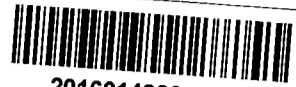


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ASSISTANT



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NEW HANOVER COUNTY, NC
TAMMY THEUSCH BEASLEY
REGISTER OF DEEDS

NC FEE \$42.00

STATE OF NORTH CAROLINA

**DECLARATION OF
BRIDGES COVE**

COUNTY OF NEW HANOVER

THIS DECLARATION, made this 5th day of May, 2016, by JIMMY OLEN BRIDGES JR., hereinafter referred to as "Declarant", (whether one or more);

WITNESSETH

WHEREAS, Declarant is the owner of certain property in Federal Point Township, New Hanover County, North Carolina, which is more particularly described as follows:

BEING all of Units 511-C, 513-B and 515-A, BRIDGES COVE on that map entitled "Townhouse Plan (PUD) for BRIDGES COVE" and recorded in the Registry of New Hanover County in Map Book 61 at page 307 of the New Hanover County Registry

NOW, THEREFORE, Declarant hereby submits the above described property (herein the "Townhome Property"), to ownership pursuant to North Carolina General Statutes and hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, uses and obligations which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I.

DEFINITIONS

A. Act. The North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes. The provisions of said Act are incorporated herein except where the same may conflict with the provisions contained herein controlling.

B. Association. The BRIDGES COVE OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, composed of the owners of townhome units in BRIDGES COVE, as the same may be recorded in the New Hanover County Registry.

C. Board. The Board of Managers of the Association, may also be referred to as the Executive Board.

D. By-Laws. By-Laws of the Association which are attached hereto and incorporated herein by reference..

E. Common Elements. Shall be used interchangeably with "common areas" and shall mean or refer to all portions of a townhome except the units; and

F. Limited Common Elements. Shall be used interchangeably with limited common areas and shall refer to all portions of the common elements which are

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Ned Barnes

designated for use with a particular unit.

G. Common Expenses. The expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

H. Declarant. Declarant or "Developer" shall mean and refer to JIMMY OLEN BRIDGES, JR., his successors and assigns.

I. Development. Shall mean and refer to the whole of the planned residential development to be known as BRIDGES COVE, which shall consist of all the real property, which has been subdivided into lots shown on maps of BRIDGES COVE, referred to hereinabove, the common elements, plus the improvements to the common elements, as described hereinabove.

J. Lot. Shall mean and refer to any of the numbered lots on each map of property within BRIDGES COVE as is recorded in the New Hanover County Registry, with the exception of the common areas.

K. Owner. shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

L. Properties. Shall mean and refer to that certain real property hereinabove described, and such phases or additions thereto as may hereafter be brought within the jurisdiction of the Association by Declarant.

ARTICLE II

There currently exists an Owner's Association, known as "BRIDGES COVE OWNERS ASSOCIATION, INC." for the purpose of maintaining the common areas, drainage system, streets, and entrances to and in BRIDGES COVE, all sections and phases. Every lot or townhome unit owner shall automatically become a member of the Association upon the acceptance and the recording of a Deed to any lot or townhouse unit.

(1) Membership and Voting Rights. The qualifications for membership in the Association, the manner of admission to membership in the Association, the manner of termination of such membership and the voting rights of the members of the Association shall be set forth in the Articles of Incorporation and By-Laws of the Association, the provisions of said Articles and By-Laws being incorporated herein by reference.

(2) Assessments, Liability, Lien and Enforcement. The Association has heretofore been given the authority to administer the operation and management of the common areas and drainage system of the property, it being recognized that the delegation of such duties to one entity is in the best interest of the owners of all residential lots and townhouses in BRIDGES COVE. To properly administer the operation and management of the common areas and drainage system, the Association will incur, for the mutual benefit of all the owners of residential lots and townhome units, costs and expenses sometimes herein referred to as "common expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the members of the Association and their residential lots and townhouse units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation of, the management of, and for capital improvements to the common areas and drainage system, which for the purpose of these Articles shall be deemed to include, but not be limited to, the private streets and roads of BRIDGES COVE, A TOWNHOUSE PROJECT and all other

improvements, the following shall be operative and binding upon the owners of all residential lots and townhome units.

