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RECORDED AND VERIFIED
REBECCA P. TUCKER
REGISTER OF DEEDS
NEW HANOVER CO NC

MASTER DECLARATION OF INTERVAL OWNERSHIP
(TIME SHARE PLAN)
INCLUDING COVENANTS, CONDITIONS, AND RESTRICTIONS

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This Declaration made this 6 day of ^{March} September, 1986, by COVINGTON & RITCH, a North Carolina General Partnership with offices at 1407 Atkinson Street, Laurinburg, North Carolina 28352, hereinafter referred to as the "Declarant";

THAT WHEREAS, the Declarant is the owner of Units 2A & 2B of Sea Dunes III Condominium, Carolina Beach, North Carolina, the Master Condominium Declaration of which appears in Book 1300, Page 1025 and Condominium File # 7 Pages 118 - 121 of the New Hanover County Registry, together with the common interest for each unit as set out in the respective Master Condominium Declarations. These Condominium Units shall be known and referred to as the "Premises".

The Declarant proposes to convey an estate for years with an undivided interest in the Premises in remainder providing in each deed that the grantee or grantees shall have the exclusive right to occupy the premises, which comprises the Premises and as between owners of interest in the premises during one or more Unit Week(s) or interval and reserving to Declarant and its successors and assigns the exclusive right to occupy the Premises, areas, and appurtenant rights and easements during all other time intervals or Unit Week(s).

By this Declaration, Declarant intends to establish a common scheme and plan for the use, enjoyment, repair, maintenance, restoration, and improvement of the Premises and the interest therein so conveyed or reserved, and for the

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payment of taxes, assessments and other expenses pertaining thereto, and declares that the Premises is and shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and enjoyment of the Premises and the interest so conveyed or reserved. All such limitations, restrictions, covenants and conditions are intended to run with the Condominium Unit, to-wit: interests so conveyed or reserved, are to inure to the benefit of and be binding upon each interest so conveyed or reserved and all parties having or acquiring any right, title, interest or estate therein:

1.

DEFINITIONS

As used in this Declaration of Interval Ownership, Rights, Restrictions, and etc. and all amendments thereof unless the context otherwise requires, the following definitions shall prevail:

(a) "Declarant" shall mean COVINGTON & RITCH, a North Carolina General Partnership or any successor in interest by merger or by express assignment of the rights of Declarant hereunder by instrument executed by Declarant and received in the Office of the Register of Deeds of New Hanover County, North Carolina.

(b) "Declaration" or "Declaration of Interval Ownership, Rights, Restrictions, etc" or "Declaration of

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Interval Ownership means this instrument as it may be from time to time amended.

(c) "Master Declaration" or "Condominium Declaration" means the Master Declaration creating the Condominium pursuant to the Unit Ownership act NCGS Chapter 47A in which the premises is located.

(d) "Premises" shall mean the real property hereinabove described (the Condominium Units) together with all appurtenances, rights, and easements thereto appertaining;

(e) "Interval Ownership" or "Interval" is a concept whereby units and their share of the remaining portions of the premises are conveyed for periods of time with the purchaser (grantee) receiving a stated time period for a period of years together with the remainder over in fee simple as tenants-in-common with all other purchasers of "Unit Week(s)" in the Premises in the year 2026. Under this scheme, each Unit Week represents a 1/50 undivided interest in the Premises in remainder together with the current right of occupancy of the particular unit week described in his deed.

(f) "Unit Week" means a one week of use of the premises. Unit Week #1 is the seven (7) days commencing on the first Saturday in each year. Unit Week #2 is the seven (7) days succeeding. Additional weeks up to an including Unit Week #51 are computed in like manner. Unit Week #52 contains the seven (7) days succeeding the end of Unit Week #51 without regard to the month or year plus any excess days not otherwise assigned. Unit Week(s) shall run from 4:00 p.m. on the first day of the Unit Week(s) until 4:00 p.m. of the last day of the Unit Week(s).

(g) "Unit" means one condominium unit above described comprising a part of the Premises.

(h) "Owner shall mean and include:

1. A grantee or grantees named in the deed for a Unit Week(s) by the Declarant;
2. The successor owner of each such Interval;
3. Declarant with respect to any Interval not conveyed;

(i) "Common Furnishings" shall mean the furniture and furnishings for the unit and at the termination of the use periods and creation of the tenancy-in-common, the Premises, together with all other personal property from time to time owned or held for use in common by all owners of a particular unit during their respective Unit Week(s).

