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STATE OF NORTH CAROLINA

CONSOLIDATION OF AMENDMENTS AND RESTATED DECLARATION CREATING
UNIT OWNERSHIP AND ESTABLISHING RESTRICTIONS, COVENANTS, AND
CONDITIONS FOR OLDE RALEIGH VILLAS CONDOMINIUM
(Wake County Register of Deeds Condominium File No. CM 2000, PG A1-B7)

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CONSOLIDATION OF AMENDMENTS AND RESTATED
DECLARATION CREATING UNIT OWNERSHIP
AND ESTABLISHING RESTRICTIONS,
COVENANTS, AND CONDITIONS FOR
OLDE RALEIGH VILLAS CONDOMINIUM
(Wake County Register of Deeds Condominium File No. CM 2000, PG A1-B7)

Olde Raleigh Villa Commons, Inc., a North Carolina corporation, with its principal place of business located at 3419 Sir Colleton Court, Raleigh, North Carolina, 27612, hereinafter defined as "Declarant", made, declared and established this Declaration of Condominium as, and for, the plan of ownership of Olde Raleigh Villas Condominium, being the property and improvements hereinafter described by recording the original Declaration of Condominium in Deed Book 8690, Page 1995 with the Wake County Registry.

WITNESSETH:

WHEREAS, the Declarant was the owner of certain real property in Wake County, North Carolina, more particularly described and defined in Exhibit A attached hereto and made a part hereof (hereinafter called "Property"); and

WHEREAS, the Declarant constructed improvements upon the land and divided the improvements into Condominium Units as defined under the provisions of the North Carolina Condominium Act (Chapter 47C, North Carolina General Statutes), and sold and conveyed said Units to purchasers subject to the covenants, conditions and restrictions herein reserved.

WHEREAS, Olde Raleigh Villas is a cluster unit development consisting of Olde Raleigh Townhomes and the Olde Raleigh Villas Condominium. All of the property in Olde Raleigh Villas is governed by the Olde Raleigh Villas Owners Association, Inc. pursuant to the terms of that Declaration recorded in Book 7203, page 850 Wake County Registry. The development is further governed by two sub-associations, the townhome development by the Olde Raleigh Townhome Owners Association, Inc. pursuant to the terms of that Declaration recorded in Book 7203, page 827 Wake County Registry, and the condominium development by the Olde Raleigh Villas Condominium Owners Association, Inc. pursuant to the terms of this Declaration.

WHEREAS, the members of the Olde Raleigh Villas Condominium Owners Association, Inc. are subject to two dues structures and shall be responsible for paying the Condominium Common Expenses of the Olde Raleigh Villas Condominium Owners Association, Inc. as well as sharing the Common Expenses of the Olde Raleigh Villas Owners Association, Inc. with members of the other sub-associations.

WHEREAS, Declarant caused to be recorded Book 9911, Page 1862, Wake County Registry an Amendment to this Declaration on February 13, 2003 to amend Exhibit C.

WHEREAS, Declarant caused to be recorded in Book 10666, Page 1681, Wake County Registry an Amendment to this Declaration on February 13, 2004 to Amend Exhibit B.

WHEREAS, the Board of Directors of Olde Raleigh Villas Condominium Owners Association, Inc caused to be recorded in Book 12573, Page 2339, Wake County Registry an Amendment to this Declaration on May 30, 2007 to amend Exhibit D.

WHEREAS, the Board of Directors of Olde Raleigh Villas Condominium Owners Association, Inc caused to be recorded in Book 13137, Page 832, Wake County Registry an Amendment to this Declaration June 13, 2008 to amend Exhibit D.

WHEREAS, the Board of Directors of Olde Raleigh Villas Condominium Owners Association, Inc. desires to consolidate and restate the aforementioned Amendments into the foregoing Consolidation of Amendments and Restated Declaration Creating Unit Ownership and Establishing Restrictions, Covenants, and Conditions for Olde Raleigh Villas Condominium.

NOW THEREFORE, the Board of Directors of Olde Raleigh Villas Condominium Owners Association, Inc. consolidates and restates the aforementioned Amendments into the foregoing Consolidation of Amendments and Restated Declaration Creating Unit Ownership and Establishing Restrictions, Covenants, and Conditions for Olde Raleigh Villas Condominium. This document is strictly for restating and consolidating the existing Declaration and Amendments thereto, such that nothing herein shall change, alter or amend the previously recorded Declaration or Amendments in any way.

