

**RESOLUTIONS OF BOARD OF DIRECTORS
OF NAUTICAL CLUB CONDO OWNERS ASSOCIATION, INC.**

The undersigned, being all the Directors of Nautical Club Condo Owners Association, Inc., a North Carolina non-profit corporation (the "**Association**"), do hereby take the following actions and adopt the following preambles and resolutions by signing their written consent hereto in lieu of a meeting, pursuant to Section 5.8 (entitled "Action Without Meeting") of the Association's bylaws:

WHEREAS, pursuant to Section 7.6 (entitled "Rules and Regulations") of the Amended and Restated Declaration of Condominium for The Nautical Club Master Condominium recorded in Book 1412, Page 247, Carteret County Registry, as amended (the "**Declaration**") the Association has the authority to promulgate Rules and Regulations governing the use, enjoyment and maintenance of the Common Elements (as defined in the Declaration);

RESOLVED, that Rules and Regulations in the form attached hereto as Exhibit A and incorporated herein shall govern the use, enjoyment and maintenance of the Common Elements, and that such Rules and Regulations shall constitute "Rules and Regulations" as defined in the Declaration.

The undersigned hereby direct that this document be filed in the minute book of the Association.

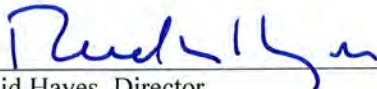
This the 21ST day of OCTOBER, 2013.



Brian Gribble, Director



Robbie Patterson, Director



Reid Hayes, Director

Exhibit A

RULES AND REGULATIONS OF THE NAUTICAL CLUB

These Rules and Regulations apply to and are binding upon all persons owning, occupying, or otherwise using a Unit or the Common Elements within The Nautical Club Master Condominium (the “**Master Condominium**”) and/or The Nautical Club Phase 1 Condominium (the “**Residential Condominium**”). These Rules and Regulations are adopted jointly by the Boards of Directors of Nautical Club Condo Owners Association, Inc. (the “**Master Association**”) and Nautical Club Phase 1 Condominium Association, Inc. (the “**Residential Association**”), and apply in addition to the restrictions on use of the Units and Common Elements set forth in the Amended and Restated Declaration of Condominium for The Nautical Club Master Condominium recorded in Book 1412, Page 247, Carteret County Registry (as amended from time to time, the “**Master Declaration**”) and the Declaration of Condominium for The Nautical Club Phase 1 Condominium recorded in Book 1412, Page 248, Carteret County Registry (as amended from time to time, the “**Residential Declaration**”). Capitalized terms used herein, not defined herein, and defined in the Master Declaration and/or Residential Declaration shall have the meanings given them in the Master Declaration and/or Residential Declaration. Any such term that is defined in both Declarations shall be deemed to refer to both definitions if the context allows. “**Residential Common Elements**” shall mean the Common Elements located in the Residential Condominium. “**Residential Units**” shall mean the Units of the Residential Condominium.

Owners are responsible for and shall be held accountable for the conduct of their families, guests, invitees, employees, lessees and other persons occupying their Unit or over whom they exercise control and supervision while such persons are using the Units and Common Elements, including but not limited to the recreational amenities within the Master Condominium or Residential Condominium. All such persons are required to abide by these Rules and Regulations. Any person other than an Owner who an Owner permits to occupy or use such Owner’s Unit or the Common Elements shall be referred to in these Rules and Regulations as an “**Occupant**.”

The Residential Association’s Board of Directors (the “**Residential Board**”) is responsible for administering and enforcing the Rules and Regulations as pertain to the use of Units and Common Elements which are contained within the Residential Condominium, including but not limited to the use of balconies, penthouse and parking area located in the Residential Condominium. The Master Association’s Board of Directors (the “**Master Board**”) is responsible for administering and enforcing the Rules and Regulations as pertain to the use of Units and Common Elements which are contained within the Master Condominium but not the Residential Condominium, including but not limited to the use of the pool, pier and boat ramp located in the Master Condominium.

VIOLATIONS OF THESE RULES AND REGULATIONS MAY RESULT IN FINES AND/OR SUSPENSION OF PRIVILEGES OR SERVICES, PURSUANT TO THE MASTER DECLARATION, RESIDENTIAL DECLARATION AND THE NORTH CAROLINA

CONDOMINIUM ACT.