ARTICLE III

DESCRIPTION OF LOTS/UNITS. The Declarant owns the real property which Declarant has divided into three (3) lots (herein "The Townhome Units" or "The Units") of approximately 2,100 square feet each, to be used for residential purposes. A plat of survey by L. Scott Baggie, RLS showing the location of said lots is recorded in Map Book 61, at Page 307, of the New Hanover County Registry and is incorporated herein by reference.

The general common elements are shown on that Plat of Survey by L. Scott Baggie, RLS recorded in Map Book 61, Page 307. Each lot owner will receive with the conveyance of his unit an undivided interest in the general common elements.

ARTICLE IV.

USE RESTRICTIONS. The use of the property shall be in accordance with the following provisions:

A. Each of the Units shall be residential or residential rental purposes only. No Unit may be divided or subdivided into a smaller unit nor any portion thereof sold or otherwise transferred.

B. The Common Elements shall be used for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Townhome Units.

C. No use or practice shall be permitted on the Townhome Property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No Unit Owner shall permit any use of his Unit or of the Common Elements which will increase the rate of insurance upon the Townhome Property or any part thereof. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. No single rooms may be rented.

D. Reasonable regulations concerning the use of the Townhome Property may be made and amended from time to time by BRIDGES COVE OWNERS ASSOCIATION (herein referred to as the "Association") in the manner provided by its By-Laws. Copies of the By-Laws and as incorporated herein by reference.

ARTICLE V.

EASEMENTS. Each of the unit owners shall have an easement in common with the other unit owner to use common elements. Each unit shall be subject to an easement in favor of the owner of the other unit to use all common elements serving such other units and located in such unit. The Association shall have the right to be exercised by the Board of Managers or its Designee, to enter each unit from time to time, at reasonable hours as may be necessary for the operation of the property to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements, if any, contained therein.

The Declarant hereby reserves and subjects the lands which are the subject to this Declaration to an easement of use and enjoyment by the owners and occupants of the

respective townhome units for ingress and egress to and from all of the common elements pertaining to BRIDGES COVE. Easements are also hereby created for installation, use, maintenance, repair and replacement of all necessary public utilities, including but not limited to sewer, water lines, gas, electricity, telephone and cable television for the use of the above described property known as BRIDGES COVE.

ADDITIONAL EASEMENTS. (1) Easements for installation and maintenance of utilities and drainage facilities are reserved over all lots and easements for drainage and utilities are reserved as shown and designated on the plat of said property. No structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by BRIDGES COVE OWNERS ASSOCIATION, except for those improvements for which a public authority or utility company is responsible.

All easements herein created and described shall be easements appurtenant to, and shall run with the land by whomsoever owned, whether or not the same shall be contained or referred to in any future deed or conveyance, and shall at all times inure to the benefit and be binding upon the undersigned, all its grantees and their respective heirs, successors, personal representatives or assigns.

WAIVER OF ENCROACHMENTS. Each unit owner for themselves, their heirs, successors and assigns hereby waive any action or cause of action for any encroachment of any portion of any unit on to the other unit or common area.

ARTICLE VI.

ENFORCEMENT. The Association or any Owner, shall have the right to enforce, by any proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

ARTICLE VII.

NOTICE. The name and address of the process agent to receive service of process in any matters affecting the property is as follows: Jimmy Olen Bridges, Jr., 214 Spencer Farlow Drive, Carolina Beach, NC 28428.

ARTICLE VIII.

TAXES. Each individual lot shall be deemed to be a separate parcel and shall be separately assessed and taxed for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each lot owner shall be liable solely for the amount of taxes against his individual lot and shall not be affected by the consequence resulting from the tax delinquency of any other lot owner. Taxes on the common elements, if any, shall be the responsibility of the Association.

ARTICLE IX.

ASSESSMENTS. Assessments against unit owners by the Board of Managers made pursuant to the By-Laws shall, if not paid when due, create a lien in favor of the Association against the unit of the defaulting owner as provided in Chapter 47F of the North Carolina General Statutes, and shall be collected as provided therein and in the By-Laws hereto attached. It is expressly provided, however, that in consideration of the Declarant's prior construction of the amenities and improvements on the real estate which

is to constitute the common area in this development, that the DECLARANT shall be exempt from and shall not have to pay assessments on any lots owned by it within this development and all future phases, if any.