All of the Property described in Exhibit A attached hereto shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, uses, limitations, and obligations in furtherance of a plan for the division of said Property into Condominium Units and which shall be deemed to run with the land and be binding on all parties having any right, title, or interest in the land or any part thereof, their heirs, successors and assigns.

1.

ESTABLISHMENT OF CONDOMINIUM OWNERSHIP

Declarant does hereby submit that Property described in Exhibit "A" attached hereto and the improvements and appurtenances thereto to the form of condominium ownership pursuant to the provisions of Chapter 47C of the General Statutes of North Carolina (North Carolina Condominium Act) as the same now exists or may be hereafter amended, and hereby declares that the Property shall be subject to the uses, restrictions, covenants, easements, limitations, obligations, and governing authority set forth in this Declaration of Condominium and as the same may be hereafter amended.

That the Property and improvements thereon shall be known as the Olde Raleigh Villas Condominium (hereinafter referred to as "Condominium").

2.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

2.01 Property. The legal description of the Property on which the buildings and improvements are to be located is set forth in Exhibit "A" to this Declaration, along with a list of encumbrances thereon.

2.02 Unit Designations. The unit designation of each Condominium Unit, location, floor plan and typical description are set forth on Exhibit "B" to this Declaration.

2.03 Other Descriptions. Actual building locations, Limited Common Areas, Common Areas, utility lines, ground elevations, building elevations, and other land and construction information shall be found in the Condominium Unit Ownership File which number is referenced at the top of the first page of this Declaration recorded in the Office of the Register of Deeds of Wake County, North Carolina.

3.

DEFINITIONS

The following shall be definitions applicable to this Declaration:

3.01 "Allocated Interests" means the undivided interests in the Condominium Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit as shown on Exhibit "C" attached hereto.

3.02 "Association" or "Unit Owners' Association" means that non-profit corporation, the name of which shall be Olde Raleigh Villas Condominium Owners Association, Inc. and which shall manage the Condominium Common Elements of the Condominium as specified in this Declaration, its Articles of Incorporation and corporate Bylaws.

3.03 "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the directors of the Association, and on behalf of the Association, as prescribed in its Articles of Incorporation and Bylaws.

3.04 "Building" means a structure constructed or erected on the Property which contains one or more Condominium Units.

3.05 "Bylaws" means the Bylaws of the Association as they now or hereafter exist.

3.06 "Condominium Common Elements" shall mean and comprise all of the Condominium other than the Condominium Units as herein defined, and appurtenances thereto and water and sewer lines located outside any public street, road or city utility easement.

3.07 "Condominium Common Expenses" means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves, including, but not limited to:

- (1) All sums lawfully assessed against the Unit Owners by the Association;
- (2) Expenses of administration, maintenance, repair, or replacement of the Condominium Common Elements;
- (3) Expenses agreed upon as Condominium Common Expenses by the Association;
- (4) Expenses declared to be Condominium Common Expenses by the provisions of the North Carolina Condominium Act, by the Declaration or by the Bylaws;
- (5) Hazard, and such other insurance premiums as the Declaration and/or Bylaws may require the Association to purchase;
- (6) Taxes and public assessments levied against the Condominium Common Elements not otherwise assessed against the Units;
- (7) Any utilities which are Condominium Common Expenses as determined by the Association;
- (8) The cost of installing and maintaining fire and/or burglar alarm systems if these are provided for the benefit of all Units.

3.08 "Common Expense Liability" means the liability for Condominium Common Expenses allocated to each Unit.

3.09 "Common Profits" means the balance of all assessment income and other income, rents, profits, and revenues from the Condominium Common Elements remaining after the deduction of the Condominium Common Expenses or reserves therefor;

3.10 "Common Surplus" means all funds and other assets of the Association, including excess receipts of the Association from assessments, rents, profits and revenues from whatever source in excess of the Common Expense.

3.11 "Condominium" shall mean all Condominium Units, the Condominium Common Elements and any Limited Condominium Common Elements, as said terms are herein defined, and all appurtenances, all comprising the Property described on Exhibit "A" attached hereto and the improvements thereon.

3.12 "Condominium Unit" or "Unit", as the term is used herein shall mean and comprise each of the separate numerically identified Units which are designated in Exhibit "B" attached hereto and which shall be the physical portion of the Condominium designated on that Exhibit for separate ownership or occupancy.

