively to the Unit or Units that they serve.

Unit. "Unit" shall mean and refer to a portion of the Condominium intended for independent ownership and use, as more fully set forth and shown on the Plat and Plans consisting of enclosed rooms in the Building and bounded by the unfinished perimeter walls, ceilings, floors, doors, and windows thereof. For the purpose of defining a Unit, the terms set forth below shall be defined as follows:

Unfinished Wall. "Unfinished wall" shall mean and refer to the sheetrock which constitutes the interior face of a wall of a Unit.

Unfinished Ceiling. "Unfinished ceiling" shall mean and refer to the concrete slabs, unfinished sheetrock or other structural materials which constitute the ceiling of a Unit.

Unfinished Floor. "Unfinished floor" shall mean and refer to the concrete slab which constitutes the floor of a Unit.

Unit shall include the drywall, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering, windows and window frames and glass, doorsteps, stoops, and interior doors and door frames. A Unit shall further include fixtures and hardware and all improvements contained within the unfinished perimeter walls, ceilings, and floors. A Unit shall include any heating and refrigerating elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, and all other related equipment required to provide heating, air-conditioning, hot and cold water, electrical, or other utility services to the Unit and located within the unfinished walls, ceilings and floors; provided, however, that a Unit shall not include any of the structural components of the Building or utility or service lines located within the Unit but serving more than one Unit.

Unit Boundaries. Each Unit shall include all the space within the boundaries thereof. The parametrical or vertical boundaries of each Unit are the vertical planes of the interior surfaces of the metal framing of the walls of the Unit, whether such walls are exterior walls or walls separating the Unit from other Units or the Common Elements, and the vertical planes of the exterior surfaces of windows and entry doors, including sliding glass doors, if any. The parametrical Unit boundaries include the sheet rock on the Unit side of the walls, with the framing being a part of the Common Elements, and they are extended to their intersection with each other and the upper and lower horizontal boundaries of the Unit. The lower horizontal boundary of each Unit is the plane of the upper surface of the sub-floor of that unit, and the upper horizontal boundary of each Unit is the lower surface of the ceiling joists of the Unit, with such sub-floor framing being part of the Common Elements. The upper and lower boundaries of each Unit include the wood, dry-wall, plaster or other material forming the ceiling or floor, as may be applicable, on the Unit side of such sub-floor or framing as the case may be and extend to their intersection with the parametrical boundaries of each Unit. Window screens and all fixtures, equipment and appliances located within the boundaries of each Unit, including without limitation, portions of the heating and air-conditioning system and the hot water heater are deemed to be part of that Unit. As provided in N.C.G.S. §47C-2-102, if any chutes, flues, ducts, conduits, wires, pipes, or any other apparatus lies partially within or partially outside of the designated boundaries of a Unit, any portions thereof which serve only that Unit shall be deemed a Limited Common Element of that Unit, while any portions thereof which serve more than one Unit or any portion of the Common Elements shall be deemed a part of the Common Elements. Further, any fan coil unit mounted above the ceiling of a Unit and the air-conditioning/heating unit located outside the Unit but serving that Unit only shall be deemed to be a part of that Unit.

Common Expenses Associated with Limited Common Elements or Benefitting Less than All Units. The obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, air conditioning systems, pipes and/or plumbing systems that are Limited Common Elements shall be the sole responsibility of the Unit Owners to which such Limited Common Elements are allocated. Unit Owner shall ensure that electricity is turned on to the Unit so that the heating, ventilating, air condition systems, pipes and/or plumbing systems are in working order.

Individual Policy for Unit Owners. Each Unit Owner shall obtain insurance, at their own expense affording personal property, personal liability, and any other coverage obtainable, to the extent and in the amounts such Unit Owner deems necessary to protect their own interest, including all property

within the Unit Boundary and those Limited Common Elements that benefit such Unit. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners (including Declarant, should Declarant be the Owner of any Unit).

Reimbursement to Association of Deductible. Depending on the area within the Property (whether Common Elements, Limited Common Elements or one or more Units) damaged or destroyed and covered by an insurance claim submitted on behalf of the Association, the deductible amount, if any, on any insurance policy purchased by the Board of Directors may be treated as a Common Expense payable from Annual Assessments or Special Assessments allocable to all of the Units or to only some of the Units, if the claims or damages arise from the negligence of particular Owners, or if the repairs benefit only particular Owners.

This the 5 day of December, 2014.

MONTERAY PINES ASSOCIATION, INC.

By: Michelle Stalen

President

GN 12/5/14