

Fleetwood Plaza Redbook Amendment Proposal

Be it resolved that the Fleetwood Plaza Declaration of Condominium be amended as follows:

- Article 3 be amended by the addition of a new section, Section 3.24, with content as given below; and
- Article 8 be amended by substitution of a new Article 8, with content as given below; and
- Article 9 be amended by substitution of a new Article 9, with content as given below; and
- Article 16 be amended by the deletion of Section 16.2, with Section 16.3 renumbered as Section 16.2; and
- Three new articles – Article 20, Article 21, and Article 22 be added, with content as given below; and

Be it further resolved that the Fleetwood Plaza Bylaws be amended as follows:

- Article 7 and Article 8 be deleted, with Article 9 renumbered as Article 7.

Declaration – Article 3, Section 3.24	
Current Language	Proposed New Language – [new section to be added]
[NONE]	<u>Upkeep</u> means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.
Declaration – Article 8 -- Insurance	
Current Language	Proposed New Language
<p><u>Section 8.1 Coverage.</u> To the extent reasonably available, the Board shall obtain and maintain insurance coverage, as a common expense in accordance with Section 47C-3-113 of the Condominium Act and as set forth in this Article. If such insurance is not reasonable available, and the Board determines that any insurance described herein will not be maintained, the Board shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners at their respective last known address.</p> <p><u>Section 8.2 Property and Casualty Insurance.</u> The Association shall procure and maintain property and casualty insurance on the common elements and Units insuring against all risks of direct loss, including fire and extended coverage, for and in an amount equal to 100% of the replacement costs of the insured property.</p> <p>The Condominium Master Insurance Policy shall cover the unit against fire and extended coverage as that unit is detailed in Section 4.1(b) of Article 4 of this Declaration and Section 1 of Article VII of the Bylaws of Fleetwood Plaza Regime including but not limited to: all interior drywall, paneling and molding, wall paper and wall coverings, finished flooring, carpeting (but not loose carpeting), all doors and windows (including sliding glass doors), heating and</p>	<p><u>Section 8.1 Authority to Purchase Insurance.</u> All required or permitted insurance policies (other than title insurance and insurance on betterments and improvements to the Units and Limited Common Elements, if any) upon the property (other than the personal property of the Owners) shall be purchased by the Association in the name of the Association, as Trustees for the Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and to any Owner, mortgagee, or beneficiary of a deed of trust. Each Owner may obtain insurance, at his own expense, affording coverage upon his Unit, his personal property and betterments and for his personal liability as may be permitted or required by law, and such insurance shall, if available, contain a waiver of subrogation as to any claims against Owners, the Association and their respective servants, agents and guests.</p> <p><u>Section 8.2 Insurance Coverages.</u> The following insurance coverage shall be maintained in full force and effect by the Association:</p> <p style="padding-left: 40px;">(a) Casualty insurance covering the Common Elements, and to the extent reasonably available, the Units, including all buildings and all improvements upon the land and all personal property included within the Condominium, except such personal property as may be owned by the Owners, shall be procured in an amount equal to one hundred percent (100%) of the maximum insurable replacement value thereof (exclusive of</p>

air conditioning systems, electrical, plumbing and sewer systems owned with the unit, all fixtures and appliances (including refrigerator), built in cabinets and counters, washing machines and dryers, tub and shower enclosures, sinks, including all types of items and elements there were part of a unit as shown on the plans and specifications under which a unit was original constructed as noted under Section 9.2(c) of Article 9 of this Declaration.

Reasonable improvements, alterations and betterments made to units by individual unit owners (or their predecessors) shall be insured by the Association under its policies if its policies provide for such coverage – otherwise such items will need to be insured separately by each individual unit owner under Section 8.7 of this Article.

Section 8.3 Liability Insurance. The Association shall maintain liability insurance in reasonable amounts covering all occurrences, insure against death, bodily injury and property damage rising out of or in connection with the use, ownership or maintenance of the common elements and covering the Association, the Board of Directors, Officers, and all agents and employees of the Association and all Unit Owners and persons entitled to occupy any Unit or other portion of the Condominium property.