3.13 "Declarant" means the named Declarant on page one (1) hereof, and its successors and assigns to whom any of its rights hereunder are expressly transferred, in whole or in part, or who succeeds to any Special Declarant Right;

3.14 "Declarant Control Period" or "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) two years after all Declarants have ceased to offer units for sale in the ordinary course of business, (ii) two years after any development right to add new units was last exercised, (iii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five (75%) of the Units (including Units which may be created pursuant to special declarant rights) to Unit Owners other than a Declarant, or (iv) five (5) years following conveyance of the first Unit.

3.15 "Declaration" means this instrument, as amended and duly recorded, by which the Property is submitted to the provisions of the North Carolina Condominium Act, and as it, from time to time, may be amended;

3.16 "Development Rights" means those rights, if any, reserved by Declarant herein to add real estate to the Condominium, to create Units, Condominium Common Elements or Limited Condominium Common Elements within the Condominium, to subdivide Units, convert Units into Condominium Common Elements, to withdraw any part of the Property from the Condominium, or other rights as may be provided in the North Carolina Condominium Act, all as reserved in Section Five (5) herein.

3.17 "Lessee" means any person entitled to present possession of a leased Unit, whether lessee, sublessee or assignee.

3.18 "Institutional Lender" shall be as defined in Section 31.

3.19 "Limited Condominium Common Elements" are certain portions of the Condominium Common Elements allocated or reserved by the Declaration for the use of a particular Condominium Unit or Units to the exclusion of other Units. Limited Condominium Common Elements and the Condominium Units to which they are reserved are described as follows:

- (A) Any chute, flue, duct, wire, conduit, bearing wall, bearing column or other fixture which lies partially within and partially outside the boundary of a Unit and which serves only that Unit are Limited Condominium Common Elements and allotted to

the Unit they serve. Any of the foregoing which lies partially within and without a Unit and serves more than one Unit is a Condominium Common Element.

- (B) Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios, all exterior doors, exterior glass surfaces, windows, door frames, thresholds and fixtures designed to serve a single Unit, but located outside the Unit's boundaries, as defined herein, are Limited Condominium Common Elements allotted to the Unit which they serve.
- (C) Any pipe, wire, wiring, conduit, electrical circuit, panel or switch, plumbing, junction box, switch box, drain, water line or pipe, water heater or meter designed to serve a single Unit but located either wholly or partly outside of the Unit boundaries, as defined herein, or outside of the Building, are Limited Condominium Common Elements allotted to the Unit which they serve.
- (D) Any air handling ducts or drains, condenser ducts, drains or components, whether for heating or cooling designed to serve a single Unit but located either wholly or partly outside of the Unit boundaries, as defined herein, or outside of the Building, are Limited Condominium Common Elements allotted to the Unit which they serve.
- (E) Parking Spaces. Each of the parking spaces located in the garage of the buildings and so designated on the Plats and Plans are Limited Condominium Common Elements allotted to the Unit which they serve. Until assigned as a limited common element, all parking spaces shall be used by the unit owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine; provided, however, that no unit owner shall park on the common element parking spaces (excluding limited common element parking spaces) more than one vehicle (owned or leased by such unit owner, a member of such unit owner's household, an employee or a tenant leasing the unit) without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a common expense. During the time that units are being sold by the Declarant, no more than five parking spaces may be restricted to the Declarant's use for sales purposes. The Board of Directors may reassign limited common element parking spaces at any time.
- (F) Storage; Disclaimer of Bailee Liability. The storage cubicles are Limited Condominium Common Elements allotted to the Unit which they serve. The Board of Directors, the Unit Owners Association, any unit owner and the Declarant shall not be considered a bailee, however, of any personal property stored on the common elements (including property located in storage cubicles and vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for storage or parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible. The Board of Directors may reassign limited common element storage units at any time.

The cost of maintenance and repair of a Limited Condominium Common Element (except the painting of the exterior surfaces of the window frames, door frames and door thresholds which is the maintenance responsibility of the Association) shall be the responsibility of the Owner, or if more than one, Owners, of the Unit or Units to which it is allocated.

No Limited Condominium Common Element may be altered or reallocated without the unanimous consent of all Unit Owners whose Units are affected. Any Unit Owners who reallocate a Limited Condominium Common Element as among themselves shall first seek and obtain approval

from the Board of Directors. Any reallocation of a Limited Condominium Common Element, upon approval by the Board, shall be evidenced by an amendment to this Declaration executed by the Unit Owners affected and evidencing executed approval by the Association which amendment shall be recorded before it shall become effective. The Unit Owners affected by the reallocation shall pay the cost and expense of preparation of the amendment and the recording thereof; however, the form and substance of the amendment shall be first approved by the Board of Directors or the counsel for the Association.