1. Use of Residential Common Elements. Residential Common Element walkways, hallways, elevators, stairways and entrance areas may not be obstructed or encumbered or used for any purpose other than ingress and egress. No portion of the Residential Common Elements may be used for the storage of garbage or other personal property. Personal property belonging to Owners and Occupants must be stored within the Residential Units.

2. Penthouse. Smoking and use of other tobacco products is prohibited in the penthouse of the Residential Condominium. Only Owners and Occupants are permitted to access and use the penthouse. Children under fifteen (15) years of age must be accompanied by an adult in the penthouse.

3. Balconies. Balconies shall be kept in a clean, neat and orderly condition at all times. All furniture and other items placed on a balcony must be properly chained, bolted or otherwise secured to the balcony to prevent such item from being dislodged from the balcony by wind and thus cause a hazard. No wind chimes may be placed on any balcony. Balconies shall not be used for hanging or storage of garments, towels, beach chairs, rafts, bicycles, kayaks, garbage or other objects, or for cleaning rugs or other household items. No cooking, barbecues or grills of any kind shall be permitted on any balcony. Owners and Occupants shall not throw any items off the balcony. The Owner of a Unit shall be responsible for, and shall be subject to sanction in accordance with the Residential Declaration, for any object that blows or otherwise falls from the Owner's balcony, regardless of cause. A reasonable number of potted plants may be kept on a balcony. Any potted plants shall be heavy enough so as to not be susceptible to being blown from balconies by wind. Owners and Occupants shall use reasonable care in watering their plants. A plant saucer is required to be placed under all potted plants situated on the balcony.

4. Parking. No Owner or Occupant shall park, store or keep any vehicle on The Nautical Club property except wholly within marked parking spaces. No Owner or Occupant shall block any driveways, entrance drives or drive aisles. No motor home, travel trailer, camper or other recreational vehicle may be parked or stored on The Nautical Club property. No boat or boat trailer may be parked or stored on The Nautical Club property except in the designated Boat Storage Area. The Parking Areas shall be fairly and equally available to all Owners and Occupants on a "first-come, first-served" basis while visiting The Nautical Club property. Therefore, no person may leave or park a vehicle in a Parking Area for an indefinite or extended period of time while not contemporaneously actually occupying a Residential Unit. The Parking Areas may be utilized only while actually spending days and nights at The Nautical Club. The Master Association and/or Residential Association shall have the right to tow any vehicle in violation of these Rules and Regulations. Each Owner shall be responsible for any parking violation by the Owner or any Occupant of the Owner's Unit.

5. Pool.

(a) USE OF THE POOL FACILITIES AND SWIMMING IS AT THE SOLE RISK OF THE USER.

(b) Pool hours are 8:00 a.m. to 9:00 p.m. Use of the pool area outside such hours is prohibited.

(c) Children under sixteen (16) years of age must be accompanied and supervised by an adult at all times in the pool area. Any non-swimming children must be accompanied in the water by an adult.

(d) Only Owners and Occupants may use the pool area.

(e) No diving is permitted in the pool.

(f) Glass objects are not permitted in the pool area.

(g) Persons with apparent or known infectious conditions, whether the same be a skin disease, sore or inflamed eyes, cough, cold, nasal or ear discharge of any other type of communicable disease, shall not utilize any of the pool facilities.

(h) Radios and other sound emitting devices may only be used at low volume or with earphones. The Master Board reserves the right to prohibit radios and or other music devices in the pool area.

(i) Running and noisy or hazardous activity will not be permitted in the pool area. Pushing, dunking and dangerous games are not permitted. The throwing of balls, frisbees, wet clothing or other things is not permitted at any time in the pool area.

(j) All swimmers must wear appropriate swimming attire. Cutoffs, dungarees and thongs are not considered appropriate swimwear.

(k) Children who are not potty trained are required to wear plastic pants under their swimsuits when entering the pool. All children must be properly dressed in swimming attire at all times. Children in diapers are not allowed in the pool.