ARTICLE X.

INSURANCE. Each unit owner shall maintain an insurance policy insuring their respective unit; said insurance shall cover fire/hazard, wind and hail and flood (if required per the flood maps). Each owner shall provide evidence of all insurance to the association and its members.

ARTICLE XI.

LIENS. All liens provided for herein shall be subordinate, and are hereby subordinated, to the lien of any first mortgage or deed of trust given to any lender to secure a loan, the proceeds of which are used to finance the purchase of any unit or units, unless any such lien provided for herein shall have been recorded in the Office of the Clerk of Superior Court of New Hanover County prior to recordation to the said first lien mortgage or deed of trust in the Office of the Register of Deeds of New Hanover County, North Carolina.

ARTICLE XII.

BINDING EFFECT. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

ARTICLE XIII.

SUBDIVISION OF LOTS. No lot may be subdivided, or its boundary lines changed except with the prior written consent of the DECLARANT. However, the DECLARANT hereby expressly reserves to itself, its successors and assigns, the right to replat any two (2) or more lots in order to create a modified building lot or lots, and to take such steps as are reasonably necessary to make such replatted lot suitable and fit as a building site, said steps to include but not be limited to, the relocation of easements, walkways, and right of ways to conform to the new boundaries of the replatted lots.

ARTICLE XIV.

FUTURE DEVELOPMENT. Declarant herein reserves the right to annex additional real property and incorporate said real property into the Development.

ARTICLE XV.

SUBSEQUENT INVALIDATION. Invalidation of any one of these covenants by judgments or court order shall in no way effect any of the other covenants herein, which shall remain in full force and effect.

ARTICLE XVII.

Maintenance. Notwithstanding any other provisions of the Declaration and By-Laws and for clarification purposes, it is hereby provided that:

(a) The lawn irrigation system shall be operated and maintained by the owners association as a common expenses.

(b) The owners association shall maintain and pay the cost for all for all lawn maintenance (excluding all improvements made by a unit owner approved by the Executive Board).

(c) The costs of maintaining and repairing and replacing the fence erected by the Declarant in the front and rear of the units shall be a cost of the owners association.

(d) The entrance area as shown on the map access road serving the units shall be maintained as a common expense.

(e) Each unit owner shall be responsible for maintaining his/her/their private driveway as shown on the map.

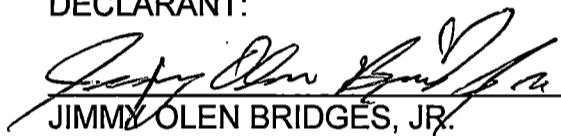
(f) Each unit owner shall be solely responsible for all maintenance, upkeep, repairs and replacement to the interior and exterior of his unit.

ARTICLE XVII.

AMENDMENT. This Declaration may be amended at any time prior to December 31, 2016 by the Declarant, at its discretion, but not to impair the property value of the lot owners. Thereafter, these restrictions may be amended by vote of the owners of all of the members of the Homeowners Association, provided, however, no amendment shall be made to the last sentence of Article IX without unanimous consent of the Homeowners Association and the declarant/developer.

IN WITNESS WHEREOF, Declarant has hereunto set their hands and seals, all the day and year first above written.

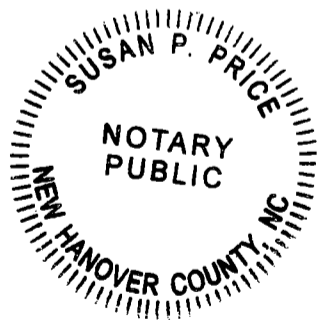
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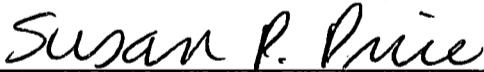
 (SEAL)
JIMMY OLEN BRIDGES, JR.

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

The undersigned, a Notary Public in and for the State and County aforesaid, hereby certify that JIMMY OLEN BRIDGES, JR., having provided satisfactory identification appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 5th day of May, 2016.