Condominium Common Elements not designated or allocated as Limited Condominium Common Elements may not be so allocated to Unit Owners except upon written unanimous consent of all Unit Owners in the Condominium. Any such allocation shall be evidenced by a recorded amendment as set forth above.

3.20 "Majority" or "majority of unit owners" means the owners of more than fifty percent (50%) of the aggregate allocated interests in the Condominium Common Elements as established by this Declaration, in person or by proxy at a duly called meeting of the members of the Association;

3.21 "Mortgage" means a mortgage or deed of trust;

3.22 "Mortgagee" means a mortgagee or the owner and holder of a promissory note and deed of trust which describes a Unit or Units as the security property.

3.23 "North Carolina Condominium Act" or "Act" means the provisions of Chapter 47C of the North Carolina General Statutes as the same now exists or may hereafter be amended, or any new enactment in substitution or replacement thereof as the same by law may be applied to this Condominium.

3.24 "Person" means any individual, corporation, partnership, association, business trust, estate, trust, joint venture, government or any subdivision or agency thereof, or other legal or commercial entity.

3.25 "Plans" means the plans of the Buildings and Property filed with this Declaration and located in the Condominium File in the Office of the Register of Deeds in the County in which this Declaration is filed showing thereon graphically all particulars of the buildings and the Units.

3.26 "Property" means the real estate described on Exhibit "A" together with the buildings, structures and improvements thereon, or hereafter constructed thereon and all easements, rights, privileges and appurtenances belonging thereto, or in any way pertaining thereto which is herein submitted to the provisions of the North Carolina Condominium Act.

3.27 "Special Declarant Rights" means those rights, including Development Rights, permitted by the North Carolina Condominium Act and specified in Section Six (6) herein.

3.28 "Unit Designation" means the identifying number, letter, symbol or combination thereof designating a Condominium Unit and set forth in this Declaration.

3.29 "Unit Owner" or "Owner" means Declarant or any other person, or any combination thereof, who owns a Condominium Unit, but excludes any person having an interest in a Unit solely for security purposes.

4.

OWNERSHIP OF CONDOMINIUM UNITS AND APPURTENANT ALLOCATED INTEREST IN CONDOMINIUM COMMON ELEMENTS

4.01 Ownership Interest. Each Condominium Unit shall be held, conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit shall also own, as an appurtenance to the ownership of each Condominium Unit, an undivided allocated interest in the Condominium Common Elements. The undivided allocated interest appurtenant to each Condominium Unit shall be as set out in Exhibit "C" attached hereto and made a part hereof. The Allocated Interest in the Condominium Common Elements that is appurtenant to each Condominium Unit has been determined by a ratio formulated upon the approximate relation that the fair market value of each Unit at the date of the Declaration bears to the then aggregate fair market value of all of the Units having an interest in the Condominium Common Elements. In making such determination the Declarant has given due consideration to the size of each Unit, the location of each Unit, the initial improvements within each Unit and the prospective marketability of each Unit. Such calculations shall not discriminate in favor of Declarant. The fair market value of each Unit and the aggregate fair market value of all the Units has been determined by the Declarant, and this determination shall be binding upon all Unit Owners. The fact that one Unit may be sold at a date later than another Unit at a greater value shall not affect the Allocated Interests since it shall be conclusively presumed that the differential in price of similar Units on different sale dates shall be the result of local market appreciation.

4.02 Change in Allocated Interests. Except such reallocations as may be required by the exercise of Declarant Development Rights pursuant to Section 5 herein, as may be required by law, as may arise in the case of condemnation as set forth in Section 40 herein, as may result from a casualty loss as specified in Section 24 herein, or as may occur because of exercise of any Development Rights reserved by Declarant herein, if any, the Allocated Interests in the Condominium Common Elements allotted to each Unit shall not be changed except with the unanimous consent of all of the Owners of all of the Condominium Units and with the consent of all of the Institutional Lenders, as defined in Section 31 hereof, holding first mortgages or deeds of trust on the Condominium Units.

4.03 No Division of Condominium Common Elements. The Condominium Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Condominium Common Elements by an Owner made without the Condominium Unit to which that interest is allocated is void.

5.

