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Currituck County North Carolina
Denise A. Hall Reg of Deeds

Bk **1299** Pg **778-811**

DECLARATION

FOR

BEACON VILLAS AT COROLLA LIGHT

A PLANNED COMMUNITY

DECLARANT: FLORIDA OBX, LLC

DATE: August 25, 2014

PLATS OF **BEACON VILLAS AT COROLLA LIGHT** ARE RECORDED IN
PLAT CABINET N, SLIDES 91 AND 92, CURRITUCK COUNTY REGISTRY
(the "Submitted Property")

**THIS DOCUMENT REGULATES OR PROHIBITS
THE DISPLAY OF POLITICAL SIGNS.**

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BYLAWS OF BEACON VILLAS AT COROLLA LIGHT ASSOCIATION
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NORTH CAROLINA
CURRITUCK COUNTY

THIS DECLARATION FOR BEACON VILLAS AT COROLLA LIGHT, a Planned Community, is made and established on the day and year first above written, by FLORIDA OBX LLC, a Florida limited liability company, whose address is 5300 Gulf Boulevard, St. Pete Beach, FL 33706, hereinafter referred to as "**Declarant**"; and ALL PROSPECTIVE PURCHASERS of Lots within the planned community known as "Beacon Villas at Corolla Light"; and J. JEFFREY TINKHAM, TRUSTEE of the J. JEFFREY TINKHAM FAMILY TRUST (the "**Lender**").

RECITALS

A. Declarant owns the Submitted Property in fee simple. Within the Submitted Property, Declarant is creating 4 Lots.

B. Declarant has elected to subject the Submitted Property to the provisions of the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes (the "**Act**"), and to certain covenants, restrictions, reservations, easements, servitudes, liens and charges, all of which are more particularly hereinafter set forth.

C. Declarant also owns in fee simple the following the real estate which shall be designated as the "**Additional Property**":

All that certain parcel of land located and being near the Village of Corolla and Poplar Branch Township, Currituck County, North Carolina, in the subdivision known as Corolla Light P.U.D., and bounded as follows:

BEGINNING at an existing iron rod located on the east margin of the right of way of North Carolina Highway 12, also known as Ocean Trail, having a 100 foot right of way at this point, said POINT OF BEGINNING also being located in the southwesternmost corner of the subject property and being further located from an existing PK nail marking the intersection of the center line extended of Baum Court having a 50 foot right of way at this point as it intersects with North Carolina Highway 12, also known as Ocean Trail, said POINT OF BEGINNING being located North 47 degrees 21 minutes 12 seconds East 69.06 feet from said PK nail; thence running from said POINT OF BEGINNING along the east margin of the right of way of NC Highway 12, also known as Ocean Trail, having a right of way of 100 feet at this point, North 03 degrees 21 minutes 25 seconds West 12.98 feet to an iron rod; thence continuing along the right of way line of NC Highway 12, North 03 degrees 21 minutes 24 seconds West 4.05 feet to a point; thence continuing along the right of way line of NC Highway 12, on a curve to the left having a radius of 550.00 feet and a length of 101.58 feet, said arc subtended by a chord North 08 degrees 38 minutes 52 seconds West with a chord distance of 101.44 feet to an existing iron rod; thence continuing along the east margin of the right of way of NC Highway 12 North 13 degrees 56 minutes 20 seconds West 566.14 feet to an existing iron rod; thence cornering and running along the South line of Phase 11 (formerly 2A) as shown in Plat Cabinet B, Slide 113 of the Currituck County Registry North 76 degrees 03 minutes 40

seconds East 199.31 feet to an existing iron rod lying on the west boundary or property line of Whalehead Club Section Three, thence along the said western boundary or property line of Whalehead Club Section Three, South 13 degrees 56 minutes 20 seconds East 671.13 feet to an existing concrete monument; thence cornering and running along the north line of Phase 7D of Corolla Light P.U.D. South 76 degrees 03 minutes 40 seconds West 124.07 feet to an iron rod; thence along the right of way line of Beacon Hill Court as shown on plat of Beacon Hill subdivision recorded in Plat Cabinet H, Slide 333, Currituck County Registry, South 13 degrees 56 minutes 20 seconds East 12.26 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, on a curve to the right with a radius of 76.00 feet, an arc length of 45.97 feet, and a chord of South 03 degrees 46 minutes 04 seconds West 46.23 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, on a curve to the right with the radius of 15.00 feet, an arc length of 22.02 feet, and a chord of South 63 degrees 31 minutes 20 seconds West 20.09 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, on a curve to the right with a radius of 114.00 feet, an arc length of 2.39 feet, and a chord of North 75 degrees 01 minutes 54 seconds West 2.39 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, North 30 degrees 18 minutes 51 seconds West 21.29 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, on a curve to the left with the radius of 130.00 feet, an arc length of 25.21 feet, and a chord of North 87 degrees 48 minutes 03 seconds West 25.17 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, South 86 degrees 38 minutes 35 seconds West 9.95 feet to an iron rod; thence continuing along the right of way line of Beacon Hill Court, on a curve to the right with a radius of 15.00 feet, an arc length of 23.56 feet, and chord of North 48 degrees 21 minutes 25 seconds West 21.21 feet to an iron rod located in the eastern right of way line of Ocean Trail, the point or place of beginning.

Said parcel being designated as Phase 12 of Corolla Light P.U.D. Revised, containing 3.163 acres, more or less, and being more particularly shown on a map or plat entitled, in part, "Recombination Plat & Easement Plat for: Corolla Light P.U.D. Ph-12 & Beacon Hill Ph-11 & Ph-1 Open Space, Poplar Branch Twsp, Currituck County, North Carolina, for: Outer Banks Ventures, Inc.," by Coastal Engineering & Surveying, Inc., dated October 14, 2013, and recorded in Plat Cabinet N, Slides 6 and 7, Currituck County Registry, reference to which is hereby made for a more particular description.

Together with all appurtenant easements described in Deed to Declarant dated December 20, 2013 and recorded in Book 1276, Page 818, Currituck County Registry.

The above described Additional Property includes the Submitted Property.

Within the Additional Property, Declarant may create up to 28 additional Lots.

D. Declarant may hereafter elect to subject all or any portion of the Additional Property to the Planned Community under the Act and the provisions of this Declaration.

E. Declarant desires to subject the Submitted Property to the provisions of this Declaration and to develop the Submitted Property under the name of Beacon Villas at Corolla Light, and desires to create thereon a planned community (the "**Planned Community**") pursuant to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes (the "**Act**"), together with streets, roads, footways, open spaces, entrances, drainage facilities, access easements, signage, and any other property located within the Planned Community for the benefit of the Planned Community.

F. Declarant desires to provide for the preservation of the values and amenities in the Planned Community and for the maintenance of the Planned Community and, to this end, desires to subject the Submitted Property to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of each real property and each owner of a portion thereof.

G. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Planned Community, to create an association to which should be delegated and assigned the powers of maintaining and administering the Planned Community and facilities, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

H. Declarant has caused or will cause to be incorporated under the laws of the State of North Carolina, Beacon Villas at Corolla Light Association (the "**Townhouse Association**"), for the purpose of exercising the functions contained in this Declaration and its Articles of Incorporation and Bylaws.

I. Declarant anticipates that the Common Elements shown on all of the recorded plats of the Planned Community subject to this Declaration will be conveyed by Declarant to the Townhouse Association.