Section 8.4 Policy Requirements. In accordance with Section 47C-3-113(d) of the Condominium Act, the insurance policies carried in accordance with Section 8.2 and 8.3 above must provide that:

1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his or her interest in the common elements or membership in the Association;
2. The insurer waives its right of subrogation under the policy against any Unit Owner or members of his or her household;
3. No act or omission by any Unit Owner, unless acting within the scope of his or her authority on behalf of the Association, will preclude recovery under the policy; and
4. If, at any time a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 8.5 Association as Trustee. All such insurance coverage shall be written in the name of

land, excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) loss or damage by flood; and, (c) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Casualty insurance obtained for the buildings and improvements shall provide such coverage commonly known as "all-inclusive building" coverage and/or "completed Unit" coverage as such terms are used in the insurance industry, and shall include, but not be limited to, all components of the Units together with fixtures, cabinets, built in appliances and all other such improvements which were part of the original completed Units, except for betterments and improvements installed by the Owner.

(b) Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements, and in such forms as shall be required by the Association, including, but not limited to, legal liability, hired automobiles, non-owned automobile and off-premises employee coverage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to an Owner.

(c) Worker's Compensation Insurance if and to the extent necessary to meet the requirements of North Carolina law

(d) Officers and Directors Liability Insurance in such amount as the Board may determine. Such insurance shall contain a cross liability endorsement

(e) Such other insurance as the Board of Directors may determine to be necessary.

Section 8.3 Premiums - Common Expenses. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses to be assessed and collected from all of the Owners of Units.

Section 8.4 Deductibles. The deductible, if any, on any insurance policies maintained by the Association shall be paid by the Association as a Common Expense. In the event that the cause of any damage or destruction of any portion of the Condominium originated in or through the Common Elements or an apparatus located within the Common Elements, the Association may assess (i) any deductible amount necessitated by either the intentional act or omission, negligence, abuse, misuse or neglect of an Owner, or his or her family, guest,

the Association as trustee for itself, each of the Owners and the mortgagees of Owners, if any. The proceeds from property and casualty insurance claims shall be payable to the Association as trustee for all Unit Owners and mortgagees of Owners. It shall be the duty of the Board of Directors at least annually to conduct an insurance review to determine that the policies in force are adequate to meet the risks of the Association. All insurance shall run to the benefit of the Association, the respective Unit Owners and their respective mortgagees as their interest may appear. Improvements and betterments made by the individual Unit Owners may be excluded from coverage. Policies may contain reasonable deductibles.

In carrying out its duty, the Board shall make a good faith effort to establish the reasonable levels or amounts of all insurance coverage required to be maintained by the Association under this Declaration including the level or amount of replacement cost coverage under Section 8.2.

To carry out this good faith effort, the Board of Directors may rely on any and all recommendations or suggestions offered by the Association's insurance agent and shall do so to the extent such recommendations or suggestions are available.

In any event, and under all circumstances, the Board of directors shall make an annual written recommendation to all unit owners within the same time limits as are used for the setting of the annual meeting of unit owners. This recommendation shall specifically identify all levels or amounts of required insurance coverage recommended or suggested by the insurance agent including the level or amount of replacement cost coverage under Section 8.2 (along with any and all qualifications or contingencies to the foregoing agent recommendations or suggestions).

Unless a vote of a majority of all unit owners of Fleetwood Condominium Association (whether voting by person or by proxy) either decreases or increases the Board's recommended levels or amounts of coverage at an annual meeting, these Board recommended levels or amounts of insurance coverage including the level or amounts for replacement cost coverage under Section 8.2 shall stand as being conclusively correct and legally binding on all unit owners. These levels or amounts shall thereafter be adopted in the Association's

tenant, or the family or guest of said tenant, against such Owner; and (ii) a proportionate share of the deductible amount to any Owner whose Unit is repaired (or which Owner is compensated) by funds from the insurance policies maintained by the Association, based on the proportionate amount of insured loss incurred to the Unit relative to the total insured loss to the Common Elements and other Units. In the event that the cause of any damage or destruction to any portion of the Condominium originated in or through a Unit or any component thereof, then the Owner of said Unit shall pay the deductible under the Association's master casualty policy without regard to whether the Owner was negligent. If an Owner fails to pay the deductible assessed against his or her Unit and the Association pays the deductible cost owed by the Owner, then the deductible cost paid by the Association shall be charged to the Unit as an assessment for which the Association shall have a lien.