DECLARANT DEVELOPMENT RIGHTS RESERVED

Declarant reserves unto itself, its successors and assigns, as Declarant, the right to construct and create additional Units on the Property and to establish additional Condominium Common Elements and to designate additional Limited Condominium Common Elements on the Property at locations determined by Declarant. In adding additional units, Condominium Common Elements and Limited Condominium Common Elements Declarant reserves the right to grant easements, licenses and permits for utilities and other services to the Property and, generally, to develop the Property without encumbrance of this Declaration until such time as the additional Units, additional Condominium Common Elements and the additional Limited Condominium Common Elements are subjected to the terms and conditions of this Declaration.

The method of adding the Units developed on the Property or any portion thereof, to the Condominium shall be pursuant to the provisions of G.S. 47C-2-109 and 110 of the North Carolina Condominium Act.

There is no specific time within which any portion or all of the Additional Property shall be developed and added to the Condominium, except that all property to be added shall be done within five (5) years of the date of the sale of the first Unit in that Property described in Exhibit "A".

The other than the twenty (20) Units initially created by this Declaration, the maximum number of additional Units that may be created within the Property is twenty (20) Units, making a total of forty (40) units maximum on the Property. It is the intent of Declarant to develop the additional twenty (20) units in one (1) building.

All additional Units created on the Property will be restricted exclusively for the uses permitted in this Declaration, and all restrictions, terms, covenants and conditions in this Declaration and the Association Bylaws shall apply to any and all additional Units that may be created within the Property.

Any buildings and Units that may be erected upon the Property, or a portion thereof, will be compatible with the other buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size.

In addition to the buildings and Units that may be erected upon the Property, or a portion thereof, the other improvements and Condominium Common Elements that may be made or created upon, or within, the Property or each portion thereof which may be added to the Condominium, will be generally similar in quality and quantity to the improvements and Condominium Common Elements located in the Condominium.

These assurances made will not apply with respect to any Property that is not added to the Condominium.

Upon the exercise of such development rights creating new units and additional Condominium Common Elements, Declarant shall prepare and file an Amendment to this Declaration complying with this Declaration and the Act. The Condominium Common Elements as then constituted shall be reallocated to the Units, both new and previously existing, based on the formula set forth in Section 4.01 hereof.

Such amendment shall:

- (a) assign an identifying number to each new Unit created;
- (b) reallocate the allocated interests among the Units;
- (c) describe all Condominium Common Elements and Limited Condominium Common Elements thereby created;
- (d) designate the unit(s) to which each Limited Condominium Common Element is allocated.

6.

SPECIAL DECLARANT RIGHTS RESERVED

6.01 The Declarant reserves the following Special Declarant Rights with respect to the Condominium:

- (A) All of those rights of Declarant, if any, reserved as Declarant Development Rights pursuant to Section 5 herein.
- (B) The right to complete the Condominium in accordance with the Plans filed contemporaneously herewith as an Exhibit to this Declaration and as a part of the Unit Ownership File identified on page I hereof.
- (C) The right to maintain sales or management offices at the Condominium along with appropriate signs for advertising the sale of Units and the location of such office. Such office shall be at a location selected by Declarant and may be a Unit occupancy or may be a separate standing office located on the Condominium Common Elements. The size of the office shall be as determined by Declarant and may be relocated by Declarant, at its discretion. Declarant reserves the right to use a Unit for a sales office and a model for exhibition to prospective purchasers. If Declarant shall construct a sales office in the Condominium Common Elements, the same shall be removed by Declarant within thirty (30) days of the sale of the last Unit or the office shall then become part of the Condominium Common Elements.
- (D) The right of access, ingress and egress over the Condominium Common Elements for the purpose of discharging Declarant's obligations and reservation of rights hereunder.
- (E) The right to elect or name persons to the Board of Directors and to name and appoint officers of the Association and to otherwise control the activities of the Board and Association until the rights of Declarant terminate, all as specified in the Bylaws or this Declaration.

7.

RESTRICTION AGAINST FURTHER SUBDIVIDING OF CONDOMINIUM UNITS; RELOCATION OF UNIT BOUNDARIES; SEPARATE CONVEYANCE OF APPURTENANT CONDOMINIUM COMMON ELEMENTS PROHIBITED

7.01 No Division of Condominiums. No Condominium Unit may be divided or subdivided into a smaller Unit or Units, nor shall any Condominium Unit or portion thereof be added to or incorporated into any other Condominium Unit, except as expressly set forth below in Section 7.04. The Allocated Interest in the Condominium Common Elements declared to be an appurtenance to each Condominium Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Condominium Unit, and the Allocated Interest in Condominium Common Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such Condominium Unit.