(j) "Agent" shall mean the owner's agent appointed as hereinafter provided.

(k) "Owners Association" shall mean all of the owners of Unit Week(s) acting to govern the operation of the Premises.

(l) "A Majority in Interest of the Owners" shall mean the owner or owners owning in the aggregate more than fifty (50%) of the Unit Week(s) in the Premises.

2

NAME

The name by which the Premises and any additional Premises subjected to this Interval Declaration to be identified shall be FOUR SEASONS RESORT at Carolina Beach, North Carolina.

3.

EXCLUSIVE USE AND OCCUPANCY

Each owner shall have the exclusive right to occupy

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the unit described in his contract of purchase and in his warranty deed, and as between owners to use and enjoy all appurtenances, rights and easements thereto appertaining, during such Unit Week(s) as is set forth in the deed for his interest and in the case of Declarant, during all use periods not included in any Intervals theretofor conveyed and to authorize others so to do, together with the non-exclusive right in common with all other owners, but only when acting through the agent (or if no agent be appointed and acting, when acting with a majority in interest of owners), to maintain and repair the unit during service periods. No owner shall occupy any part of the Premises, or exercise any other rights of ownership in respect to the Premises other than the rights herein provided to him during any Unit Week(s) unless expressly so authorized by the owner entitled to occupy the unit during such Unit Week(s) or during any service period except when acting through the agent (or, if no agent be appointed and acting, when acting with a majority in interest of owners). Each owner shall keep the Premises and all common furnishings in good condition and repair, vacate the Premises at the expiration of his Unit Week(s), remove all persons and property therefrom, excluding only common furnishings, leave the unit in good and sanitary condition and repair, and otherwise comply with such reasonable check-out and other procedures as may from time to time be contained in rules promulgated by the agent or by a majority in interest of owners. Should any unit week owner hold over beyond his use period, a lien shall arise against his Unit Week(s) for all cost incurred by the agent and

the succeeding Unit Week(s) owners including the cost of obtaining lodging for the Unit Week(s) owner displaced by the owner failing to vacate.

4.

MANAGEMENT

Management of the Premises, maintenance and repair of the improvements, acquisition, maintenance, repair and replacement of common furnishings, administration of the affairs of owners with respect to the use and occupancy of premises and payment of expenses and costs enumerated in this Declaration, shall be under the direction and control of an agent appointed by a majority in interest of the owners. The agent so appointed shall have the exclusive possession of the unit during the service periods and is expressly authorized at the agent's discretion and on behalf of the owners to do any and all of the following to the extent not inconsistent with directions given by a majority in interest of the owners.

(a) To repair, maintain, repaint, remodel, furnish or refurnish the Premises or any part thereof; to establish reserves for anticipated costs, including the acquisition and replacement of common furnishings; and to acquire and pay for materials, supplies, furniture, furnishings, labor or services, which the agent deems necessary or proper for the maintenance and operation of the Premises. The agent shall not, however, make any discretionary capital expenditure which exceeds available reserves by more than Two Thousand Five Hundred (\$2,500.00) Dollars without the prior approval of a majority in interest of owners.

- (b) To pay all taxes and assessments including any assessments against the Premises for any recreational amenities made available for the Premises by the owners association and other cost or charges affecting or relating to the Premises and to discharge, contest, or protest liens or charges affecting the Premises.
- (c) To obtain and pay the cost of electrical, telephone, cable television and other utility services for each the unit.
- (d) To adopt from time to time and enforce reasonable rules relating to the possession, use and enjoyment of the Premises.
- (e) To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the Premises and the enforcement of this Declaration.
- (f) To obtain and pay the cost of (i) insurance covering the Premises and the common furnishings, in the unit, against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage; (ii) public liability insurance, insuring against liability for personal injury or property damage resulting from any occurrence in, on or about the Premises; (iii) any other insurance deemed necessary or desirable by the agent or by a majority in interest of owners. The policies of insurance will cover such risk, be written by such insurers, and in such amounts, as the agent shall deem proper or as designated by a majority of owners.

(g) To do all of the acts or things necessary or appropriate in the ordinary and necessary operation and maintenance of the Premises or to preserve and protect the Premises in the event of any emergency.

(h) To delegate the authority and responsibilities of agent hereunder to one or more sub-agents for such periods and upon such terms as the agent deems proper.

(i) To collect, either in advance of disbursement or following disbursement if agent advances a sum in payment of any of the foregoing, each owner's share of the aforesaid costs and any other amounts properly expended by the agent; to estimate any such expenditures in advance and to bill the owners accordingly; to take proper steps to enforce the owner's obligations hereunder.