DECLARATION

NOW, THEREFORE, Declarant does hereby declare that the Submitted Property, together with any of the Additional Property which it may hereafter add to the Planned Community by supplement to this Declaration, shall be held, transferred, conveyed, occupied and used subject to the following easements, covenants, conditions, restrictions, liens and charges which shall run with the title to the real property and which shall be binding upon and inure to the benefit of all of the parties having any right, title or interest in the above described properties, their heirs, successors and assigns.

ARTICLE 1 DEFINITIONS

Section 1.1. Definitions. The definitions contained in Section 47F-1-103 of the Act shall apply to this Declaration and to the Planned Community.

Section 1.2. Additional Definitions. The following words when used in this Declaration shall have the following meaning:

1.2.1. "Articles" means the Articles of Incorporation of the Townhouse Association.

1.2.2. "Assessment" shall have the same meaning as "Common Expense Liability" as defined in Section 47F-1-103 of the Act.

1.2.3. "Bylaws" shall mean the Bylaws of the Townhouse Association.

1.2.4. "Master Association" shall mean Corolla Light Community Association, Inc.

1.2.5. "Occupant" shall mean any person including, without limitation, any Owner, family member, guest, invitee, lessee, or tenant of an Owner occupying or otherwise using a Unit within the Planned Community.

1.2.6. "Owner" shall have the same meaning as "Lot Owner" as defined in Section 47F-1-103 of the Act.

1.2.7. "Party Wall" shall mean each wall or similar structure built as part of the original construction of the buildings which separates and serves two (2) adjoining Units.

1.2.8. "Plats" shall mean the plats of the Beacon Villas at Corolla Light (refer to the first page of this Declaration for the recording information for the Plats) .

1.2.9. "Rules" shall mean any and all regulations of the Townhouse Association promulgated by the Executive Board pursuant to its power under this Declaration or any other land use document.

1.2.10. "UDO" shall mean the Currituck County Unified Development Ordinance and its provisions that were in effect as of the date of this Declaration.

1.2.11 "Unit" shall mean any single or multi-story structure constructed on a Lot for permanent occupancy for single family residential purposes.

ARTICLE 2 MEMBERSHIP, VOTING RIGHTS AND GOVERNANCE OF THE ASSOCIATION

Section 2.1 Membership. Membership in the Townhouse Association is defined in Section 47F-3-101 of the Act.

Section 2.2. Voting Rights.

2.2.1. Except as otherwise provided herein, voting rights of Owners shall be those rights provided by Section 47F-3-110 of the Act.

2.2.2. The Townhouse Association shall have two (2) classes of voting membership.

2.2.2.1. Class A Members shall be the Owners. Each Class A Member shall be entitled to one (1) vote for each Lot owned.

2.2.2.2. The Class B member shall be the Declarant, which shall be entitled to three (3) votes for each Lot or Unit owned by it until the Turnover Meeting.

Section 2.3. Governance. The Townhouse Association shall be governed pursuant to Section 47F-3-103 of the Act.

Section 2.4. Master Association. Each Owner shall also be a member of the Master Association. As a Member of the Master Association, each Owner shall have all of the associated rights, duties, and obligations as set out in the Corolla Light PUD Subdivision Master Declaration which are made applicable to each and every Lot or Unit in the Townhouse Community, except as modified in the Townhouse Declaration. Each Owner's obligations to the Master Association include but are not limited to compliance with all rules and regulations promulgated by the Master Association except as modified in the Townhouse Declaration, and the payment of all assessments by the Master Association. Membership in the Master Association shall be appurtenant to and may not be separated from ownership of a Unit or Lot, and each Owner shall be entitled to one vote for each Unit or Lot owned. The Declarant shall be entitled to one vote in the Master Association for each Unit or Lot owned.

ARTICLE 3 PROPERTY RIGHTS IN THE COMMON ELEMENTS

Section 3.1. Owners' Easements of Enjoyment in the Common Elements. Subject to the provisions of the Section herein entitled "Easement for Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services" and any additional provisions of this Declaration, every Owner, members of the Owner's household, guests of the Owner, agents, and licensees, shall have a permanent and perpetual easement for the use and enjoyment of the Common Elements and each easement shall be appurtenant to and shall pass with a title to every Lot. Such easements of enjoyment shall include but not be limited to the Owners' right of ingress and egress over the streets, roadways and walkways over the Common Elements for the purpose of access to the Owners' Lot. All interior streets within the subdivision are dedicated to public use.

Section 3.2. Limitation of Owners' Easements. The rights of easement, use and enjoyment created hereby shall be subject to the following:

3.2.1. The right of the Townhouse Association to adopt and enforce, at any time, Rules governing the use of the Common Elements and all facilities situated thereon. Any Rules so adopted shall apply until rescinded or modified the same as if originally set forth at length in this Declaration.

3.2.2. The right of the Townhouse Association to set specific charges for the use and maintenance of the Common Elements.

3.2.3. The right of the Townhouse Association as provided in its Articles and Bylaws to suspend the enjoyment rights of any Owner for any period during which any Common Expense Liability remains unpaid, or for a period that may be determined by the Executive Board for any violation of this Declaration, the Townhouse Association's Articles, Bylaws, or published rules and regulations; provided however, that the right of a member of ingress and egress over the streets shall not be abrogated.

3.2.4. The right of the Declarant and the Townhouse Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purpose.

Section 3.3. Easement for Utilities. There is hereby reserved for the benefit of the Declarant, the Townhouse Association, any public utility or governmental unit providing services in the Planned Community, and their respective successors and assigns, an easement upon, over, under and across all of the Common Elements and all land located within ten (10) feet of any Lot line as shown on all plats of record, for the purpose of installing, replacing, maintaining and operating all utilities.

Section 3.4. Easement for Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services. A non-exclusive easement is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services and emergency service such as fire, ambulance and rescue services, for purpose of ingress and egress over the Common Elements. Declarant further reserves an easement over the Common Elements as needed for the installation, maintenance and operation of any central water and sewage disposal systems which may serve the Planned Community.

Section 3.5. Maintenance Easement. The Declarant reserves for itself and the Townhouse Association and their respective agents and employees an easement to enter upon any unimproved areas in the Planned Community for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash therefrom so as to maintain reasonable standards of health, fire safety and appearance within the Planned Community. This reservation shall not impose any duty or obligation upon the Declarant or the Townhouse Association to perform any such action.

Section 3.6. Environmental Easements. Declarant reserves for its benefit and the Townhouse Association and their respective agents and employees an easement on, over and across any and all unimproved areas in the Planned Community for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, procedures promulgated or instituted by the Executive Board or by any governmental entity.

Section 3.7. Easement for Encroachments. All portions of the Planned Community shall be subject to an easement for minor encroachments created by construction and overhangs as designed or constructed by Declarant, or Declarant's predecessor in interest (including, but not limited to, HVAC units, concrete pads, and similar improvements attached to a Unit), by settling or shifting of any Building or Improvement, or by reconstruction of any Building or Improvement following its partial or total destruction by fire or other casualty. Such easement shall exist so long as the encroachment exists. The easement does not relieve an Owner of liability in case of such Owner's willful misconduct nor relieve any other person of liability for failure to adhere to the plats and plans of the Planned Community.

