

Condo Ownership and Its Responsibilities

When you purchase a condo at Ocean Dunes, you are purchasing a share in Ocean Dunes Homeowners Association, Incorporated. We're a not-for-profit limited liability company (LLC). *Articles of Incorporation* were filed in December, 1982.

What you bought: you bought your "unit" – defined as being bounded by the walls, ceiling, and floors and including the windows and sliding glass doors (sometimes referred to as "the box"). You do not "own" your deck or your carport (if you have one). They are defined as limited common areas that are assigned for your use. The unit owners within a single building do not "own" that building. (Buildings are owned by all 196 unit owners in common.)

But: you also own a percentage, or a share, of every part of Ocean Dunes – of every building residential and otherwise, every pool, every tree, every sidewalk. This is your Unit Owner Percentage (UOP). You are also responsible for maintaining all parts of OD. You pay annual property tax to the town of Kure Beach for the developed property (your condo) that you own as well as on the share of OD that you own.

Exhibit F of the *Declaration of Condominium* (one of our governing documents) is a table listing the UOP for each unit. The developers set up these shares based on what they determined was the "fair market value" of each of the 196 units when they were originally constructed, based on layout, square footage, and location (whether the unit is oceanside or Gardenside). This is not the same as selling price (market value) and is not changed by any upgrades owners have made to units, such as bath or kitchen upgrades, since they were built. To change any shares in this table would require 100% of the owners to vote yes to the change. The percentages of the 196 units total up to 100%.

Your UOP, or share, is used two ways. (1). To calculate your weighted vote. Each unit gets one vote, but it is multiplied by the % of ownership (for example, if you own a 0.72 share, your "yes" counts as a 0.72 "yes" and then all the "yes" votes and "no" votes are totaled up. (Units that don't vote are not counted.) The number of units that vote is not a factor in a vote. For example, 99 units is more than half of our physical units, but the owners of those units may not hold more than half of the OD shares, and the latter is what counts. So if 99 units vote "NO" it is not necessarily a majority NO vote.

(2.) To calculate your share of the annual budget. The board determines an annual budget for the entire complex. To calculate each unit's assessment, they multiply the UOP times the budget (say .0072 x \$2.9 mil.) and then divide that by 12 to come up with that unit's monthly assessment (dues or maintenance fees). Remember, you own a part of everything at OD, so the entire budget is just split up by the percentage of ownership. (Except cable, which is a flat fee for every unit.)

Why do you pay for "other" buildings? You "own" them and are responsible for their upkeep as much as the one where your condo is located. Same for elevators, even if

they are not in your building, pools even if you don't use them (if you are a "beach" person). As part of the corporation, you should expect the whole place to be in good shape.

Do you need insurance on your unit? The homeowners' association maintains insurance as part of the annual budget, of which you pay a share. But you need to maintain an HO6 policy on the "box" containing your unit and your personal possessions, as those are not covered under the OD policies. Owners ask why they can't just insure and pay for their own buildings. Again, owners do not "own" their buildings and insurance agents would not negotiate individual building policies. Also, the association insures much more than the residential buildings – the Rec. Ctr., the gazebos, the walkways, even the landscaping. It all needs to be paid for by someone. All owners pay for their share of insuring the common property at OD (excluding the interior of individual units) through their budget assessments.

Amenities: Along with the residential buildings containing the condos, OD also has amenities such as the Rec. Ctr. (with an indoor pool and spa, saunas, exercise room), three outdoor pools, gazebos, tennis courts, a basketball court and a shuffleboard court. (We had a fourth outdoor pool on the beach behind Bldg. 2100, but it was lost in a hurricane in the 1990s.) They are available to all owners and their guests, regardless of location. You cannot negotiate lower dues because you do not use the amenities. You purchased a condo in a resort. They are part of the common elements that you "own" and any upkeep is part of the budget.

People ask if we can "get rid of" certain amenities to save money or even replace them (replace tennis with pickle ball, for example). The amenities are part of the association described in the governing documents. To change them would require 90% of the owners to vote YES for such a change. A more drastic change, such as selling off the Rec. Ctr. and its land, would have more legal ramifications.