Section 8.5 Insurance Claim Adjustment. Any loss covered by the property insurance maintained by the Association shall be adjusted with the Association; provided, however, all insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their Mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association as Trustee. The Trustee shall hold such proceeds in trust for the benefit of the Owners and their respective Mortgagees as their interests may appear.

Section 8.6 Mortgagee-Insurance Proceeds. In the event a mortgage endorsement has been issued for a Unit, the share of any insurance proceeds of the Owner shall be held for the Mortgagee and the Owner as their interests may appear, but nothing herein contained shall be construed so as to give any Mortgagee the right to determine or participate in the determination of reconstruction or repair.

Section 8.7 Use of Insurance Proceeds. Proceeds of insurance policies received by the Association shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Condominium is terminated except as specified in Article 9.

Section 8.8 Reimbursement of Initial Insurance Premiums. Declarant shall pay the premium(s) of the initial insurance policies required by this Article and shall be reimbursed for the pro rata portion of the cost thereof by each Owner at the time each Unit is conveyed to a Person other than Declarant, or reimbursed by the Association.

renewal master policy after which the Board of Directors shall be deemed to have fully discharged their legal duties to the unit owners in establishing the levels or amounts of insurance coverage.

Alternatively, if a majority vote either decreases or increases any Board recommendation, the level or amount of coverage adopted by such a vote shall stand as being conclusively correct and legally binding on all unit owners – which level of coverage the Board shall thereafter adopt for the Association in the renewal master policy after which the Board of Directors shall be deemed to have fully discharged their legal duties to the unit owners in establishing such levels or amounts of insurance coverage.

In the event any unit owner desires to carry any additional insurance coverage, that unit owner is free to do so under the provisions of Section 8.7.

Section 8.6 Other Insurance. The Board of Directors shall obtain as a common expense:

1. Worker's Compensation Insurance if and to the extent necessary to meet the requirements of North Carolina law;
2. Officers and Directors Liability Insurance in such amount as the Board may determine. Such insurance shall contain a cross liability endorsement;
3. Such other insurance as the Board of Directors may determine to be necessary

Section 8.7 Unit Owner's Insurance. Each Unit Owner may obtain insurance at his or her own expense for contents and personal property coverage or any other coverage obtainable and to the extent and in an amount such Owner deems necessary to protect his or her interest; provided however, that any such insurance shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the portion of the insurance purchased by a Unit Owner under this section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction upon demand and shall assign the proceeds of that Unit Owner's insurance to the extent of such reduction to the Association.

Section 8.9 Insurance Policy Requirements. Insurance policies carried pursuant to this Article shall provide that:

(a) Each Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policy against any Owner or members of his household, if applicable;

(c) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;

(d) If, at the time of any loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

(e) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each Mortgagee or beneficiary under a deed of trust to whom certificates or endorsements have been issued at their respective last known addresses.

Section 8.10 Insurance Coverage-Betterments. The Association shall not be required to maintain insurance coverage for any betterments or improvements to the Units and/or Limited Common Elements added by any Owner and an Owner may be required to maintain such liability coverage as is otherwise provided herein.

Section 8.11 Insurance Availability Notification. If the insurance described in this Article is not reasonably available, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners.

Section 8.12 Fidelity Insurance. If desired, the Association may maintain fidelity insurance.

Section 8.13 Unit Owner's Insurance. Each Unit Owner may obtain insurance at his or her own expense for contents and personal property coverage or any other coverage obtainable and to the extent and in an amount such Owner deems necessary to protect his or her interest; provided however, that any such insurance shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the portion of the insurance purchased by a Unit Owner