Notary Public
My Commission Expires: 12-02-16

BY-LAWS
OF
BRIDGES COVE OWNERS ASSOCIATION, INC.
(A NON-PROFIT CORPORATION)

ARTICLE I

GENERAL

Section 1. TITLE TO LOTS. Title to Lots may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

Section 2. APPLICABILITY OF BY-LAWS. The provisions of these By-Laws are applicable to BRIDGES COVE, and its common elements and to the use and occupancy thereof. The term "BRIDGES COVE" and its common elements as used herein shall include the building and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

Section 3. APPLICATION. All present and future owners, mortgagees, lessees and occupants of Lots and their employees and any other persons who may use the facilities in any manner are subject to these By-Laws, the Declaration and Rules and Regulations pertaining to the use and operation of the Property. The act of occupancy of a unit shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

Section 4. OFFICE. The Office of the Owner's Association and the Board of Directors shall be located at: 214 Spencer Farlow Drive, Carolina Beach, NC 28428.

ARTICLE II

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION: The affairs of the Property and the Owners Association shall be managed by a Board of Directors. The Board of Directors shall be composed of three (3) persons, each of whom shall be an owner or spouse of an owner of a separate Lot, or in the case of partnership owners or mortgagees, shall be members or employees of such partnership, or in the case of corporate owners or mortgagees, shall be officers, shareholders, or employees of such corporations or in the case of fiduciary owners or mortgagees shall be the fiduciaries, or officers or employees of such fiduciaries.

Section 2. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Property and Common Elements except such powers and duties as by law or by these By-Laws may not be delegated to the Board of Directors by the unit owners. The powers and duties to be exercised by the Board of Directors shall include, but not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the common elements;
- B. Determination of the amounts required for operation, maintenance and other affairs of the Property and Common Elements;
- C. Collection of the common charges from the Unit owners;
- D. Employment and dismissal of personnel as necessary for efficient maintenance and operation;
- E. Adoption and amendment of rules and regulations covering the details of the operation and use of the Property and Common Elements;
- F. Opening of bank accounts on behalf of the Owners Association and designating the signatures required therefor;
- G. Obtaining insurance for the Common Elements pursuant to the provisions of Article V, Section 2 hereof; and
- H. Making repairs, additions and improvements to, or alterations of, the property and repairs to and restoration of the property in accordance with the provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

Section 3. OWNERS' EASEMENTS OR ENJOYMENT: Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

- A. The right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Unit remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations;
- B. The right of the Association to dedicate or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. Except for the grant or conveyance of a standard utility easement in order to obtain utility service to the common area, no such dedication or transfer shall be effective unless an instrument signed by all of each class of members agreeing to such dedication or transfer has been recorded, provided, however, that the Association has the authority to dedicate the streets to the public. With respect to a standard utility easement permitting utility service to the common area, the Board of Directors may authorize the officers to execute such a grant or conveyance of the standard utility easements to the utility company without a vote of the membership of the association;
- C. The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area;

- D. The Declarant for itself, its heirs, successors and assigns, hereby waives any and all actions, causes of actions or claims that may or could arise from any structures located on said maps as hereinabove referenced that encroach onto the common area, and by acceptance of a deed the grantees/unit owners acknowledge and waive any claim or cause of action that may exist as a result of any encroachment of any structure onto the common area as hereinabove referenced.

Section 4. ELECTION AND TERM OF OFFICE. The Board of Directors shall consist of an owner of each unit. In the event there is more than one owner of a unit, the owners will appoint one of the owners to the Board of Directors. The members of the Board of Directors shall hold office until their respective successors shall have been appointed by a unit owner or until a unit is sold, at which time one of the new owners will be appointed to the Board of Directors.

Section 5. VACANCIES. Vacancies in the Board of Directors caused by any reason shall be filled by the appointment of another unit owner of that same unit.

Section 6. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail, email or hand delivery at least three (3) business days prior to the day named for such meeting.

Section 7. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by any Board member on three (3) business days' notice to each member of the Board of Directors given by mail, email or hand delivery, which notice shall state the time, place and purpose of the meetings.

Section 8. WAIVER OF NOTICE. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. QUORUM OF BOARD OF DIRECTORS. At all meetings of the Board of Directors, all members thereof must attend to constitute a quorum for the transaction of business and the votes of all of the members of the Board of Directors shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Board members present may conduct any business which might have been transacted at the meeting originally called and any action consented to by the absent manager in writing within ten (10) days of said meeting, shall be deemed valid.