Section 3.8. Owners' Easements for Keepers Way. Subject to the provisions of the Section herein entitled "Easement for Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services" and any additional provisions of this Declaration, every Owner, members of the Owner's household, guests of the Owner, agents, and licensees, shall have a permanent and perpetual non-exclusive easement for vehicular and pedestrian access along the entire length of the interior street known as Keepers Way, described on (i) plats of

Beacon Villas at Corolla Light recorded in Plat Cabinet N, Slides 91 and 92, Currituck County Registry; (ii) Deeds of Lots to Owners, and (iii) plats of future phases of the Community which may be recorded subsequent to this Declaration (collectively the "Keepers Way Easement"). A portion of the Keepers Way Easement is currently located within the Additional Property which has not yet been submitted to the Community by Declarant. Declarant reserves the sole and unilateral right and option to relocate that portion of the Keepers Way Easement currently located within the Additional Property by the recordation of plats of future phases of the Community which depict the final location of Keepers Way. Upon the Declarant's recordation of such plats, if the location of the easement for Keepers Way shown on such recorded plats differs from the description of the Keepers Way Easement set forth above or in various Deeds of Lots to Owners, the Declarant's act of recording the plats shall be a sufficient and complete relocation of the Keepers Way Easement without the need or requirement for the Declarant, any Owner of the Association to execute or record any other instruments.

ARTICLE 4 RESERVATION OF SPECIAL DECLARANT RIGHTS

Section 4.1. Declaration of Special Declarant Rights. In addition to other Special Declarant Rights reserved by the Declarant in this Declaration, the Declarant reserves the following additional Special Declarant Rights:

Section 4.1.1. Rights Listed in the Act. Declarant reserves all Special Declarant Rights enumerated in Section 47F-1-103(28) of the Act.

Section 4.1.2. Development Right. Declarant reserves the right to develop and add to the Planned Community all or any portion of the Additional Property.

Section 4.1.3. Addition to or Deletion from Common Elements; Easements. Declarant reserves the right, without approval of the Townhouse Association or any Owner, to add to or delete part of the Common Elements and to dedicate easements and rights-of-way over the Common Elements in accordance with the terms of this Declaration.

Section 4.1.4. Easement for Declarant. The Declarant reserves to itself, its successors and assigns the right to install, construct and maintain temporary roads, utility services and drainage systems as are necessary, in its sole discretion for the proper development and administration of the Planned Community. Such right shall extend over, through, under and across the Common Elements.

Section 4.1.5. Changes in Boundaries; Additions to Designated Common Elements. Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of any designated Common Property within the Planned Community, and to make additions thereto.

Section 4.1.6. Bulkheads and Related Improvements. The Declarant hereby reserves unto itself, its agents, employees, successors and/or assigns, as a Development Right, the right, license, privilege and easement to construct bulkheads and other related improvements on the Property. Any bulkheads and related improvements constructed by the Declarant shall be a part of the Common Elements of the Planned Community unless otherwise indicated on the plats or recorded Supplemental Declaration of the Planned Community.

Section 4.1.7. Sales and Construction. The Declarant, its agents, employees, successors and assigns may maintain such facilities and carry on such activities as may be reasonably convenient or incidental to the completion, improvement and sale of Lots within the Planned Community, including without limitation, the right to (a) install and operate construction trailers, sales offices, signs and model Units, and (b) maintain such facilities and carry on such activities.

Section 4.2. Conveyance of Common Elements; Period of Declarant Control; Turnover. Declarant agrees that once 51 percent of the total number of lots in the Planned Community (including Lots which Declarant may create within the Additional Property) are sold (or sooner, in the Declarant's discretion), Declarant shall convey the title of the Common Elements to the Townhouse Association by Non-Warranty Deed, at no cost to the Townhouse Association, free and clear of all liens and encumbrances except this Declaration and any supplements and amendments thereto. The Townhouse Association covenants that it will accept a conveyance of all of the Common Elements. Except as provided otherwise in **Article 5** of this Declaration, the Period of Declarant Control and Special Declarant Rights reserved by Declarant in this Declaration shall continue until Declarant no longer owns any Lots in the Planned Community, including Lots that are a part of existing and future planned phases of the Planned Community. Prior to the expiration of the Period of Declarant Control, the Declarant may (but is not required to) transfer the Declarant's Special Declarant Rights (as defined in this Declaration and in Section 47F-1-103 of the Act) at any time in the Declarant's sole and absolute discretion. After the Period of Declarant Control expires, or at such earlier time when the Declarant has transferred its Special Declarant Rights to the Townhouse Association, the Townhouse Association shall conduct a special meeting of the membership, (hereinafter called the "**Turnover Meeting**") for the purpose of assuring the transition of the Townhouse Association to Owners other than the Declarant. The members shall elect the Directors at the Turnover Meeting as set forth in the Bylaws of the Townhouse Association.

Section 4.3. Confirmation and Application of Phase 12 Development Rights Previously Assigned. Outer Banks Ventures, Inc. ("**Original Declarant**") previously recorded a Declaration of Covenants, Conditions and Restrictions for Corolla Light PUD (the "**Master Community**") by instrument recorded in Book 203, Page 151, Currituck County Registry, as amended and restated by instrument recorded in Book 409, Page 809, Currituck County Registry, as further amended and supplemented from time to time (collectively the "**Master Declaration**"). By Deed dated December 20, 2013 and recorded in Book 1276, Page 818, Currituck County Registry (the "**FLOBX Deed**"), Original Declarant conveyed the Submitted Property and the Additional Property to Declarant. As part of the FLOBX Deed, Original Declarant assigned to Declarant all development rights in the Submitted Property and the Additional Property (the "**Phase 12 Development Rights**"), and Declarant accepted such assignment. Such development rights include but are not limited to, the right to modify the covenants, conditions and restrictions of the Master Declaration to the extent same apply to the Submitted Property and the Additional Property.

**ARTICLE 5
PROVISIONS REQUIRED BY CURRITUCK COUNTY**

Section 5.1. Provisions Required by Currituck County. The provisions of this **Article 5** are required by Currituck County as a condition for approval of the Planned Community. The following provisions may not be deleted, modified or changed without the consent of Currituck County in each instance.

Section 5.2. Maintenance of Stormwater Measures. The Townhouse Association shall assume responsibility to maintain stormwater measures pursuant to the provisions of the State Stormwater Management Permit Number **SW7131204**, as issued by the State of North Carolina Department of Environment and Natural Resources, Division of Water Quality, under 15A NCAC 2H.1000, the provisions of which are hereby incorporated by reference.

Section 5.3. Maintenance of Swales and Culverts. Until Turnover, the Declarant shall be responsible for maintenance of the roadway swales and culverts on the new roads in the Planned Community. After Turnover, the Townhouse Association shall assume this responsibility.

Section 5.4. Provisions Addressing the Requirements of Section 6.1.4(D) of the UDO.

5.4.1 This Declaration contains all restrictive covenants for the Planned Community.

5.4.2 This Declaration contains all of the deed restrictions for the Planned Community.

5.4.3 Pursuant to the provisions of the Act, the Townhouse Association is responsible for liability insurance and all applicable taxes for the common elements.

5.4.4 Pursuant to the provisions of the Act, all on-site improvements not dedicated to a local or state agency, including but not limited to streets, drainage systems, wastewater systems, open space areas, recreational facilities, and private infrastructure, are or will be held by the Townhouse Association as common elements in common ownership.

5.4.5 This Declaration, the attached Bylaws of the Townhouse Association, and the provisions of the Act, describe the structural organization and operating procedures of the Townhouse Association.