<p>Additionally, each Unit Owner shall pay for and keep in force comprehensive personal liability insurance for damage to person or property of others occurring within such Owner's Unit, another Unit or upon the common elements, in such amounts as the Board of Directors from time to time determines, but in no case less than One Hundred Thousand Dollars (\$100,000.00) for each occurrence. If an Owner does not carry such insurance and, as a result, the Association or another Owner incurs any cost or damages; then any and all such cost and costs of repair shall be an assessment against the uninsured Owner.</p> <p>Improvements, alterations and betterments made to units by individual unit owners (or their predecessors) shall be separately insured by each individual unit owner under the provisions of this section if they were not insured by the Association under its policies.</p> <p>Unit owners are free to purchase and should consider purchasing loss-assessment coverage under their individual policies under this section in the event that the insurance limits of the Association policies are ever exceeded (which could result in the Association having to impose assessments on individual unit owners to make up for any insurance shortfall).</p>	<p>under this section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction upon demand and shall assign the proceeds of that Unit Owner's insurance to the extent of such reduction to the Association.</p> <p>Additionally, each Unit Owner shall pay for and keep in force comprehensive personal liability insurance for damage to person or property of others occurring within such Owner's Unit, another Unit or upon the common elements, in such amounts as the Board of Directors from time to time determines, but in no case less than One Hundred Thousand Dollars (\$100,000.00) for each occurrence. If an Owner does not carry such insurance and, as a result, the Association or another Owner incurs any cost or damages; then any and all such cost and costs of repair shall be an assessment against the uninsured Owner.</p> <p>Improvements, alterations and betterments made to units by individual unit owners (or their predecessors) shall be separately insured by each individual unit owner under the provisions of this section if they were not insured by the Association under its policies.</p> <p>Unit owners are free to purchase and should consider purchasing loss-assessment coverage under their individual policies under this section in the event that the insurance limits of the Association policies are ever exceeded (which could result in the Association having to impose assessments on individual unit owners to make up for any insurance shortfall).</p>
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Declaration – Article 9 – Reconstruction or Repair of Casualty Damage

Current Language	Proposed New Language
<p>9.1 Duty to Repair. In the event that all or any part of the Condominium property shall be damaged or destroyed, such Units and common elements shall be repaired or replaced and proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113 of the Condominium Act.</p> <p>Section 9.2 Repair and Reconstruction. The Board of Directors or its duly authorized agents shall arrange for and supervise the prompt repair and restoration or the damage in accordance with the original plats and plans or reconstruction compatible with such plats and plans.</p> <p>The procedure for repair and construction shall be as follows:</p>	<p>Section 9.1 Reconstruction-Costs. Any portion of the Condominium for which insurance is required pursuant to Article 8 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of all Owners of Units not to be rebuilt or Owners of Units assigned to Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those</p>

<p>(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Condominium, the Association shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.</p> <p>(b) Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the said estimated cost of reconstruction and repair, as determined by the Board of Directors, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the cost thereof are insufficient, assessments shall be made against all of the Unit Owners. If after repair and reconstruction is completed there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board of Directors.</p> <p>Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Plans and Specifications under which the Condominium was originally constructed.</p>	<p>Limited Common Elements were allocated or to lienholders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the Owners or lienholders, as their interests may appear, in proportion to their Common Element interest. If Owners vote not to rebuild any Unit, that Unit's allocated interests automatically shall be reallocated upon the vote as if the Unit had been condemned pursuant to N.C. Gen. Stat. § 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.</p> <p><u>Section 9.2 Estimates of Replacement Costs.</u> Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.</p> <p><u>Section 9.3 Priority of Repair.</u> When the damage is to Common Elements, Limited Common Elements and Units, the insurance proceeds will be applied first to the costs of repairing the Common Elements, secondly to the cost of repairing the Units, and thirdly to the cost of repairing the Limited Common Elements.</p> <p><u>Section 9.4 Association Right to Insurance Adjustments.</u> Each Owner shall be deemed to have delegated to the Association his right to adjust with insurance companies all losses under policies purchased by the Association.</p>
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Declaration – Article 16, Section 16.2 – Fining Powers