Section 10. COMPENSATION. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 11. DEADLOCK. Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq. Further if a Unit Owner fails to vote on a matter or fails to attend a meeting regarding a matter, such matter may also be resolved as previously described in this Section 10. If the position of a Unit Owner regarding a matter is not affirmed by the decision of the arbitrator at least in part, such Unit Owner shall pay the expenses of the arbitration proceeding including the fees of the arbitrator and any attorney retained by the other Unit Owner with respect to such

arbitration. In each arbitration proceeding the Arbitrator shall be required to determine if a Unit Owner shall be required to pay the fees of the arbitration proceeding in accordance with this Section 10.

ARTICLE III

MEETINGS OF UNIT OWNERS

Section 1. PLACE. All meetings of the unit owners shall be held at such place as designated by the Board of Directors.

Section 2. ANNUAL MEETINGS.

a. The annual meeting of the unit owners shall be held at Carolina Beach, North Carolina at such time and location as agreed to by the Board of Directors.

b. All annual meetings shall be held at such hour as is determined by the Board of Directors.

c. At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

Section 3. SPECIAL MEETINGS. Any member can call for a special meeting of the unit owners or upon a petition signed and presented to Board of Directors. The notice of any special meeting shall state the time, place and purpose of the meeting.

Section 4. NOTICE OF MEETINGS. The Board shall mail either to each unit owner of record a notice of each annual or special meeting of the unit owners at least ten (10) days but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, at the building or at such other address as such unit owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice. The membership can waive this requirement in writing.

Section 5. ADJOURNMENT OF MEETINGS. If any meeting of unit owners cannot be held because a quorum has not attended, a majority in common interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 6. ORDER OF BUSINESS. The order of business at all meetings of the Unit Owners shall be as follows:

- a. Roll call;
- b. Proof of notice of meeting;
- c. Reading of minutes of preceding meeting;
- d. Report of Board of Directors;
- e. Election of members of the Board of Directors (when so required);
- f. Unfinished business;
- g. New business; and
- h. Adjournment.

Robert's Rules of Order shall be applicable to the conduct of all meetings of unit owners.

Section 7. VOTING. The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who must

be an owner, shall be entitled to cast the votes appurtenant to such Unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Board of Directors and shall be revocable at any time by written notice to the Board of Directors by the Owner or Owners so designating. Each unit shall be entitled to cast one (1) vote at all meetings of the unit owners. A fiduciary shall be the voting member with respect to any Lot Unit owned in a fiduciary capacity.

Section 8. MAJORITY OF UNIT OWNERS. As used in this By-Laws the term "majority of unit owners" shall mean those unit owners having one hundred percent (100%) of the total authorized votes of all unit owners in person or by proxy and voting at any meeting of the unit owners, determined in accordance with the provisions of Section 7 of this Article.

Section 9. QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners having one hundred percent (100%) of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

Section 10. MAJORITY VOTE. The vote of a majority of unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes.

Section 11. DEADLOCK. Any deadlock in voting shall be resolved by submitting the matter to arbitration in accordance with the Uniform Arbitration Act as set forth in the North Carolina General Statutes, Section 1-567.1 et seq. Further if a Unit Owner fails to vote on a matter or fails to attend a meeting regarding a matter, such matter may also be resolved as previously described in this Section 10. If the position of a Unit Owner regarding a matter is not affirmed by the decision of the arbitrator at least in part, such Unit Owner shall pay the expenses of the arbitration proceeding including the fees of the arbitrator and any attorney retained by the other Unit Owner with respect to such arbitration. In each arbitration proceeding the Arbitrator shall be required to determine if a Unit Owner shall be required to pay the fees of the arbitration proceeding in accordance with this Section 10.