7.02 Instruments of Conveyance. Any conveyance, mortgage or other instrument which purports to grant any title, right, interest or lien in, to or upon a Condominium Unit shall be null, void and of no effect insofar as the same purports to affect any interest in a Condominium Unit and its appurtenant Allocated Interest in Condominium Common Elements, unless the same purports to

convey, devise, encumber or otherwise trade or deal with the entire Condominium Unit. Any instrument conveying, devising, encumbering, or otherwise dealing with any Condominium Unit, without limitation or exception, shall be deemed or construed to affect the entire Condominium Unit and its appurtenant Allocated Interest in the Condominium Common Elements.

7.03 Joint Ownership Not Prohibited. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant Allocated Interest in the Condominium Common Elements by more than one person as tenants in common, joint tenants, or as tenants by the entirety.

7.04 Relocation of Unit Boundaries. The boundaries of Units may be relocated by the affected Unit Owners upon application to, and approval by, the Board of Directors. Any such application must be in such form and contain such data as the Board may require detailing the relocation of the boundaries of the affected Units and the reallocation of their respective Allocated Interests. Such application shall be accompanied by a plat prepared by a North Carolina licensed engineer or architect showing the relocation. The Board in its discretion may determine the relocation to be unreasonable. If the Board shall approve the application, or if within thirty (30) days after filing the application with the Board, the Board has not denied the application, then the Board, at the expense of the Owners affected, shall have prepared an amendment to the Declaration and the same shall be filed of record in the county in which the Condominium is located, at which time the relocation shall be effective.

8.

THE CONDOMINIUM SUBJECT TO RESTRICTIONS

The Condominium Units, Condominium Common Elements and Limited Condominium Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use of said Condominium Units, Condominium Common Elements and Limited Condominium Common Elements and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant Allocated Interest in the Condominium Common Elements, and said Condominium Units, Condominium Common Elements and Limited Condominium Common Elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the Property constituting the Condominium.

9.

PERPETUAL NONEXCLUSIVE EASEMENT IN CONDOMINIUM COMMON ELEMENTS

9.01 Condominium Common Elements. The Condominium Common Elements shall be, and the same are hereby declared to be, subject to a perpetual nonexclusive easement in favor of all of the Owners of Condominium Units in the Condominium for their use and the use of their employees, servants, guests, invitees and lessees, for all proper and normal purposes, including, but not limited to the right of access, ingress and egress to and from all public streets and public walkways and over walkways and parking areas within the Condominium Common Elements, and for the furnishing of services and facilities for which the same are reasonably intended for the enjoyment of said Owners of Condominium Units.

9.02 Rules and Regulations. Notwithstanding anything provided in this Section, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his employees, servants, invitees, guests and lessees may be entitled to use the Condominium Common Elements, including the right to make permanent and temporary assignments of parking spaces (except such parking spaces as may be declared Limited

Condominium Common Elements), and to establish regulations concerning the use thereof and to establish rules and regulations concerning the use of any recreation area. The Rules and Regulations as so established are attached hereto as Exhibit D and incorporated herein by reference.

9.03 Utilities. Each Unit Owner shall have an easement in common with the owners of all other Units to use all chutes, flues, pipes, wires, ducts, cables, conduits, and public utilities serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the chutes, flues, pipes, ducts, cables, wires, conduits, public utility lines, and other Condominium Common Elements serving such other Units and located in such Unit. The Board of Directors, or its agents, shall have a right of access to each Unit from time to time during reasonable hours as may be necessary to inspect the same, to remove violations therefrom, and to maintain, repair, or replace the Condominium Common Elements contained therein or accessible therefrom, and to make emergency repairs therein necessary to prevent damage to the Condominium Common Elements or to another Unit or Units. Each Unit Owner specifically shall have an easement to maintain all components of a heating and air conditioning system serving his Unit in their present location and as shown upon the Plans attached hereto.

9.04 Structural. Every portion of a Unit, such as bearing column, and bearing wall, which contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other Units and for the Condominium Common Elements.

10.

EASEMENT FOR UNINTENTIONAL AND
NON-NEGLIGENT ENCROACHMENTS

10.01 Present Encroachment. In the event that any Condominium Unit shall encroach upon any Condominium Common Element, or any other Condominium Unit or Units, for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agents of such Owner, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Condominium Common Elements or upon a Condominium Unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the Condominium Common Elements shall encroach upon any Condominium Unit then an easement appurtenant to such Condominium Common Elements for the continuance of such encroachment upon a Unit shall exist for so long as such encroachment shall naturally exist.