5.4.6 The Townhouse Association's Bylaws are attached hereto as **Exhibit A**.

5.4.7 The legal description of all open space set-asides and other lands owned in common is provided on the Plats as referenced on page 1 of this Declaration. Pursuant to Section 47F-1-103(4) of the Act, all of the Property comprising the Planned Community, other than Lots, are common elements.

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5.4.8 The provisions of the Act establish the legal authority of the Townhouse Association to maintain control over all common areas (common elements), common features, and private infrastructure in the subdivision (Planned Community).

5.4.9 The provisions of the Act authorize the Townhouse Association to compel contributions from owners in the development (Planned Community) to cover their proportionate share of maintenance costs associated with common areas, common features, and private infrastructure.

5.4.10 The provisions of the Act authorize the Townhouse Association to increase the amount of mandatory fees or assessments, when necessary, for the continued maintenance of common areas (common elements), common features, or private infrastructure.

5.4.11 The provisions of the Act and this Declaration authorize the Townhouse Association to convert any member's unpaid assessments into a lien on the real property.

5.4.12 The Townhouse Association shall establish a reserve fund (the "**Reserve Fund**") to support the continued maintenance and upkeep of common areas (common elements), common features, and private infrastructure. The Reserve Fund shall be established with a banking institution acceptable to the County in the name of the Townhouse Association. The Reserve Fund shall contain a minimum balance equal to ten percent (10%) of the construction costs of all common areas (common elements), common features, and private infrastructure. In the event the Townhouse Association has not collected sufficient assessment funds from the Lot Owners in the subdivision (Planned Community) to meet the minimum balance requirements of the Reserve Fund, the subdivider (Declarant) shall be responsible for the difference needed to meet the minimum balance requirements.

Section 5.5. Provisions Addressing the Requirements of Section 6.1.4(E) of the UDO.

5.5.1 Following establishment of the Townhouse Association by the subdivider (Declarant), membership in the Townhouse Association shall be automatic and mandatory for all purchasers of land (Lots) within the subdivision (Planned Community) and their successors in title.

5.5.2 All members of the Townhouse Association shall be responsible for contributions to the Townhouse Association's Reserve Fund to cover their proportionate share of maintenance costs associated with common areas (Common Elements), common features, and private infrastructure.

Section 5.6. Provisions Addressing the Requirements of Section 6.1.4(F) of the UDO.

5.6.1 The subdivider (Declarant), either directly or as an owner of Lots in the Planned Community, shall be responsible for maintenance of all common areas (Common Elements), common features, and private infrastructure until maintenance responsibility is transferred to the Townhouse Association. Otherwise, and pursuant to the Act and this Declaration, the Townhouse Association has the statutory duty and responsibility for maintenance of all common areas (Common Elements), common features, and private infrastructure.

5.6.2 The subdivider (Declarant), either directly or through its status as Declarant and owner of Lots in the Planned Community, shall cede maintenance responsibility for common areas (common elements), common features, regulatory permits (e.g., stormwater permits), and private infrastructure to the Townhouse Association upon sale of 51 percent of the Lots in the subdivision (Planned Community). Otherwise, the Townhouse Association has the statutory duty and responsibility for maintenance of all common areas (Common Elements), common features, regulatory permits (e.g., stormwater permits), and private infrastructure for the Planned Community.

5.6.3 Pursuant to the requirements of the UDO, maintenance responsibility is not transferred from the subdivider (Declarant) to the Townhouse Association until all of the following occur: (a) at least 51 percent of the total number of lots in the subdivision (Planned Community) are sold; and (b) the subdivider (Declarant) provides an affidavit or resolution signed by the Townhouse Association's president that accepts maintenance responsibility for the subdivision (Planned Community); and (c) the subdivider (Declarant) commissions a report prepared by a licensed engineer indicating that all common areas, common features, and infrastructure elements comply with the minimum standards in the UDO and the County Code of Ordinances; and (d) County staff reviews and approves the report prepared by a licensed engineer; and (e) a reserve fund described in Section 5.6.12 above has been established. Declarant agrees that once 51 percent of the total number of lots in the subdivision (Planned Community) are sold (or sooner, in the Declarant's discretion), Declarant shall convey the title of the Common Elements to the Townhouse Association by Non-Warranty Deed, at no cost to the Townhouse Association, free and clear of all liens and encumbrances except this Declaration and any supplements and amendments thereto. The Townhouse Association covenants that it will accept a conveyance of all of the Common Elements.

Section 5.7. Intentionally omitted.

Section 5.8. Army Corps of Engineers Jurisdiction. Wetlands covering a portion of some of the Lots in the Planned Community are subject to regulation by the United States Army Corps of Engineers.

ARTICLE 6 PROVISIONS REQUIRED BY THE STATE OF NORTH CAROLINA

Section 6.1. Provisions Required by the State of North Carolina. The provisions of this **Article 6** are required by the State of North Carolina as a condition for approval of various State-issued permits associated with the Planned Community. The following provisions may not be deleted, modified or changed without the consent of the agency of the State of North Carolina having jurisdiction over the matter.

Section 6.2. Stormwater Permit Compliance.

6.2.1 The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number **SW7131204**, as issued by the State of North Carolina Department of Environment and Natural Resources, Division of Water Quality, under 15A NCAC 2H.1000.

6.2.2 The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.

6.2.3 These covenants are to run with the land and be binding on all persons and parties claiming under them.

6.2.4 The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

6.2.5 Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division of Water Quality.

6.2.6 Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is strictly prohibited by any persons.

6.2.7 Intentionally omitted.

6.2.8 If permeable pavement credit is desired, the property owner must submit a request, with supporting documentation, to the Declarant (the permittee) and receive approval prior to construction of the permeable pavement.

Section 6.3. CAMA Permit. CAMA regulations apply to the development of oceanfront lots A CAMA permit may be required to build or improve on an oceanfront Lot.

ARTICLE 7 COVENANT FOR ASSESSMENT OF COMMON EXPENSES

Section 7.1. Creation of the Lien and Personal Obligation of Common Expenses.

Except as hereinafter more fully provided, the Declarant, for each Lot owned by it which is subject to this Declaration, hereby covenants and each Owner of any Lot, by acceptance of a deed for the same, whether or not it shall be so expressed in the particular deed of conveyance, shall be deemed to covenant and agree to all the Covenants and Restrictions of this Declaration and to pay the Townhouse Association: (1) Periodic Assessments and (2) Special Assessments for capital improvements and other assessments to be fixed, established, and collected from time to time as hereinafter provided.

Section 7.2. Assessment and Lien for Assessment. The assessment, lien for such assessment, and remedies to the Townhouse Association for nonpayment of such assessment shall be as provided by Sections 47F-3-115 and 47F-3-116 of the Act, with the following additional provisions:

7.2.1. The Executive Board may appoint a trustee to foreclose the lien of the assessment as provided by Section 47F-3-116 of the Act and Article 2A of Chapter 45 of the North Carolina General Statutes.

7.2.2. The Townhouse Association may enter one or more bids at the foreclosure sale and may purchase the property at the foreclosure sale, even if the foreclosure sale is conducted by or at the direction of the Townhouse Association.

Section 7.3. Basis and Amount of the Periodic and Special Assessments. Periodic and special assessments shall be divided equally among the Lots made subject to this Declaration.

