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**STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER**

**AMENDMENT TO THE DECLARATION OF CONDOMINIUM OF SANDS AT
CAROLINA BEACH CONDOMINIUM AND BYLAWS OF SANDS AT CAROLINA
BEACH CONDOMINIUM OWNERS, INC.**

THIS AMENDMENT TO THE DECLARATION OF CONDOMINIUM OF SANDS AT CAROLINA BEACH CONDOMINIUM AND BYLAWS OF SANDS AT CAROLINA BEACH CONDOMINIUM OWNERS, INC. ("Amendment") is made and entered into this the 2nd day of December, 2016 by the undersigned Sands at Carolina Beach Condominium Owners, Inc. (the "Association").

WITNESSETH:

WHEREAS, Riparian Associates, a North Carolina General Partnership, caused to be recorded a Declaration Condominium of Sands at Carolina Beach Condominium in Book 1207 at Page 1049 (the "Declaration") in the Office of the Register of Deeds of New Hanover County (the "Registry"); and

WHEREAS, the Bylaws of the Association were recorded as an attachment to the Declaration (the "Bylaws"); and

WHEREAS, pursuant to Article VI of the Declaration and Article X of the Bylaws, both may be amended at any regular or special meeting of the unit owners of the Association, called in accordance with the Bylaws, by the affirmative vote of at least 67% of the votes in the Association, and the written approval of holders of first lien mortgages or deeds of trust on units which have in the aggregate at least 51% of the votes of units subject to such liens; and

WHEREAS, the Association desires to amend the Declaration, and the Amendment set forth below has been adopted by an affirmative vote of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of holders of first lien mortgages or deeds of trust on units which have in the aggregate at least 51% of the votes of units subject to such liens, and has been otherwise properly adopted and approved as required by the Declaration and Bylaws, as applicable; and

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WHEREAS, the President and Secretary of the Association have been duly authorized and empowered to certify and execute this Amendment and to cause the same to be recorded in the Registry as the binding act of the Association, its Members and Board of Directors; and

WHEREAS, the capitalized terms set forth in this Amendment shall have the same meaning as set forth in the Declaration and Bylaws as amended and supplemented unless otherwise defined or the context shall otherwise prohibit.

NOW, THEREFORE, in consideration of the recitals set forth above, and as the act and deed of the Association, its Members and Board of Directors, the Declaration and Bylaws are hereby amended and modified as set forth below:

1. Article VI of the Declaration is amended by deleting the first sentence in its entirety and inserting in lieu thereof the following:

This Declaration may be amended at any regular or special meeting of the unit owners of this condominium, called in accordance with the bylaws, by the affirmative vote of at least 67% of the votes in the Association.

2. Article VIII of the Declaration is amended by deleting Section (E) in its entirety.
3. Article VIII(F) and all subsections of Article VIII(F) of the Declaration are amended by deleting Article VIII(F) and all subsections of Article VIII(F) and inserting in lieu thereof the following:

F. Insurance. The insurance which shall be carried upon the condominium property and the property of the unit owners shall be governed by the following provisions:

1. Authority to Purchase – All insurance policies upon the condominium property (other than insurance on betterments and improvements to the Units and personal property of the Unit Owners) shall be purchased by the Association in the name of the Association, as trustees for the Unit 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 Unit Owner, mortgagee, or beneficiary of a deed of trust. Each Owner may obtain insurance, at his own expense, affording personal property, improvements and betterments, personal liability, and any other coverage obtainable, to the extent and in the amounts such Owner deems necessary to protect his own interest; provided 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 proration of the insurance purchased by the Owner under this Section, such Owner shall be liable to the Association to the extent of such reduction and shall pay the assigns the proceeds of his insurance, to the extent of such reduction, to the Association. The cost of all insurance policies shall be a common expense.

2. All policies of insurance shall be written by reputable insurance companies (having an "A" rating or better) licensed or qualified to do business in North Carolina. The Board shall exercise reasonable good faith efforts to ensure that each such policy provides that:
 - (i) Each owner is an insured person under the policies to the extent of his insurable interest;
 - (ii) 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 policies;
 - (iii) The insurer waives any right to claim by way subrogation against the Association, the Board, the managing agent, any member or the Owners and their respective households, guests, tenants, agents and invitees;
 - (iv) Such policy shall not be canceled, invalidated or suspended due to the conduct of any member or any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, agents and invitees, or of any member, officer or employee of the Board or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within a reasonable time after such demand; and
 - (v) Such policy may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Board or the managing agent.
 - (vi) If, at the time of any 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.

3. Insurance Coverages – The following insurance coverage shall be maintained in full force and effect by the Association:

- (i) Casualty – The Common Elements, and to the extent reasonably available, the Units, including all buildings and improvements upon the land and all personal property included within the Condominium Property, except such personal property as may be owned by the Unit Owners, shall be procured in an amount equal to at least one hundred percent (100%) of the maximum insurable replacement value thereof (exclusive 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, all components of the Units together with fixtures, cabinets, built in appliances and all other such improvements which were a part of the original completed Unit, except for betterments and improvements installed by the Unit Owner.
- (ii) 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 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.