(j) The owners shall pay to the agent his charges based upon the number of Unit Week(s) owned, the foregoing cost on January 10 of each year, if his Unit Week is number 1-26 and on July, 10 if his Unit Week is number 27-52 and in all cases, these cost shall be paid by the owner to the agent at least ten (10) days before the commencement of his Unit Week(s). Should an owner hold title to a Unit Week between number 1-26 and also a Unit Week between number 27-52, then that owner will be required to either (a) pay the full charges on January 10 or he may, at his election, pay for Unit Week(s) falling in the first portion of the year on January 10 and during the second portion of the year on July 10.

(k) To prepare in advance a budget for each year which shall include an estimate of the next year's expenses.

Such budget shall be presented at the annual meeting of the owners and may be modified by a majority vote.

(1) To act as attorney-in-fact for all of the homeowners and to cast the single vote assigned to a Unit in the Condominium Homeowner's Association in which the Premises is located. The managing agent, as attorney-in-fact, is hereby granted the full authorization to represent the Unit Owners in the Condominium Homeowner's Association and the Unit Owners are bound by the attorney's-in-fact act the same as if they had been present and cast the vote themselves.

5.

UNIT EXPENSE

Each owner shall pay:

(a) The cost of long distance telephone charges, special services allocable to the occupancy of the unit during each owner's Unit Week(s), the cost of repair of any damage to or any portion of the unit, or to repair or replace any property contained therein on account of loss or damage occurring during his Unit Week(s), and the cost to satisfy any expense to any of the other owners due to any intention, or negligent act or omission of such owner, his family, guests, invitees, tenants or lessors or resulting from his breach of any provisions of this Declaration;

(b) A share of the following costs and expenses (including such thereof as may be included in an assessment for use of any amenities provided to the Premises), which bears the same relationship to the whole as such owner's undivided ownership interest in the unit and/or Premises bears to the

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entire ownership; (i) real property taxes and special assessments; (ii) insurance premiums for flood, fire, and extended coverage insurance and other casualty insurance from time to time payable and; (iii) basic telephone charges and costs of utility service and other standard services; (iv) costs of ordinary repair and maintenance of the Premises and acquisition, repair, replacement and maintenance of common furnishings; (v) premiums for liability insurance; (vi) amounts necessary to establish proper reserve for the foregoing items; and (vii) other costs and expenses elsewhere herein provided to be paid including the agents compensation;

(c) These cost shall be paid by the owners of each Unit Week(s) to the agent at the same time as is described in Paragraph 4(i);

(d) Any payment due by owner which is more than ten (10) days in arrears shall bear interest from the due date at the maximum legal contract rate until date of payment.

All such payments shall be made to and through the agent unless the agent or a majority in interest of owners otherwise directs. The agent shall be under no obligation to, but may in his discretion, advance sums required to pay the obligations of any one or more of the owners or to make the aforesaid payments or incur obligations within the agent's authority, notwithstanding the failure of any one or more of the owners to provide funds therefor. The agent shall not be responsible for the acts or conduct of any of the owners hereunder. The agent shall not be liable to the owner in the absence of bad faith or negligence, but shall hold the owners

harmless from and against any and all claims, expenses, liabilities, demands, causes of action, awards or judgments rendered against the agent or the owners arising out of or in connection with negligent conduct of the agent, its officers, employees or sub-agents.

The expense budget for the premises expenses shall be prepared by the agent no later than November 15 of each year for the next ensuing year and shall be made available to the owners. The budget shall be based upon the best estimates of the agent. The agent may require additional or supplemental payments of any amount the actual expenses exceed the estimate which shall be promptly payable by the owners and such actual excess may include in any such supplemental payments provisions for the payment of agents compensation. Should any adjustment to the budget occur after any Unit Week(s) owner has paid these charges to the agent, he shall promptly remit the deficiency to the agent upon receipt of the supplemental bill for these charges. Should the adjustment occur prior to the Unit Week(s) owners paying these charges to the agent, the adjustment shall be added to the original estimate and thus shall become the charges due and payable to the agent for these cost and charges as elsewhere herein contained.

6.

THE AGENT

Declarant shall appoint Gene Ritch Realty as agent for a period of three (3) years from the date of this Declaration and until a successor is appointed by the association. Each successor agent shall be selected by, and

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shall serve during such period as may be determined by a majority in interest of owners. The appointment of each successor agent shall be evidenced by a written agreement executed by a majority in interest of owners and by the successor agent. During any period when no agent is acting, a majority in interest of owners shall have all the rights herein conferred upon the agent. The agent shall receive a fee for its services as agreed to from time to time in the management agreement.