10.02 Encroachments on Reconstruction. If any Condominium Unit or Condominium Common Elements shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and, if upon reconstruction of such Unit or Condominium Common Elements, there exist encroachments of portions of the Condominium Common Elements upon any Condominium Unit, or of any Condominium Unit upon any other Condominium Unit or upon any portion of the Condominium Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

11.

RESTRAINT UPON SEPARATION AND PARTITION
OF CONDOMINIUM COMMON ELEMENTS

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use or enjoyment of the Condominium Common Elements in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the ownership of the Condominium Common Elements be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Condominium Common Elements appurtenant to each Condominium Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division.

12.

CONVEYANCE OR ENCUMBRANCE
OF CONDOMINIUM COMMON ELEMENTS BY ASSOCIATION

12.01 Conveyance or Encumbrance Permitted. Portions of the Condominium Common Elements may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by a Declarant agree to that action; provided, that all the Owners of Units to which any Limited Condominium Common Element is allocated must agree in order to convey that Limited Condominium Common Element or subject it to a security interest. Distribution of the proceeds of the sale of a Limited Condominium Common Element shall be as provided by agreement between the Unit Owners to which it is allocated and the Association. Proceeds of the sale or financing of a Condominium Common Element (other than a Limited Condominium Common Element) shall be an asset of the Association.

12.02 Agreement Required. An agreement to convey Condominium Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the county in which the Condominium is situated, and is effective only upon recordation.

12.03 Contract Voidable. The Association, on behalf of the Unit Owners, may contract to convey Condominium Common Elements, or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Sections 12.01 and 12.02 above. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

12.04 Other Conveyances Void. Any purported conveyance, encumbrance, judicial sale or other voluntary transfer of Condominium Common Elements, unless made pursuant to this Section, is void.

12.05 No Limitation of Access or Support. A conveyance or encumbrance of Condominium Common Elements pursuant to this Section shall not deprive any Unit of its rights of access and support.

13.

ADMINISTRATION OF THE CONDOMINIUM

13.01 Association. To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, a non-profit North Carolina corporation (the "Association" as defined above), has been organized (or will be organized before sale of any Unit by Declarant), and said Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and Bylaws.

13.02 Members. The Owner or Owners of each Condominium Unit shall automatically become members of said Association upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant Allocated Interest in the Condominium Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership.

13.03 Authority. In the administration of the operation and management of the Condominium, the Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration of Condominium, to levy and to collect assessments in the manner hereinafter provided, and to adopt, amend, promulgate and enforce such rules and regulations governing the use of the Condominium Units and Condominium Common Elements as the Board of Directors of said Association may deem to be in the best interests of the Association.

13.04 Records Inspection. The Association shall make available at its office, or through its managing office, during normal business hours, and upon request, copies of the Declaration, Bylaws, and rules and regulations of the Association to Unit Owners, mortgage lenders or any Unit insurers, guarantors of such mortgage loans and holders of such mortgage loans, and shall make available during such time books, records and financial statements for inspection by those persons. The Association may make a reasonable charge for such copies. Upon written request, any holder of a first mortgage lien shall be provided a financial statement of the Association for the preceding fiscal year.

13.05 Enforcement. The Association and any Unit Owner shall have a right of action against any Unit Owner for failure to comply with any provision of the Declaration, Bylaws, Rules and Regulations or other related guideline for operation, maintenance and use of the Condominium; and any Unit Owner shall have a right of action against the Association for failure to comply with the Declaration, Bylaws, Rules and Regulations or other related guideline for operation, maintenance and use of the Condominium.

These rights of action for enforcement are not in derogation of existing law, but rather, to the extent needed, is in addition thereto. Such right against the Association does not, however, grant additional rights of action against the officers and directors of the Association beyond that which is permitted by law.

14.

OCCUPANCY AND USE RESTRICTIONS
APPLICABLE TO CONDOMINIUM UNITS

There are no restrictions on the transfer or resale of a condominium unit by a unit owner. Leasing of units is subject, however, to certain restrictions. No unit may be leased initially for less than a six month term other than units owned by the Declarant or by certain Mortgagees. No unit may be leased for hotel or transient purposes. No portion of a unit (less than the entire unit) may be leased for any period. All leases must be written and must provide that failure to comply with the condominium instruments and Rules and Regulations constitutes a default under the lease. The Board of Directors may require the use of a standard lease form. No unit may be subjected to a timesharing or similar form of ownership on a periodic or revolving basis. No part of the Condominium shall be used for any purpose except housing and other common purposes for which the Condominium was designed. The Condominium may be used as a home office so long as no signage is placed on the exterior of the Condominium, no visitors or deliveries are received at the Condominium and no persons other than the owner use the Condominium for office purposes.