Current Language – [section to be deleted]	New
<p>Pursuant to sections 47C-3-102(a)(11) and 47C-3-107.1 of the Condominium Act, after notice and an opportunity to be heard, the Board shall have the power to impose fines in the amount not to exceed One Hundred Dollars (\$100.00) per violation, such amount to be assessed per day for a continuing violation, for any violation of any duty imposed under the Condominium Act, the Declaration, Bylaws, or Rules and Regulations duly adopted pursuant thereto against Owners or occupants, which fine(s) shall constitute an assessment against the Unit in accordance with Article 11 hereof, and become a personal obligation of the Unit Owner, and a lien upon the property; to suspend an Owner's or occupant's right to use the common elements; and to suspend an Owner's right to vote. In the event that any occupant of a Unit violates the Condominium Act, Declaration, Bylaws, or the Rules and Regulations and a fine is imposed, the fine shall first be assessed against such occupant; provided, however if the fine is not paid by the occupant within the time period set by the Board, the Unit Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provisions of the Condominium Act, Declaration, Bylaws, or Rules and Regulations, shall not be deemed a waiver of the right of the Board to do so thereafter. Additionally, Unit Owners waive and release any defense that enforcement is or may be selective. Charges for late payments of assessments under Article 11 of the Declaration are not to be regarded as fines that warrant a hearing under this section.</p>	<p align="center">[SEE ARTICLE 22, SECTION 22.3, BELOW.]</p>

Declaration – Article 20 – Maintenance and Repair of Common Elements by the Association

Current	Proposed New Language – [new article to be added]
<p>[SEE BYLAWS ARTICLE 7, BELOW.]</p>	<p><u>Section 20.1 Association Upkeep of Common Elements.</u> Other than the Upkeep of Limited Common Elements required by the Owner, the Association shall be responsible for the Upkeep of the Common Elements, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements or in a Unit for the furnishing of utility and/or other services to the Common Elements or other Units.</p> <p><u>Section 20.2 Maintenance Standard.</u> The minimum standard for Upkeep of the Common Elements to be performed by the Association shall be determined, from time to time, by the Board of Directors in its sole discretion. If any incidental damage is caused to any Unit by virtue of any work which may be done or caused to be done by the Association in the Upkeep of any Common Elements, the Association shall, at its expense, repair such incidental damage.</p> <p><u>Section 20.3 Damage Caused by Owner.</u> Whenever the Upkeep of any item for which the Association is obligated to perform at its expense is occasioned by any act of an Owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of such Upkeep, except that the Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion of the cost of such Upkeep as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep.</p> <p>Whenever the Upkeep of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of an Owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such Upkeep.</p> <p><u>Section 20.4 Liability for Damage.</u> Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N.C. Gen. Stat. § 47C-3-107(d).</p>

Declaration – Article 21 – Maintenance and Repair by Owners of Units

Current	Proposed New Language – [new article to be added]
<p>[SEE BYLAWS ARTICLE 7, BELOW.]</p>	<p><u>Section 21.1 Owner Upkeep of Units.</u> Every Owner shall perform promptly all Upkeep within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, or adversely impair the ability to rent such Owner's Unit or any other Unit, and every Owner shall be expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Unit shall be liable and responsible for the Upkeep of all portions of their Unit set forth in Article 4, including, without limitation, air conditioning and heating equipment, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service solely to his Unit. Such Owner further shall be responsible and liable for the Upkeep of the surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories in his Unit.</p> <p><u>Section 21.2 Maintenance-Insurance Proceeds.</u> Whenever the Upkeep of any item for which the Owner of a Unit is obligated to perform at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of performing such Upkeep, except that the Owner of such Unit shall be, in said instance, required to pay such portion of the costs of such Upkeep as shall, by reason</p>