6. Pier and Boat Ramp. Vehicles and boat trailers shall not be parked at the boat ramp. After launching boats, trailers must be returned to the Boat Storage Area. Only Owners and Occupants may use the pier or boat ramp. No jumping or diving from the pier is permitted. Use of the pier and boat ramp is at the sole risk of the user.

7. Boat Storage Area.

(a) Use of a storage space in the Boat Storage Area shall be granted to Owners of Residential Units on a first come – first served basis.

(b) No more than one storage space shall be allocated to any Residential Unit Owner.

(c) The President of the Master Association shall have the authority to charge a fee for use of a boat storage space, provided that any such fee shall apply equally to all boat storage spaces of like size. A fee may be imposed at any time for future use of a boat

storage space, including but not limited to spaces already allocated to Residential Unit Owners, but no fee may be imposed retroactively.

(d) Only boat trailers and personal watercraft trailers (with or without boat or watercraft) may be stored in the Boat Storage Area. No campers or other recreational vehicles shall be permitted.

(e) All boats, watercraft or trailers stored in the Boat Storage Area must be operable, insured, properly licensed and registered, with valid license plates and current registration decals.

(f) All boats, watercraft or trailers stored in the Boat Storage Area must be registered with the Master Association.

(g) Only boats or watercraft (and trailers suitable for such boats or watercraft) that can be launched from the boat ramp located at The Nautical Club may be stored in the Boat Storage Area. No boat, watercraft or trailer exceeding twenty-two (22) feet in length, from tongue to stern or motor (whichever is farthest from the tongue) shall be permitted in the Boat Storage Area.

(h) The Boat Storage Area may not be used as a recreational area.

(i) No repairs that take longer than a single day, from dawn to dusk, are permitted within the Boat Storage Area.

8. Skateboards and Scooters. Use of skateboards and scooters in the Common Elements is prohibited.

9. Storm Doors. Owners may install storm doors on their Units, subject to the provisions of Article V of the Residential Declaration, including but not limited to approval by the Declarant or Residential Association, and provided that all storm doors must be glass, of good quality construction, with white framing, similar to a specimen storm door approved by the Residential Board, all as reasonably determined by the Residential Board.

10. Vehicle Maintenance. The repair and/or maintenance of any car, truck, boat or similar vehicle on any portion of The Nautical Club property is strictly prohibited except in emergency situations and except repair of boats in the Boat Storage Area, in accordance with the Rules and Regulations applicable to the Boat Storage Area. Car washing within The Nautical Club property is prohibited.

11. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on The Nautical Club property except that common, domestic household pets and service dogs (seeing eye dogs, etc.) may be kept or maintained by Owners and Occupants of the Residential Condominium, provided they are not kept or maintained for commercial purposes, and provided that no Owner may have more than three (3) such pets at any one time (excluding fish). No potbellied pigs, snakes or spiders may be kept in the Residential Condominium at any time. In addition, other animals determined in the Residential Board's sole discretion to be dangerous or incompatible with the character of The Nautical Club shall not be brought onto or kept on The

Nautical Club property at any time. No pet shall be permitted upon the Common Elements unless supervised by a person that can control the pet. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking). Each Owner or Occupant shall clean up immediately after his pet. All pets shall be registered, licensed and inoculated as required by law. Pets are prohibited in the swimming pool area and the penthouse of the Residential Condominium. No pet shall be kept or left on any balcony or tied to any structure outside a Unit when the pet owner or other responsible person is not present. Litter boxes are not permitted on any balcony or any other portion of the Common Elements. If any Owner or Occupant violates these rules more than twice in any twelve (12) month period, or if the Board of Directors reasonably determines that any pet is dangerous, then the Association shall have the right to require the Owner or Occupant to remove the pet permanently from The Nautical Club property upon not less than ten (10) days written notice.