ARTICLE IV

OPERATION OF THE PROPERTY

Section 1. DETERMINATION OF COMMON EXPENSES AND COMMON CHARGES. The Board of Directors shall have from time to time and at least annually, prepare a budget for the Association, determine the amount of the common charges required to meet the common expenses of the Association and allocate and assess such common charges against the unit owners according to their respective common interests. The common expenses shall include, among other things, all insurance premiums and expenses related thereto required to be maintained by the Board of Directors pursuant to the provisions of Section 9 of this Article V. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation, maintenance, repair or replacement of the Common Elements including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year, and any other expenses designated by the Board of Directors as common expenses. In addition thereto, each unit owner shall be liable for and pay the annual assessment to the BRIDGES COVE OWNERS ASSOCIATION, INC., INC. for maintenance and upkeep of the common area of BRIDGES COVE.

Section 2. LIABILITY FOR COMMON CHARGES. All unit owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 in quarterly installments into a trust account established by the

BRIDGES COVE OWNERS ASSOCIATION, INC.. Said fund is for all common area, insurance, lawn maintenance and any other common area expense as approved by the BRIDGES COVE OWNERS ASSOCIATION, INC.. Each unit owner shall pay his/her/their prorated share of the common area expenses, maintenance and repairs for all costs exceeding funds held in the trust account.

A. SELLER'S LIABILITY. No unit owner shall be liable for the payment of any part of the common charges assessed against his Unit from and after the date of closing of the sale, transfer, or other conveyance by him of such unit.

B. PURCHASER'S LIABILITY. A purchaser of a Unit shall be liable for payment of any common charges assessed against such unit prior to its acquisition by him, except that a mortgagee or a purchaser of a Unit at a foreclosure sale shall not be liable for and shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale.

Section 3. COLLECTION OF ASSESSMENTS. The Board of Directors shall at least annually take prompt action to collect from a unit owner any assessment for common charges which remains unpaid by him for more than thirty (30) days from the due date for its payment.

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. In the event of default by any unit owner in paying to the Board of Directors the assessed common charges, such unit owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common charges. The Board of Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action brought against such unit owner, or by foreclosure of the lien on such Unit which is hereby granted by all unit owners in favor of the Association for the enforcement of payment of delinquent common charges.

Section 5. FORECLOSURE OF LIENS FOR UNPAID COMMON CHARGES. In any action brought by the Board of Directors to foreclose a lien on a Lot because of unpaid common charges, the unit owner shall be required to pay a reasonable rental for the use of his Lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 6. STATEMENT OF COMMON CHARGES. The Board of Directors shall promptly provide any unit owner who makes a request in writing with a written statement of his unpaid common charges.

Section 7. ABATEMENT AND ENJOINING OF VIOLATIONS. The violation of any rule or regulation adopted by the Board of Directors or the breach of any By-Law contained herein shall give the Board of Directors the right, in addition to any other rights the Board of Directors to enter the unit owners unit to remedy the violation and they shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

Section 8. MAINTENANCE AND REPAIR.

A. INDIVIDUAL LOTS. All maintenance of and repairs to each individual Lot, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any common elements contained therein not necessitated by the negligence, misuse, or neglect of the owner of such Lot

Unit) shall be made by the owner of such Lot Unit. Each unit owner shall be responsible for all damages to any other Lot Unit and to the common elements resulting from his failure to effect such maintenance and repairs. Reference is made to Article XII of the Declaration for further clarification.

B. COMMON ELEMENTS. All maintenance, repairs and replacements to the common elements, whether located inside or outside of the Lots (unless necessitated by the negligence, misuse, or neglect of a unit owner, in which case such expense shall be charged to such unit owner), shall be made by the Board of Directors and be charged to all the unit owners as a common expense.

Section 9. INSURANCE. The Board of Directors on behalf of the Association, at its common expense, may at all times keep THE COMMON AREAS of the BRIDGES COVE (and such other items required to be covered by the Declarations or these bylaws) insured against loss or damage by fire, flood or other hazards normally insured against at one hundred percent (100%) of replacement cost, and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the property; any insurance shall be payable in case of loss to the Board or It's Designee as Trustee for all Unit Owners. The Trustee so named shall have the authority on behalf of the association and Unit Owners to deal with the insurer in the settlement of claims.

Section 10. DAMAGE OR DESTRUCTION. Except as hereinafter provided, damage to or destruction of a Lot Unit shall be promptly repaired and restored by the Unit owner using the proceeds of any insurance for that purpose.