	<p>of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep.</p> <p>Section 21.3 Limited Common Elements. Except as otherwise stated herein, all betterments and improvements added to the Limited Common Elements by the Owners are a part of the respective Units and shall be maintained by the respective Owners. The cost of Upkeep of the Limited Common Elements shall be paid by the Owners to whom the exclusive right to use the Limited Common Elements are allocated. Notwithstanding this Section, the Board may, in its reasonable discretion, designate the cost of Upkeep of Limited Common Elements as a Common Expense when said Upkeep is required pursuant to a common plan for the overall Upkeep of the Common Elements.</p>
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Declaration – Article 22 – Compliance and Enforcement	
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Current	Proposed New Language – [new article to be added]
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<p>[SEE BYLAWS ARTICLE 8, BELOW.]</p>	<p>Section 22.1 General Remedies. Every Owner and any occupant of any Unit shall comply with the Association Documents and the Act. Failure to comply shall be grounds for an action by the Association to recover sums due, for damages, injunctive relief or any other remedy available at law and equity or under the Act.</p> <p>Section 22.2 Enforcement/Sanctions. The Board or such other Association agent with the Board's approval, may impose sanctions for violations of Association Documents after notice and a hearing in accordance with the procedures set forth in the Act and Section 22.3 of this Declaration. Such sanctions may include, without limitation:</p> <ul style="list-style-type: none"> Imposing reasonable monetary fines which shall constitute a lien upon the Unit of the violator; Suspending an Owner's right to vote; Suspending any Person's right to use any facilities within the Common Elements; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from the Unit; and Suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association. <p>Section 22.3 Hearing Procedures. Except as may be otherwise specifically authorized by the Association Documents, and permitted by the Association Documents, the Board shall not (i) impose a fine or penalty, (ii) undertake permitted remedial action, or (iii) suspend voting or infringe upon other rights of a Member or other occupant of a Lot or Unit for violations of the Association Documents, or for assessments or other amounts due and owing to the Association remaining unpaid for a period of thirty (30) days, or longer, unless and until the following procedure is completed:</p> <p>Notice. The Board, or an adjudicatory panel appointed by the Board, shall serve the Owner or Occupant of a Unit alleged to have violated the Association Documents or the Act (the "Responsible Person") with a written notice of a hearing to be held by the Board of the Association in executive session, or before an adjudicatory panel appointed by the Board; provided, however, that any adjudicatory panel appointed by the Board shall be composed of members of the Association who are not officers of the Association or members of the Board. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which shall not be less than ten (10) days from the giving of the notice; (iii) an invitation to attend the meeting and produce any statement, evidence and witness on behalf of the Responsible Person; and (iv) the proposed sanction to be imposed. The notice prescribed herein may be served by mailing a copy of said notice to the Responsible Person by placing said notice in the United States mail, postage prepaid, by any method as permitted for the service of summons as set</p>
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forth in Rule 4 of the North Carolina Rules of Civil Procedure or by the delivery of said notice by an officer, director or agent of the Association to the Responsible Person or to any person who may be served on the Responsible Person's behalf as provided in said Rule 4.

Hearing. The hearing shall be held in executive session of the Board or an adjudicatory panel appointed by the Board pursuant to the notice affording the member a reasonable opportunity to be heard. Any adjudicatory panel appointed by the Board shall be composed of Members who are not officers of the Association or members of the Board. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of deliver, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the Responsible Person appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. In addition, a written statement of the results of the hearing and the sanction, if any, imposed shall be mailed by the United States mail, postage prepaid, by the Association to the violator.

Appeal. If the hearing is held before an adjudicatory panel, following such hearing and notice of a decision adverse to the violator, the Responsible Person shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent of the Association, President or Secretary of the Association within fifteen (15) days after the date of the decision, said written notice to contain information by which the Board may notify the Responsible Person of the date of the appeal hearing. If no adjudicatory panel is appointed by the Board, no right of appeal shall exist.

Sanction as Assessment. Pursuant to the provisions of this Section, a fine may be imposed by the Association is an amount not exceeding One Hundred and No/100 Dollars (\$100.00) (or any greater amount as may be provided otherwise by law or the Act) per violation of the Association Documents and without further hearing, for each day more than five (5) days after the decision to impose such fine that the violation occurs. Any such fine shall be an assessment as set forth in this Declaration and the Act. If it is decided pursuant to the provisions of this Section that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

[SEE
DECLA-
RATION,
SECTION
16.2,
ABOVE.]

Section 22.4 Self Help Remedies. In addition to other rights set forth in the Association Documents and the Act, upon violation or breach of any provision of the Association Documents, the Board shall have the right: (i) to enter a Unit or Limited Common Element appurtenant thereto, on which or as to which such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents, and the Board shall not thereby be deemed guilty in any manner of trespass, (ii) to use self-help to remove or cure any violation of the Association Documents (including, without limitation, the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction or improvements may be altered or demolished, except in emergencies, judicial proceedings shall be instituted by the Association against such defaulting Owner or its tenant.