Section 7.4. Special Assessments. In addition to the periodic assessment authorized by this Article, the Executive Board may levy in any assessment period a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Elements including the necessary fixtures and personal property related thereto, or for other purposes deemed appropriate by the Townhouse Association. The due date of any special assessment under this Article shall be fixed in a resolution of the Executive Board authorizing such assessment.

Section 7.5. Subordination of the Lien to Mortgages. The lien for the assessments provided for in this Declaration shall be subordinate to the lien of any mortgage now or hereafter placed upon an Owner's property subject to assessment, unless such assessment is secured by a Claim of Lien that is recorded prior to the recording of such mortgage.

Section 7.6. Capitalization of Townhouse Association. Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant, **a contribution shall be made at closing by or on behalf of the purchaser to the working capital of the Townhouse Association in an amount equal to one-sixth (two months) of the annual assessment per Lot** for that year or in such other amount as the Board may specify which may be a flat rate from year to year approximating one-sixth (two months) of the annual assessment per Lot levied during the first year in which the Townhouse Association adopts a budget. **This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of such assessment.** This amount shall be collected from the Owner at the closing of the Owner's purchase of the Lot, and disbursed therefrom to the Townhouse Association for use in covering operating expenses and other expenses incurred by the Townhouse Association pursuant to this Declaration and the Bylaws.

ARTICLE 8 MAINTENANCE OF THE PLANNED COMMUNITY

Section 8.1. Maintenance of Exterior of Units and Landscaping. The Townhouse Association shall be solely and exclusively responsible for maintaining the grounds of the Planned Community, including each Lot, and the exterior of all Units, including but not limited to upkeep and care of exterior walls, roofs, gutters and downspouts. The Townhouse Association shall have sole and exclusive architectural control over the exterior of all Units and buildings as well as all streets, landscaping and the Common Elements.

Section 8.2. Assessment for Townhouse Association Maintenance of Owner's Lot or Unit. Where the Townhouse Association, in the interest of the Planned Community, authorizes maintenance on a Lot or Unit under the Section herein entitled "Maintenance Action by the Townhouse Association," the work shall be performed in a cost efficient manner and the Townhouse Association shall have the right to assess the Owner.

Section 8.3. Upkeep of Party Walls. The cost of Upkeep of a Party Wall shall be shared equally by the Owners who make use of the Party Wall. If a Party Wall is destroyed or

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damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 8.4. Performance of Owner's Responsibilities. Where the Executive Board determines that an Owner has failed or refused to carry out such Owner's duties in this Article, the Executive Board shall take such action as is necessary to restore the property to the standards of the Planned Community. Entry upon any property for this purpose by the Townhouse Association, its agents or employees shall not be deemed a trespass. Except in emergency situations, however, the Townhouse Association shall give such Owner fifteen (15) days notice prior to its entry on the premises to perform such work. In the case of failure to pay the charges or assessment, the Executive Board shall place a lien on the Lot which shall be a personal obligation of the Owner and shall be due and payable in all respects.

ARTICLE 9 COMMON ELEMENTS

Section 9.1. Management. The Townhouse Association, subject to the rights of the Declarant and the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Elements and all improvements located thereon. As provided by Section 47F-3-103 of the Act, the Executive Board may act in all instances on behalf of the Townhouse Association except as provided in this Declaration, the Bylaws, or the Act.

Section 9.2. Duties and Powers. The duties and powers of the Townhouse Association shall be those set forth in this Declaration, the Bylaws, and in Section 47F-3-102 of the Act. Should there be conflicts or inconsistencies between any of these documents then the order of authority shall be this Declaration, the Bylaws, and the Act.

Section 9.3. Restraint on Transfer. The shares of the Owners in the funds and assets of the Townhouse Association cannot be individually assigned, hypothecated or transferred in any manner except to the extent that a transfer of ownership of a Lot or Unit also transfers the membership in the Townhouse Association which is an appurtenance to such Lot or Unit.

Section 9.4. Limited Common Elements. The Declarant may identify as Limited Common Elements those portions of the Common Elements identified on the recorded Plats of the Planned Community, or by a recorded amendment to this Declaration. The Common Expense associated with such Limited Common Elements shall be assessed to those Owners to whom the Limited Common Elements are allocated.

**ARTICLE 10
ARCHITECTURAL CONTROL**

Section 10.1. Architectural Control Provisions. No building, fence, wall, or other structure shall be commenced, erected, or maintained on or in the Community, nor shall any exterior addition to, change or alteration therein be made, including the erection of antennas, aerials, awnings, the placement of reflective or other material in the windows of a Unit, or other exterior attachment, until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Townhouse Association or its designee. In the event said Board or its designee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with.

Section 10.2. Architectural Guidelines. The Declarant or the Board of Directors may adopt architectural guidelines and regulations governing the application of this Article 10 to the Community.

Section 10.3. Exclusive Architectural Control. Pursuant to Declarant's exercise of the Phase 12 Development Rights, the provisions of this Article 10 shall exclusively govern all architectural matters relating to the Community. The Community is exempt from architectural review by the Master Association.

**ARTICLE 11
RESTRICTIONS ON USE AND RIGHTS OF
THE ASSOCIATION AND OWNERS**

Section 11.1. Permissible Uses. No Lot in Beacon Villas at Corolla Light shall be used except for single family residential purposes. A Unit may contain a home office used by the Owner of such Unit. Notwithstanding the foregoing, however, the Owner's employees, customers or clients shall not meet with Owner in Owner's Unit or work in Owner's Unit on a regular basis.

Section 11.2. Sign Restrictions. No sign of any kind shall be displayed to the public view on any Lot except (i) temporary political signs, (ii) one sign of not more than 5 square feet advertising the Property for sale or rent, or (iii) signs used by the Declarant to advertise the Property during the construction and sale period. The Townhouse Association shall not regulate the content of political signs; however, the Townhouse Association may adopt rules to regulate the time, place and manner of posting such signs, and design criteria for such signs.

Section 11.3. No Trash, Garbage or Waste. No Lot shall be used or maintained as a dumping ground for rubbish. All trash, garbage or other wastes shall be kept in sanitary containers and all incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 11.4. No Outside Toilets. No outside toilet shall be erected on a Lot. All toilets shall be connected with an approved sanitary sewerage system.

Section 11.5. Division and Recombination of Lots. No Lot shall be further subdivided, or recombined with another Lot, or its boundary lines changed by its Owner, except with the written consent of the Declarant (or by the Townhouse Association after Turnover). The Declarant (or an Owner with the consent of the Declarant, or the Townhouse Association after Turnover), may create a recombined Lot by the combining of two or more adjacent Lots, followed by the construction thereon of a Unit in such a manner as to require the total Lots to be treated as one recombined Lot in order to meet the setback and side line requirements, without the necessity of replatting. When two or more Lots are recombined to form one Lot, the Common Expenses and voting associated with such recombined Lot shall be the Common Expense allocation and voting allocated to the Lots as originally platted before such recombination. The restrictions and covenants herein apply to each Lot so recombined.

Section 11.6. Animals and Pets.

11.6.1. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Community or in any Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial breeding or other commercial purposes, that they do not create a nuisance (in the judgment of the Executive Board), such as, but without limitation, by number, noise, odor, damage or destruction of property, or refuse and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and Currituck County or other applicable governmental entity relating thereto; and (ii) such rules and regulations pertaining thereto as the Board may adopt from time to time.