4. Other Insurance - The Board of Directors may obtain and maintain:

- (i) Fidelity coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle, or are responsible for handling funds of the Association, including the managing agent. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity bond. Such fidelity bonds (except for fidelity

bonds obtained by the managing agent for its own personnel) shall: (i) name the Association as an obligee, and (ii) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression;

- (ii) Flood insurance in accordance with the applicable regulations for such coverage if required by a majority of the Mortgagees or governmental regulations;
 - (iii) Workers' compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);
 - (iv) Directors and officers liability insurance; to the extent coverage can be obtained at a reasonable cost, and
 - (v) Such other insurance as the Board may determine or as may be requested from time to time by a Majority Vote of the members.
5. Immediately after a casualty causing damage to any part of the condominium property, the Board of Directors shall obtain reliable and detailed estimates of the cost necessary to repair and replace the damaged property to a condition as good as the condition that existed prior to the casualty loss; provided, however, that if a casualty causing damage is limited to a single unit, then it shall be the responsibility of that unit owner to obtain estimates of the cost of replacement as aforesaid, and thereafter it shall be the responsibility of the Board of Directors to approve the bid before commencing repair. If the net proceeds of the insurance are insufficient to pay the estimated cost of reconstruction and repair, the Board of Directors shall promptly, upon determination of deficiency or deductible, levy a special assessment against all unit owners for that portion of the deficiency or deductible related to common elements, in accordance with the percentages set forth in Exhibit C of this Declaration, and against the individual unit owners for that portion of the deficiency or deductible related to the individual damaged units; provided, however, that if, in the opinion of the Board of Directors, it is impossible to adequately determine the portion of the deficiency relating to individual damaged units, the Board of Directors shall levy the special assessment for the total deficiency against each of the unit owners, according to the percentages set forth in Exhibit C of this Declaration.

6. 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.
7. Mortgagee-Insurance Proceeds - In the event a mortgage endorsement has been issued for a Dwelling 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.
8. 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 community is terminated except as specified in Article VIII(F)(9) below.
9. Total Destruction - As used in this Declaration, and in any other connection or context dealing with this Condominium, the term "substantial damage to or destruction of all or a substantial portion of Condominium property" shall mean that two-thirds (2/3) or more of the building is destroyed by fire or other disaster and that the owners of three-fourths (3/4) of the building duly resolve not to proceed with repair or restoration. Should there occur substantial damage to or destruction of all or a substantial part of the condominium property, the condominium project shall not be reconstructed, and the property theretofore subject to this Declaration shall be withdrawn from its status as a condominium project under the Act. It is understood and agreed that in the event a mortgagee should require the payment of the proceeds to it, that sum shall be paid to said mortgagee, and the unit owner shall then be obliged to deposit the funds necessary for his unit towards his share of the rebuilding costs. In the event it is determined not to proceed with repair and restoration, as aforesaid, the Insurance

Trustee is authorized to pay the proceeds of the insurance to the unit owners and their mortgagees, as their interests may appear, and the condominium property shall be removed from the provisions of the Act with the results provided for in the Act.

- 4. Article IV of the Bylaws is amended by removing Section 3 in its entirety and inserting in lieu thereof the following:

The Annual Meeting of the membership shall be held in November of each year for the purpose of electing directors and transacting any and all of the business authorized to be transacted by the members. If such meeting is not held as scheduled, a substitute annual meeting shall be held on notice as required for special meetings.

- 5. Article V of the Bylaws is amended by removing Section 3 Paragraph (i) "Purchase of Units" in its entirety.
- 6. Article X of the Bylaws is amended by removing the last sentence in Section 2 and inserting in lieu thereof the following:

Except as elsewhere provided, approval of such resolution must be by at least 51% of the entire membership of the Board of Directors and by not less than 67% of the owners eligible to vote.

IN WITNESS WHEREOF, Sands at Carolina Beach Condominium Owners, Inc. has executed this instrument the year and day first written above.

This the Second day of December, 2016.

SANDS AT CAROLINA BEACH CONDOMINIUM OWNERS, INC.

BY: [Signature]
PRINTED NAME: Allen Rex Johnson
TITLE: President

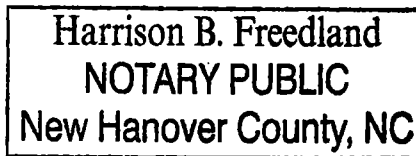
BY: [Signature]
PRINTED NAME: Howard Rose
TITLE: Secretary / Trus.

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Harrison B. Freedland, certify that the following person(s) personally appeared before me this day, and; each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Allen Rex Johnson
Name(s) of principal(s)

Witness my hand and official seal, this the 22 day of December, 2016.
My Commission Expires: 8/2/2021 Harrison B. Freedland
Notary Public

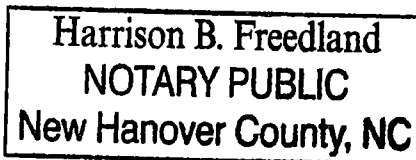


STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Harrison B. Freedland, certify that the following person(s) personally appeared before me this day, and; each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Howard Rose
Name(s) of principal(s)

Witness my hand and official seal, this the 22 day of December, 2016.
My Commission Expires: 8/2/2021 Harrison B. Freedland
Notary Public



TAMMY THEUSCH
BEASLEY
Register of Deeds

New Hanover County

Register of Deeds

320 CHESTNUT ST SUITE 102 • WILMINGTON, NORTH CAROLINA 28401
Telephone 910-798-4530 • Fax 910-798-7751



State of North Carolina, County of NEW HANOVER
Filed For Registration: 12/02/2016 04:45:38 PM
Book: RB 6021 Page: 2374-2382
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