Section 22.5 Cumulative Remedies/Attorneys' Fees. The Association shall have all powers and remedies under the Act and the Association Documents which shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Association Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 22.6 Association's Right Not to Take Action. The Association shall not be obligated to pursue enforcement action in any particular case, such decisions to be within the discretion of the Board, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the

generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (a) the Association's position is not strong enough to justify taking any or further action; or (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or justify expending Association funds; or, (d) it is not in the best interest of the Association, based upon hardship, expense or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Association to enforce such covenant, restriction, rule or provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, rule or provision, nor shall it preclude any Owner from taking action at law or in equity to enforce the Association Documents.

Section 22.7 Enforcement by Owner. Nothing set forth in this Article shall prevent any aggrieved Owner from instituting any available remedy in law or in equity for a violation of the Association Documents.

Bylaws – Article 7 – Maintenance Responsibility

Current Language – [article to be deleted]

New

Section 1. By the Owner. Except as otherwise provided in Section 2 hereof, each Unit Owner shall maintain, repair, and replace at his expense all portions of his unit which become in need thereof, including all drywall, molding or paneling, bathroom and kitchen fixtures, plumbing, electrical system, light fixtures, wall and ceiling covering materials, matting, carpeting, drapes and other items within the unit and such external systems as may service only his unit, such as a television antenna system serving only that unit. Each unit owner shall maintain, repair, and replace, when necessary, all damage to windows and doors as part of his unit; except however, damages to such caused by agent, employees, or subcontractors employed by the Regime shall be repaired by the Regime. All damages to the common elements intentionally or negligently caused by the unit owner, his family, guests, invitees, agents, servants, lessees, employees, or contractors shall be repaired promptly by such unit owner, except to the extent such damage is covered by hazard insurance required to be maintained by the Regime, in which case the Regime waives its right of indemnity to the extent of funds received paid pursuant to said insurance policy. If the unit owner defaults in his obligations herein and each default is not cured by him within fifteen (15) days from written demand by the Regime, the same may be cured by the Regime and the cost thereof shall be assessed against the unit owned by the subject unit owner.

[SEE DECLARATION, NEW ARTICLE 20 AND 21, ABOVE.]

The Unit Owner shall also be responsible for maintaining the air conditioning and heating apparatus. The Owners shall be responsible for maintenance and repair to all utilities and services from the point where they enter any Unit. Maintenance by any Unit Owner on any portion of the Condominium, other than the interior of a Unit, shall be done in accordance with the architectural standards as may be applicable in the Declaration, Bylaws, or Rules and Regulations of the Association. The Owner shall be responsible for repair, replacement, and maintenance of any fireplace within his Unit and accessories thereto, including cleaning of the flue and ash collector on annual basis where firewood is burned.

Section 2. By the Association. The Association shall maintain and keep in good repair, as a common expense, all of the Condominium property not required to be maintained and kept in good order by an Owner. The Regime shall maintain, repair, and replace at its expense all parts of the Common Areas and Facilities, whether located within the perimeter walls of a Unit or not, the cost of which shall be charged to the unit owners as a common expense.

The Association shall be authorized to perform after ten (10) days' notice to a Unit Owner, any maintenance upon a Unit for which the Owner is responsible and to charge the Owner, as provided for assessments herein with the actual costs of maintenance.

Section 3. Restrictions on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair, or replacement work upon his Unit which disturbs the rights of the other unit owners or jeopardizes the soundness or the safety of the Condominium Property. If the unit owner cause any work so performed on the Unit, which in the sole opinion of the Board violates the terms of this paragraph, it shall be immediately corrected and he shall refrain from recommencing or continuing any such work without written consent of the Board. A unit owner shall not repair, alter, replace, or move any of the common elements or limited common elements located within his unit without the prior written consent of the Board. No structural or load bearing members may be changed without the prior written consent of the Board.

A unit owner shall not paint or otherwise decorate or change the outside appearance of the building in which his unit is located, including doors or windows, or any appurtenance thereto or Limited Common Element serving his unit without the written consent of the Board.

Section 4. Duty to Report. Each Unit Owner promptly shall report to the Board or its agent any defect or need for repairs or replacement, the responsibility for which is that of the Regime.

Section 5. Alterations to Common Areas and Facilities. The Regime is authorized to make minor improvements to and alterations to the structures located on the common elements as a common expense; however, no major or structural improvements to or alterations of the Common Elements or limited common elements, or improvements or alterations in excess of Ten Thousand Dollars (\$10,000.00) shall be made by the Regime without first obtaining the prior approval of the Membership by a majority vote of the total membership.