11.6.2. Dogs which pose a danger to Owners, third parties and other pets are not permitted in the Planned Community. The Townhouse Association shall have the right to prohibit or require the removal of any dog or animal, which after consideration of factors such as size, breed, disposition of the animal, interference by the animal with the peaceful enjoyment by other Owners of their Lots and Units, and the security measures taken by the Owner with respect to such animal, the Townhouse Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard.

11.6.3. Every person owning or having possession, charge, care, custody, or control of any dog shall keep such dog exclusively upon his own Lot; provided, however, that such dog may be allowed outside of the Lot if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.

Section 11.7. Offensive and Illegal Activities. No noxious, offensive or illegal activities shall be carried on within the Planned Community nor shall anything be done that shall be or become an unreasonable annoyance or nuisance. No use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device shall be permitted so as to be audible to occupants of other Lots, except alarm devices used exclusively for security purposes. Use and discharge of firecrackers and other fireworks is prohibited.

Section 11.8. Repair or Removal of Improvements. Any Unit or other improvements on a Lot which may be destroyed in whole or in part by fire, windstorm or from any other cause or act of God must be rebuilt or all debris removed and the Lot or area restored to a sightly

condition with reasonable promptness. However, in no event shall such debris remain on a Lot longer than three (3) months.

Section 11.9. No Outside Burning. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted, except in accordance with a validly issued burning permit from Currituck County and the Townhouse Association.

Section 11.10. Rules and Regulations. Rules adopted by the Executive Board shall establish standards for all other matters in the Planned Community, including but not limited to the following: animals and pets, offensive and illegal activities, outside burning, discharge of firearms, motor vehicles, and boats.

Section 11.11. Utilities and Easement. All utility lines of every type, including, but not limited to, water, electricity, telephone, television cables or sewage must be underground.

Section 11.12. Timeshares Prohibited. No Unit or Lot may be subdivided to permit the creation of a timeshare or timeshares as same is defined by Chapter 93A, Article 4 of the North Carolina General Statutes, or any subsequent legislation affecting time shares.

Section 11.13. Leases. Leaseholds of any Unit may be granted or be conveyed by an Owner only in accordance with the following restrictions:

11.13.1 Any lease, assignment, or sublease must be for the entire Unit unless Declarant (or after Turnover, the Townhouse Association) gives prior written consent to leasing of a portion of a Unit; and

11.13.2 Each tenant, by becoming a tenant, agrees to be bound by this Declaration. If any Owner or tenant violates any of the provisions of this Declaration, the Townhouse Association may bring an action in its own name or in the name of the owner, or both, to have the tenant evicted or to recover damages, or both. These remedies are not exclusive and are in addition to other remedies available. The cost of such action shall be recovered by the Townhouse Association which shall be a continuing lien on the Unit, binding on the Owner, his heirs, successors and assigns. The Townhouse Association shall give the tenant and the owner written notice of the nature of the violation(s) and 20 days from the mailing of the notice in which to cure the violation before the Townhouse Association may file an action for eviction or damages or both.

ARTICLE 12 AMENDMENTS TO THE DECLARATION

Section 12.1. By Declarant.

12.1.1. In addition to specific amendment rights granted elsewhere in this Declaration, including but not limited to the right to exercise a development right, and until conveyance of the first Lot to an Owner, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to correct obvious or typographical errors, (b) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (c) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (d) to enable any institutional or governmental lender, purchaser, insurer or guarantor of

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mortgage loans, including, for example, the Federal National Mortgage Townhouse Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Lots; or (e) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Lot or any improvements constructed on such Lot, unless the Owner shall consent in writing.

12.1.2. In addition, so long as Declarant owns property described in the Planned Community, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner without such Owner's consent in writing.

Section 12.2. By Members. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof; of Owners representing at least sixty-seven percent (67%) of the total votes in the Townhouse Association, and the consent of Declarant, so long Declarant owns any property subject to this Declaration. Notwithstanding the foregoing, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 12.3. Release of Lots. No Lot that is a part of the Planned Community may be released from the Planned Community or the coverage of this Declaration without a unanimous consent of all votes in the Townhouse Association.

Section 12.4. Validity and Effective Date.

12.4.1. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of the Declarant.

12.4.2. If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any deed of trust or mortgage or contract between the Owner and a third party will affect the validity of such amendment.

12.4.3. Any amendment shall become effective upon recordation of the same, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

**ARTICLE 13
GENERAL PROVISIONS**

Section 13.1. Enforcement. The Townhouse Association, or any Owner, and before Turnover, the Declarant, shall have the right to enforce, by any legal proceeding, all restrictions, conditions, covenants, reservations, liens and charges now or hereinafter imposed by the provisions of this Declaration. Failure by the Townhouse Association, any Owner or the Declarant to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. All remedies set forth in the Declaration and Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce the Declaration or Bylaws, if the Townhouse Association or Declarant prevails, the Townhouse

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Association or Declarant as the case may be shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 13.2. Duration. This Declaration shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them in perpetuity, unless the Planned Community is terminated pursuant to Section 47F-2-118 of the Act.

Section 13.3. No Trespass. Whenever the Townhouse Association, the Declarant, and their respective successors, assigns, agents or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve or do any other action within any portion of the Planned Community, the entering thereon and the taking of such action shall not be deemed a trespass.

Section 13.4. Interpretations. In all cases, the provisions of this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Board, will best effect the intent of the general plan of the Planned Community. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive.

Section 13.5. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such a manner as to be effective and valid. However, if the application of any provision to any person or property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and to this end the provisions of this Declaration are declared to be severable.

Section 13.6. Notices.

13.6.1. Unless expressly provided to the contrary by the Act, notices required under this Declaration shall be in writing and shall be either:

13.6.1.1. hand-delivered, in which case notice will be deemed to have been given upon receipt, or

13.6.1.2. mailed prepaid by United States mail or by a commercial overnight mail service to the mailing address of the intended recipient, such address being the address on file with the sender or the address designated by the recipient in writing, in which case notice will be deemed to have been given when sent, or

13.6.1.3. sent by facsimile to a facsimile phone number of the recipient on file with the sender, in which case notice will be deemed to have been given when sent, or

13.6.1.4. sent by any other electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the recipient, in which case notice will be deemed to have been given when sent.

13.6.2. Each party hereto shall be responsible for notifying the other of any change in its address within fifteen (15) days of such change.

13.6.3. If the recipient is an Owner, and the Owner has not designated a mailing address, the sender may use either the mailing address of the Owner on file with a local government that assesses the Owner's Lot for ad valorem property taxes, or the address of the Owner's Lot or Unit. All notices to the Townhouse Association shall be hand-delivered or mailed to the Townhouse Association's mailing address stated in either the Townhouse Association's correspondence or publications, or in the corporate records of the North Carolina Secretary of State. All notices to the Declarant shall be hand-delivered or mailed to the Declarant's main office stated in either the Declarant's correspondence or publications, or to such other address as the Declarant from time to time may notify the Townhouse Association, or in the corporate records of the North Carolina Secretary of State.

13.6.4. If any date upon which action is required under this Declaration shall be a Saturday, Sunday or legal holiday, the date for such action shall be extended to the first regular business day after such date which is not a Saturday, Sunday or legal holiday.

Section 13.7. Conflicts. Should there be conflicts or inconsistencies between the Act and/or any one or more of the Declaration and Bylaws, the order of authority shall be the Act (but only as to those provisions of the Act that do not permit deviation from the Act), any other provision of North Carolina law that does not permit deviation from such law, this Declaration, the Bylaws, those provisions of the Act that permit deviation, and any Rules adopted by the Executive Board.

