BALD HEAD ASSOCIATION

Policy for Annual Assessment Relief for Unbuildable Lots

Purpose

Effective date for this policy noted as January 1, 2026

This policy establishes the conditions under which an Owner of an unbuildable lot may be granted relief from annual assessments by the Bald Head Association (BHA) Board of Directors. The policy is intended to align BHA practices with the definitions and intent set forth in the BHA Covenants and By-Laws, specifically with respect to what constitutes an "Assessable Property" or "Unit."

Relevant Definitions from Governing Documents

The following definitions from the existing governing documents are central to this policy:

Unit
(Covenants Article 1.28; By-Laws Article II, Section 17)
A portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed **and** which is intended for development, use, and occupancy. A Lot is a Unit as that term is used in the Declaration.

Assessable Property
(By-Laws Article II, Section 3)
Any lot, parcel, multi-family unit, site, or non-residential property that is subject by covenants of record to assessment by the Association, and includes all property other than the Common Area.

Exempt Property
(Covenants Article 5.10)
The following property is exempt from the payment of General Assessments, Special Assessments, and Supplemental Assessments: - All Common Area or Limited Common Area; - Any property dedicated to and accepted by a governmental authority or public utility; and - Any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit that is otherwise subject to assessment, in which case the Unit shall not be exempt.

Eligibility Requirements for Assessment Relief

To be considered for assessment relief, an Owner must meet the following criteria:

Deed Requirements
The Owner must provide a copy of the recorded deed for the lot that contains specific, permanent restrictions rendering the lot unbuildable in perpetuity. The deed must clearly state that: - The lot shall remain vacant land forever; and - The lot may not be developed, improved, or built upon in any manner.

This language is required to establish that the lot does not meet the definition of a "Unit," as it is not intended for development, use, or occupancy.

Conditions of Assessment Relief

If assessment relief is granted by the Board based on the criteria above, the following conditions shall apply:

Continued Application of Covenants and Rules
The lot shall remain subject to all applicable BHA Covenants, restrictions, rules, and regulations. - Exemption from assessments does not exempt the Owner from responsibility for violations, including but not limited to illegal dumping, unauthorized vegetation removal, or any other breach of the governing documents. - BHA retains all enforcement rights as provided in its Covenants and By-Laws.

Board Authority
The Board of Directors has the authority to grant assessment relief where the lot, due to permanent legal restrictions, no longer meets the governing definition of an assessable "Unit." This action is distinct from, and does not arise from, an Owner's unilateral non-use of property as described in Covenants Article 5.1(b).

Voting Rights
Relief from assessments eliminates the basis for voting rights associated with that specific parcel, as voting rights are tied to ownership of Assessable Property.

Duration, Reapplication, and Transferability

Any assessment relief granted under this policy shall be approved for a period of five (5) years and shall not be perpetual. At the conclusion of the five-year period, the Owner must reapply for assessment relief and demonstrate continued compliance with all eligibility requirements in effect at the time of reapplication. Assessment relief granted under this policy is personal to the Owner and shall not transfer with title. In the event the property is sold, conveyed, or otherwise transferred, any previously granted assessment relief shall automatically terminate and be deemed null and void, and the lot shall become subject to assessments unless and until a new Owner submits a request and is approved for relief by the Board.

No Automatic Precedent

Approval of assessment relief for one lot does not establish precedent for other lots. Each request shall be reviewed on a case-by-case basis to confirm compliance with all requirements, including deed language and conservation protections.