Section 6. Approval of Payment Vouchers. All vouchers for payment of expenses incurred by the Regime in the maintenance, repair, alteration and replacement of the common elements shall be approved in writing, jointly by the President and the Treasurer. In the absence or disability of the President, the Vice President may perform the duties herein of the President, and the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer. Notwithstanding the foregoing, the Board may authorize any officer, Member, Committee, or Independent Manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration, or replacement of the Common Elements, so long as the resolution granting such authority specifically limits the maximum amount which may be authorized on each occasion and so long as the subject resolution describes the items which may be so authorized.

Section 7. Responsibility for Damages. In accordance with Section 47C-3-107 of the Condominium Act, if damage for which a Unit Owner is legally responsible and which is not covered by insurance provided by the Association is inflicted on any common element or limited common element, or the property of another Unit Owner, the Association may direct such Unit Owner to repair such damage or the Association may itself cause the repairs to be made and recover the costs thereof from the responsible Unit Owner.

If, on the other hand, damage is inflicted on any Unit by an agent of the Association in the scope of his/her activities as such agent, the Association is liable to repair such damage or to reimburse the Unit Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit Owner.

<p>In both such above-described instances, when the claim involved is five hundred dollars (\$500.00) or less, the Board of Directors, or its designee, shall determine if a Unit Owner is responsible for damages to any common element or whether the Association is responsible for damages to any Unit. The Board, or its designee, shall accord the party charged with causing the damage with notice, an opportunity to be heard, presentation of evidence and notice of decision in accordance with those procedures set forth in Article VIII of these Bylaws. The Board, or its designee, may assess a liability for each damage incident not in excess of five hundred dollars (\$500.00) against each Unit Owner charged or against the Association. Liabilities of Unit Owners shall be assessments in accordance with Section 47C-3-107 of the Condominium Act and the Declaration. Liability of the Association may be used by the Unit Owner as an offset against amounts owed to the Association.</p> <p>Section 8. Insurance Deductibles. If maintenance is required as a result of an insured loss, the amount of the deductible shall be paid by the Association. If such maintenance is caused by the act or omission of a Unit Owner, or his or her immediate family member(s), guest(s), tenant(s) or lessee(s), then the Unit Owner will be assessed and shall pay the amount of the deductible.</p> <p>Section 9. Freeze Damage Protection. The Board of Directors may make rules and regulations as it deems necessary to implement and enforce freeze prevention measures.</p>	
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Bylaws – Article 8 – Enforcement Procedures	
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Current Language – [article to be deleted]	New
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<p>In accordance with Section 47C-3-107A of the Condominium Act, the Board of Directors or its designated representatives or committee shall not impose a fine or a charge for damages against a Unit Owner unless and until the following procedure is followed:</p> <p>Section 1. Demand. Written demand to cease and desist from an alleged violation of the Declaration, Bylaws, or Rules and Regulations shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction if such violation is a continuing one or a statement that any further occurrence of the same violation may result in the imposition of sanction, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's sole determination, pose a danger or nuisance to safety or property. Charges for late payments under Section 11.11 of the Declaration are not to be regarded as fines that warrant a hearing under this section.</p> <p>Section 2. Notice. Within twelve (12) months of such demand as stated above if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may impose a fine by giving the violator written notice. The notice shall state: (i) the nature of the alleged violation; (ii) the amount of the fine; (iii) that the violator will have the opportunity to be heard by requesting within ten (10) days from the date of such notice, a hearing before the Board of Directors or its designated committee to contest the fine; (iv) that any statements, evidence and witnesses may be produced by the violator at the hearing; and (v) that all rights to be heard or to have a fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.</p> <p>Section 3. Hearing. If the hearing is requested, it shall be held before the Board of Directors or a committee designated by the Board and the violator shall be given a reasonable opportunity to be heard. The Board or designated committee shall render its final decision regarding imposition of the fine no later than five (5) days after the hearing. The minutes of the meeting shall contain a written statement of the results of the hearing.</p>	<p>[SEE DECLARATION, NEW ARTICLE 22, ABOVE.]</p>
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