Section 13.8. Corolla Light PUD. Except as modified herein and except as may be in conflict with the terms and conditions of this Townhouse Declaration, the Corolla Light PUD Master Declaration shall be applicable to and apply to the lands, Lots and Townhouse Units to which this Townhouse Declaration is applicable and as such are incorporated herein as if fully set out and shall also be deemed to be covenants, conditions, and restrictions running with the land by whomsoever owned. Pursuant to Declarant's exercise of the Phase 12 Development Rights, in the event of such modification of conflict, the provisions of this Townhouse Declaration shall control.

Section 13.9. Exhibits. Exhibit A (the Bylaws) is attached to this Declaration and incorporated by this reference.

Section 13.10. Lender Consent.

13.10.1. Lender, who holds a First Deed of Trust on the Property, said deed of trust being recorded in Book 1276, Page 825, Currituck County Registry (the "**First Deed of Trust**") (see also Assignment of Note and Deed of Trust with Recourse recorded in Book 1276, Page 846, Currituck County Registry), has executed this Declaration to indicate the Lender's consent to filing of this Declaration and to have the Property subjected to the terms and conditions of this Declaration. It is the intention of Lender that any foreclosure of the First Deed of Trust shall not invalidate this Declaration or adversely affect the creation and legal status of the Planned Community.

[signatures begin on the following page]

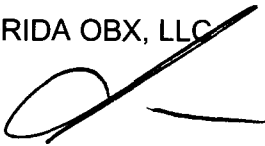
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IN WITNESS WHEREOF, the undersigned parties have executed this Declaration the date and year first written above.

DECLARANT:

FLORIDA OBX, LLC

BY:



David A. Maso, Manager

State of North Carolina, County ~~or~~ City of Dare

I certify that the following person personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: David A. Maso, Manager of Florida OBX, LLC.

Date: 8.22.14

(AFFIX NOTARY SEAL)

Teresa J. Cigic
Signature of Notary Public

My commission expires: 09.25.17

Teresa J. Cigic
Typed or printed name of Notary Public

TERESA J. CIGIC
Notary Public
Dare County, NC

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LENDER: W
J. Jeffrey Tinkham
J. Jeffrey Tinkham, Trustee of the J. Jeffrey
Tinkham Family Trust

State of Virginia, County or City of Norfolk

I certify that the following person personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein, and in the capacity indicated: J. Jeffrey Tinkham, Trustee of the J. Jeffrey Tinkham Family Trust.

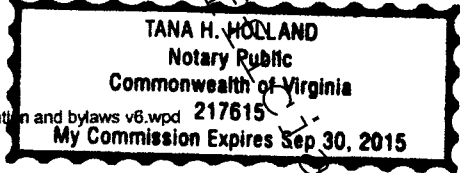
Date: 8-12-2014

(AFFIX NOTARY SEAL)

Tana H. Holland
Signature of Notary Public

My commission expires: 9-30-2015
Reg. # 217615

Tana H. Holland
Typed or printed name of Notary Public



Beacon Villas declaration and bylaws v6.wpd

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EXHIBIT A
BYLAWS OF BEACON VILLAS AT COROLLA LIGHT ASSOCIATION

ARTICLE I
Identity

These are the Bylaws of Beacon Villas at Corolla Light Association, a North Carolina Nonprofit Corporation, (the "**Townhouse Association**"). The Articles of Incorporation (the "**Articles**") of the Townhouse Association have been filed in the Office of the North Carolina Secretary of State. The Townhouse Association shall serve the Owners of Beacon Villas at Corolla Light, a North Carolina Planned Community established pursuant to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes (the "**Act**").

ARTICLE II
Purposes and Powers

The purposes and powers of the Townhouse Association are those established in Article 3 of the Act.

ARTICLE III
Membership; Members' Meetings and Voting

3.1. Members. Each Owner shall be a member of the Townhouse Association, and shall remain a member until he ceases to be an Owner. Membership shall be established by acquisition of fee title to a Lot. A new Owner designated in such deed or other instrument shall thereupon become a member of the Townhouse Association, and the membership of the prior owner as to the Lot designated shall be terminated. Each new Owner shall deliver to the Townhouse Association a true copy of such deed or instrument of acquisition of title.

3.2. Registration. It shall be the duty of each Owner to register his name and the number of his Lot with the Secretary of the Townhouse Association. If an Owner does not so register, the Townhouse Association shall be under no obligation to recognize his membership.

3.3. Prohibition of Assignment. The interest of an Owner in the Townhouse Association assets cannot be transferred or encumbered except as an appurtenance to his Lot.

3.4. Meetings of Members. Meetings of members shall be governed by Section 47F-3-108 of the Act.

3.5. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence of Owners representing at least twenty percent (20%) of the total votes in the Townhouse Association shall constitute a quorum.

3.6. Voting. Voting of Members shall be governed by Section 47F-3-110 of the Act.

3.7. Proxies.

3.7.1. Members may cast votes in person or by proxy, subject to any limitations of North Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these Bylaws.

3.7.2. Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Townhouse Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

3.7.3. Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or (c) 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

3.8. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if (1) written consent specifically authorizing the proposed action is signed by all Members pursuant to Section 55A-7-04 of the North Carolina Nonprofit Corporation Act, or (2) by written ballot signed by less than all of the Members, if the action is taken pursuant to the requirements of Section 55A-7-08 of the North Carolina Nonprofit Corporation Act.

ARTICLE IV
Executive Board

4.1. Initial Directors. The number of Directors constituting the initial Executive Board is identified in the Articles.

4.2. First Election. The first election of Directors by the members of the corporation shall not be held until after Turnover as defined in the Declaration. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in these Bylaws.

4.3. First Executive Board. The first Executive Board shall consist of a minimum of two (2) persons elected by the Declarant, whose names are set forth in these Bylaws, and successors to any thereof elected by the Declarant. The Declarant shall have the right to appoint Directors until Turnover. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before Turnover, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Townhouse Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Declarant shall have the unilateral right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons with another person or person to act and serve in the place of any director or directors so removed. Any director designated and selected by the Declarant need not be an Owner. Any representative

of the Declarant serving on the Board shall not be required to disqualify himself from any vote upon contract or matter between Declarant and the Townhouse Association where Declarant may have a pecuniary or other interest.

4.4. Number and Qualification of Directors. After Turnover, the Executive Board shall consist of at least three (3) natural persons, as determined at any annual meeting by the members. Each Director shall be an Owner or the individual nominee of an Owner which is other than an individual.

4.5. Election of Directors. After Turnover, the members shall elect the Directors by a majority of the votes cast in the election at the annual meeting of the members.

4.6. Term. The terms of the Directors shall be three (3) years each. After Turnover, terms shall be staggered. The Directors shall establish rules to implement the provision of this section. Once elected, a Director shall hold office until his successor has been duly elected.

4.7. Removal. Any member of the Executive Board, other than Directors appointed by the Declarant, may be removed by agreement of Members to which at least sixty-seven percent (67%) of the votes in the Townhouse Association are allocated, with or without cause. The successor may then be elected by the members to serve for the balance of the removed Director's term.

4.8. Vacancies. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.

4.9. Regular Meeting. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by postal mail, commercial overnight delivery service, electronic mail, telephone or fax at least seventy-two (72) hours prior to the meeting.