12. Leasing of Residential Units. Any lease of a Residential Unit shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Condominium Instruments and Master Condominium Instruments and that any failure by the lessee to comply with all of the terms of the Condominium Instruments or Master Condominium Instruments shall constitute a default under the lease. The Residential Association shall have the right to promulgate a standard rental or property management agreement which must be utilized as to form and content by any Owner electing to lease a Residential Unit. Any Owner electing to lease a Residential Unit must provide in writing to the Residential Association a statement indicating that the Owner intends to lease the Unit and, if the Owner will lease the Unit through an agent or property manager, the notice shall specify the agent or property manager responsible for leasing the Unit and in whom is vested the responsibility for the conduct of the renters. When an Owner is represented by such an agent, any communications between the Residential Association and such agent are deemed communications between the Residential Association and such Owner. All tenants shall be obligated to comply with the Condominium Instruments and Master Condominium Instruments, and the Owner shall be responsible for assuring compliance. Each Owner grants to the Residential Association the right to evict any tenant who does not comply with the Condominium Instruments and Master Condominium Instruments, and shall reimburse the Residential Association upon demand for all costs in connection therewith. Any such cost shall be considered an assessment, and shall be enforceable against the Owner and his Unit in accordance with Article VII of the Residential Declaration.

13. Signs and Flags. Except as expressly provided below, no flags, signs or other advertising devices shall be displayed by any Owner or Occupant on or about the exterior of any Unit or in the Common Elements. An Owner may display political signs on the exterior of his Unit no more than 45 days before the day of the election and no more than seven days after the election, provided that political signs may be no larger than 24 inches by 24 inches. For purposes of this rule a political sign means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on an election ballot. An Owner may display the flag of the United States of America or the State of North Carolina on the exterior of his Unit (but not in any manner that obstructs the Common Elements) as long as its size is no greater than 4 feet by 6 feet and it is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. § 5-10, as amended.

14. Satellite Dishes and Antennas. No satellite dish, antenna or similar equipment may be placed on the exterior of any Residential Unit or in the Residential Common Elements without the prior written approval of the Residential Association, which may be withheld or conditioned in its sole discretion.

15. Toilets and Plumbing. The toilets and other water and sewer apparatus shall be used only for the purposes for which designed, and no sweepings, matches, rags, ashes or other improper articles shall be disposed of therein. The cost of repairing any damage resulting from misuse of any of such apparatus shall be borne by the Owner in whose Unit such misuse occurs.

16. Electrical Devices. No electrical device creating electrical overloading of standard circuits shall be used within any Residential Unit or the Residential Common Elements. Any abuse of appliances or fixtures within a Residential Unit or use thereof in a manner which adversely affects other Units or the Common Elements as determined by the Residential Board is prohibited. Total electrical usage in any Residential Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

17. Flammable and Toxic Substances. Carrying, storing, keeping, or using flammable, combustible, explosive or other harmful fluids, chemicals or substances or any toxic or hazardous waste or substance is prohibited within the Residential Condominium (including in parking areas and storage areas), except as necessary and appropriate for permitted uses of a Unit, provided that the Residential Association may use such substances in connection with the maintenance and operation of any of the Residential Condominium.

18. Garbage and Trash. Each Residential Unit shall be kept in a good state of preservation and cleanliness. No storage of trash will be permitted in or outside any Residential Unit in such manner as to permit the spread of fire, odors, seepage or encouragement of vermin. Garbage and trash shall be disposed of properly and promptly and placed in containers or dumpsters provided by and located in areas designated by the Association. The placement or storage of trash in hallways or other portions of the Common Elements other than designated trash containers or dumpsters is strictly prohibited.

19. Noise, Odors, Nuisance and Loitering. No noxious, offensive, unsightly, dangerous or unsafe activity or condition shall be permitted on The Nautical Club property, nor shall anything be done which may be or become an annoyance or nuisance to the other Owners or Occupants. No Owner or Occupant shall make or permit any disturbing noises, odors or activity on The Nautical Club property or do or permit anything to be done thereon that will interfere with the rights, comforts or conveniences of other Owners or Occupants. Between the hours of 11:00 p.m. and 9:00 a.m. of the following day, no music or other sounds produced by musical instruments, radios, stereos, phonographs, televisions, loudspeakers or other sound amplification devices shall be allowed on or within any of the Common Elements or be allowed to be generated or produced from any Unit if such sounds can be heard outside of such Unit during such hours.

20. Unsightly Material. The Common Elements should be kept free and clear of refuse, debris, garbage, trash and other unsightly materials. Nothing shall be altered in, constructed in, or removed from the Common Elements by an Owner or Occupant. No offensive or unsightly

appearance shall be maintained or permitted to exist on any portion of a Unit or the Limited Common Elements visible from the exterior of the Unit.