Section 11. USE OF LOTS. In order to provide for congenial occupancy of the Lots and for the protection of their values the use of the Lots shall be subject to the following limitations:

- A. The Lots shall be used for residential purposes only.
- B. No portion of the Unit other than the entire unit may be rented.
- C. No portion of the Common Areas, may be used for any commercial purpose, or may be rented to any third party except incidental to rental of the entire Unit.
- D. There shall be no long term storage of boats, vehicles, trailers, recreational vehicles, or the like except at the rear of the individual parking areas designated to each Unit.

Section 12. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS BY BOARD OF DIRECTORS. Whenever in the judgment of the Board of Directors the common elements shall require additions, alterations, or improvements costing in excess of \$500.00, and the making of such additions, alterations, or improvements shall have been approved by the unit owners, the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all unit owners for the cost thereof as a common charge. Any additions, alterations, or improvements costing \$500.00 or less may be made by the Board of Directors without special approval of the unit owners.

Section 13. ADDITIONS, ALTERATIONS, OR IMPROVEMENTS BY UNIT OWNERS. No unit owner shall make any structural addition, alteration, or improvement in or to his Unit without prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a unit owner for approval of a proposed structural addition, alteration, or improvement in such unit owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, or improvement. Any application to any governmental authority for a permit to

make an addition, alteration, or improvement in or to any Unit shall be executed by the Board of Directors. The Board of Directors shall not be liable to any contractor, subcontractor, or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement.

Section 14. LIMITED COMMON ELEMENTS. Those areas designated as Limited Common Elements on the recorded plat of BRIDGES COVE will be treated in all respects as common elements except that the sole use and control of said Limited Common Elements shall be in the owner of the unit to which said Limited Common Elements are appurtenant as designated on said map.

Section 15. DESCRIPTION OF COMMON ELEMENTS. The Common Elements consist of the entire property not located within any unit. They include, without limitation, the following:

- A. Roads, parking and other improved or unimproved areas, except for those areas designated as limited common areas.
- B. All installations or power, lights and water, to include well system, existing for common use and all other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use;
- C. All other apparatus, equipment and installations existing without the Lots for common use or necessary or convenient to the existence, maintenance, or safety of the building and/or common elements.

Section 16. RIGHT OF ACCESS. A unit owner shall grant a right of access to his Unit to any person authorized by the Board of Directors, to make inspections; to correct any condition originating in his Unit and threatening another Unit or a common element; to install, alter or repair mechanical or electrical services or other common elements in his Unit or elsewhere in the building; and to correct any condition which violates the provisions of any mortgage covering another Unit. Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the Unit Owner. However, in case of an emergency, such right of entry shall be immediate whether the unit owner is present at the time or not. Each unit owner shall provide a key to access their unit to the other unit owner.

ARTICLE V.

SALES AND LEASES OF LOTS

Section 1. NO SEVERANCE OF OWNERSHIP. No unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interest, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any Unit may be sold, transferred, or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer, or other disposition of such part of the appurtenant interests of all Lots.

Section 2. PAYMENT OF ASSESSMENTS. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against his Unit and until he shall have satisfied all

unpaid liens against such Unit, except permitted mortgages.

ARTICLE VI

CONDEMNATION

Section 1. CONDEMNATION. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Directors who shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of damage, as provided in Section 10 of Article V of these By-Laws.

ARTICLE VII

MISCELLANEOUS

Section 1. NOTICES. All notices to the Board of Directors shall be sent by registered or certified mail, to the office of the Board of Directors, c/o Jimmy Olen Bridges, Jr., P. O. Box 20453, Raleigh, NC 27619 or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of Lots shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 2. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect the balance of these By-Laws.

Section 3. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. GENDER. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. WAIVER. No restrictions, conditions, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE VIII.

RECORDS

Section 1. RECORDS AND AUDITS. The Board of Directors shall keep a record of all payments made to the Association and invoices for all amounts paid by the Association.

ARTICLE IX.

AMENDMENT TO BY-LAWS

Section 1. AMENDMENT TO BY-LAWS. These By-Laws may be amended by vote of the owners of all (100%) of the members of the Owners Association.

The foregoing were adopted as the By-Laws of BRIDGES COVE OWNERS