4.10. Special Meetings. Special meetings of the Board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request therefor signed by two (2) Directors is delivered to any other Director or the President or the Secretary. Not less than seventy-two (72) hours notice of such special meeting shall be given personally or by postal mail, commercial overnight delivery service, electronic mail, telephone or fax to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice.

4.11. Quorum; Adjournment if No Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

4.12. Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the

act of a greater number is required by the provision of applicable law, the Declaration or these Bylaws.

4.13. Telephonic Participation in Board Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

4.14. Open Meetings; Closed Sessions.

4.14.1. All Board meetings shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

4.14.2. Closed Sessions. Meetings of the Board may be held in closed session, without giving notice and without the requirement that they be open to Members, if the subject matter of the closed session involves or includes:

4.14.2.1. personnel matters;

4.14.2.2. advice from the Board's attorney which requires confidentiality in order to preserve the attorney-client privilege;

4.14.2.3. pending litigation; or

4.14.2.4. actions involving enforcement of the Declaration, Bylaws or Rules adopted by the Board.

4.14. Board Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in a writing, setting forth the action taken, signed by all Directors.

4.15 Compensation of Directors Restricted. Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

ARTICLE
Officers

5.1. Designation of Officers. The officers of this Townhouse Association shall be a President, one Vice President, one Secretary, and one Treasurer. Each officer shall be an Owner or the individual nominee of an Owner which is other than an individual. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Townhouse Association. The Board may elect an assistant Secretary and an assistant Treasurer, and such other officers as in its judgment may be necessary.

5.2. Election of Officers. Officers of the Townhouse Association shall be elected by the Executive Board. Election shall be held annually at the first meeting of the Executive Board held after the annual meeting of the members, except that the first Executive Board shall elect Officers as soon as practical after filing of the Declaration.

5.3. Term. Each officer shall serve until his successor has been duly elected.

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

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

5.6. Powers and Duties of Officers.

(a) President. The President shall be the chief executive officer of the Townhouse Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the members, and the general supervision of officers in the management of the business and affairs of the Townhouse Association; and shall see that all actions and resolutions of the Executive Board are carried into effect.

(b) Vice President. The Vice President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings and action of the Executive Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Townhouse Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Executive Board or the President.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Townhouse Association, including funds, security, and evidences of indebtedness; shall keep, or cause to be kept, the books of the Townhouse Association in accordance with good accounting practices and principals, and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Executive Board for examination and approval; shall deposit all moneys and other valuable effects in depositories designated by the Executive Board; shall disburse funds of the Townhouse Association as directed by the Executive Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

5.7. Execution of Agreements, etc. All agreements, deeds, mortgages, and amendments to the Declaration or Bylaws, or other such instruments shall be executed by any two (2) officers, or by such other person or persons as may be designated by the Executive Board.

5.8 Compensation of Officers Restricted. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VI
Indemnification of Directors and Officers

The Townhouse Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent as permitted by North Carolina General Statutes Chapter 55A, Article 8 as now enacted or hereafter amended or replaced with a comparable statute.

ARTICLE VII
Fiscal Management

7.1. Depository. The Executive Board shall designate a depository for the funds of the Townhouse Association, and may change such depository. Withdrawal of funds from such depository shall be only by checks signed by any two officers of the Townhouse Association, or any officer and one other person authorized by the Executive Board.

7.2. Fidelity Bonds. Fidelity bonds may be maintained by the Townhouse Association, in an amount determined by the Executive Board, covering each director and officer of the Townhouse Association, any employee or agent of the Townhouse Association and any other person, handling or responsible for handling funds of the Townhouse Association.

7.3. Payment Vouchers. Payment vouchers shall be approved by the Executive Board, provided that the Executive Board may delegate such authority to any officer or managing agent of the Townhouse Association.

7.4. Fiscal Year. The fiscal year of the Townhouse Association shall be from January 1 to December 31. The fiscal year shall be subject to change by the Executive Board in its discretion.

7.5. Books and Accounts. Books and accounts of the Townhouse Association shall be the responsibility of the Treasurer and shall be kept under the direction of the Treasurer. The books, records, and papers of the Townhouse Association shall be subject to inspection by any Member upon fifteen (15) days prior written notice. The Declaration, the Articles and the Bylaws of the Townhouse Association shall be available for inspection by any Member at the principal office of the Townhouse Association, where copies shall be made available for sale at a reasonable price.

7.6. Reserve Fund. The reserve fund for repairs and replacement shall be established by the Executive Board and shall be funded thereafter by regular installments rather than by extraordinary special assessments if at all possible. The reserve funds shall be maintained only in such amounts as deemed necessary or desirable by the Executive Board, subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Executive Board, in its discretion, selects.

ARTICLE VIII
Administration

8.1. The actions of the Board and of the Officers in conducting the Townhouse Association's business affairs, shall be evaluated and governed under the business judgment rule. The business judgment rule protects a director and officer from personal liability so long as the party claiming liability does not prove that the director or officer failed to: (i) serve in a manner the director or officer believes to be in the best interests of the Townhouse Association and the Members; (ii) serve in good faith; or (iii) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

8.2. The actions of the Board and Officers in conducting the Townhouse Association's governance affairs, shall be governed and evaluated under the rule of reasonableness. The rule of reasonable requires the Board and the Officers to act in a fair and nondiscriminatory manner and to adhere to the procedures established in the Declaration, Bylaws and Rules.

8.3. The Board and any committee which the Board appoints shall carry out its responsibilities in accordance with the operational standards set forth in the Declaration, Bylaws and Rules, or such higher standards as the Declarant and the Board may establish. Such standards shall, in all cases, meet or exceed the standards set by Declarant and the Board prior to Turnover. Operational standards may evolve as the needs and demands of the Planned Community change.

8.4. The burden of proof in any challenge to a decision of the Board or an Officer shall be on the party asserting liability.

8.5. It is intended that the highest and broadest duties which the directors and officers owe to the Members be those specifically set forth in this Section.

ARTICLE IX
Amendment

These Bylaws may be amended or repealed and new Bylaws may be adopted. The proposed new Bylaws shall be submitted by the Board of Directors to the members. The members may adopt, amend or repeal the Bylaws by a vote of **fifty-one percent (51%)** or more of the total votes of the Townhouse Association.

ARTICLE X
General Provisions

10.1. Rules and Regulations.

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

of all members and occupants, including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration and these Bylaws with respect to leases or tenants.

10.1.2. Uniform Application. All rules and regulations shall be equally and uniformly applicable to all Members, occupants and Lots, but need not be equally and uniformly applicable if it is determined that such unequal and nonuniform application is in the best interest of the Townhouse Association or if equal and uniform application is not practicable.

10.1.3. Copies Furnished. Copies of all such rules and regulations and any amendment thereto shall be furnished to all members, and a copy shall be posted or otherwise made available to members at the office of the Townhouse Association. However, failure to furnish, or post, or make available, such rules and regulations shall not affect in any way their validity or enforceability.

10.2. Parliamentary Authority. The most recent edition of *Robert's Rules of Order, Newly Revised* shall govern the conduct of Townhouse Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, the Act, or any statutes of the State of North Carolina applicable thereto. The Chairman of the meeting shall have the authority to appoint a parliamentarian.

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

10.4. Compliance with Declaration. The Townhouse Association shall be responsible and shall comply with all terms of the Declaration filed for the Planned Community including but not limited thereto those provisions dealing with the maintenance of insurance, repairs and maintenance of the Common Elements, assessments and rights of entry.

End of the Bylaws