7.

SEPARATE MORTGAGES

Each owner shall have the right to mortgage or otherwise encumber his Unit Week(s). No owner shall attempt to mortgage or otherwise encumber in any manner whatsoever except his Unit Week(s), nor shall any owner have the right or authority to do so. Any mortgage, deed of trust or other encumbrance for the Unit Week(s) shall be subordinate to all the provisions of this Declaration and in the event of foreclosure, provisions of this Declaration shall be binding upon the owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise.

Notwithstanding any other provision of this Declaration, no breach of the provisions herein contained nor the enforcement of any lien created pursuant to provisions hereof shall defeat or render invalid the lien of any mortgage or deed of trust of any owner's Unit Week(s) if such mortgage or deed of trust is recorded in the records of the Register of Deeds of New Hanover County and is given in good faith and for value.

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8.

WAIVER OF PARTITION

No owner or the person or entity acquiring any right, title or interest in the Premises shall seek or obtain through any legal procedures, judicial sale of the Premises in lieu of partition at any date prior to the expiration of Unit Week #52 in the year 2026. Such right to partition shall likewise be postponed during any extension of this Declaration as hereinafter provided. If, however, any Unit Week(s) shall be owned by two (2) or more persons as tenants-in-common or as joint tenants, nothing herein contained shall prohibit a judicial sale of the Unit Week(s) in lieu of partition as between such co-tenants or joint tenants.

9.

MERGER

The estate for years and the remainder of the undivided interest shall not merge.

10.

ESTABLISHING UNIT WEEKS

Any Unit Week(s) conveyed by Declarant, and any Unit Week(s) from time to time retained by Declarant, shall consist of the right exclusively to occupy the identified unit(s) and as between owners to use and enjoy the rights and easements appurtenant to the unit during one or more Unit Weeks as herein provided. Once a Unit Week(s) has been established by the execution and recording of the deed thereto, no owner shall sell, convey, hypothecate or encumber less than all of his interest in any Unit Week(s) as set forth in such deed; and

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sale, conveyance, hypothecation or encumbrance by any owner of less than all his interest in the Unit Week(s) as set forth in the deed shall be null, void and of no effect.

The transfer of any Unit Week(s) shall operate to transfer to the new owner the interest of the prior owner in funds in the hands of the agent and in common furnishings without further instrument or transfer.

11.

RESTRICTION ON OWNERS

Except as otherwise provided in this Declaration, by direction of the agent, by express consent of all owners, or as required to prevent damage or injury to persons or property in an emergency, no owner shall make improvements, decorations or repairs to the unit(s) or to the common furnishings or contract to do so or subject the Premises or the common furnishings to any liens for the making of improvements, decorations or repairs. No owner shall create or permit to exist any nuisance in or on the Premises, to commit waste with respect to the Premises or permit anything to be done or kept in the Premises which would increase the rate of insurance upon the Premises or the common furnishings. Specifically no pets of any type shall be kept or allowed in the premises. Any owner violating this specific prohibition shall be liable for a clean up fee of \$250.00 which shall constitute a lien on the interest of the owner until paid.

12.

EXTERIOR APPEARANCE

The Unit Week(s) owner in the Premises shall have no authority to make alterations in the exterior of the Premises,

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this being within the sole province of the Homeowner's Association of the Condominium project in which the Premises is located.

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PHASES

The Declarant may commit other Condominium units or individual units on Carolina Beach to the development scheme contained in this Declaration of Interval Ownership, but shall be under no obligation to do so. Should additional premises be subjected to this Declaration of Interval Ownership, then each such premises will be governed as a separate entity under this Declaration of Interval Ownership, but may be identified by the project name contained in Paragraph #2 herein. Additional premises may be subject to this Interval Ownership Declaration by filing an appropriate amendment to this declaration in which the specific Condominium Unit being added is identified by reference to the appropriate Condominium Unit Master Declaration or Condominium Plan or in the case of individual units, the recordation of the plot plan together with a floor plan of the unit and an architect's certificate of fitness.

14.

OWNERS ASSOCIATION

The management and operation of the Premises shall be governed by the owners acting pursuant to this Declaration through an unincorporated association, hereinafter referred to as "Association" as follows:

(a) "Membership". Every owner shall be a member of the association. Transfer of ownership of a Unit Week(s),

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