Pets may be kept in the Condominium Units in accordance with the Rules and Regulations attached hereto.

15.

USE OF CONDOMINIUM COMMON ELEMENTS SUBJECT TO RULES
OF ASSOCIATION

The use of the Condominium Common Elements, including the Limited Condominium Common Elements, by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which hereafter may be prescribed and established by the Association.

16.

THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES:
RESTRICTION AGAINST NUISANCES

No immoral, improper, offensive, or unlawful use shall be made of any Condominium Unit or of the Condominium Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No owner of any Condominium Unit shall permit or suffer anything to be done or kept in his Condominium Unit, or on the Condominium Common Elements, which will increase the rate of insurance on the Condominium, or cause the cancellation of a policy of insurance thereon, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable odors, vibrations, sounds or noises; nor shall any Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Condominium Common Elements.

17.

RIGHT OF ENTRY INTO CONDOMINIUM UNITS

17.01 Emergencies. In case of any emergency originating in, or threatening, any Condominium Unit, regardless of whether the Owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the Managing Agent, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

17.02 To Repair Condominium Common Elements. Whenever it may be necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration, replacement or repair to any portion of the Condominium Common Elements, the Owner of each Condominium Unit shall permit, or the duly constituted and authorized Agent of the Association, to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice, if the purpose shall not be considered an emergency.

18.

RIGHT OF OWNERS TO ALTER AND MODIFY
CONDOMINIUM UNITS: NO RIGHT TO ALTER CONDOMINIUM COMMON ELEMENTS

18.01 Interior Alterations. A Unit Owner may make any improvements or alterations to his Unit that does not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium without permission of the Association or any other person.

18.02 Alterations by Owner of Adjoining Units. A Unit Owner may, after acquiring an adjoining Unit, remove or alter any intervening partition between the Units or create apertures through such partition, even if the partition is a Condominium Common Element, so long as such removal, alteration or aperture construction does not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal or alteration of partitions or creation of apertures shall not be a change or alteration of boundaries of the Units affected. However, a Unit Owner must first obtain permission of the Association.

18.03 Structural Alterations. No Owner of a Condominium Unit shall cause, or permit to be made, any alteration or removal of any part of the Condominium Unit or Condominium Common Elements which would impair the structural integrity or mechanical systems of the Condominiums without first having obtained permission of the Association.

18.04 Exterior Changes. No Owner shall cause any improvements or changes to be made on the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects, machines or air conditioning units which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any Building without first having obtained permission of the Association.

18.05 Condominium Common Elements Changes. No Unit Owner shall cause any object to be fixed to the Condominium Common Elements or to any Limited Common Element (including the location or construction of fences and the planting or growing of flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the Condominium Common Elements or Limited Condominium Common Elements without the permission of the Association being first had and obtained.

18.06 Permission of Board. The permission required of the Association in this Section shall be by written consent of the Association upon approval by a majority of the Board of Directors. The

Board is authorized to appoint a Committee for the purpose of reviewing the alterations, removals and aperture construction and to make recommendations to the Board.

18.07 Standards. The Board of Directors (or any committee appointed for such purpose by the Board) in approving or disapproving any proposed change or alteration in the Condominium or any addition or change in the Condominium Common Elements shall consider such standards or criteria established by regulation, but if no regulation is issued, then shall consider that any such change or alteration shall not affect the structural or mechanical integrity of the Condominium, shall be harmonious with the appearance of the Condominium, and in congruity with the existing exterior appearance of the buildings and Condominium Common Elements, including style, color, materials, quality, texture, design, arrangement, non-obstruction of air, light, walk or drive areas and similarity with existing plantings or proposed planting plans.

19.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE CONDOMINIUM COMMON ELEMENTS AND ASSESSMENT THEREFORE

19.01 General. The Association shall have the right to make or cause to be made such alterations or improvements to the Condominium Common Elements which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be common expenses to be assessed and collected from all of the Owners of Condominium Units.

19.02 Special Assessments. However, where any alterations and improvements to the Condominium Common Elements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against, and collected solely from, the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

20.

MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

20.01 General. Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit, which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all electrical, heating, air conditioning, plumbing and sewer systems within the Condominium Unit including any fixtures and/or their connections required to provide heat, air conditioning, water, light, power, telephone, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of all appliances and equipment, if any, all walls, all ceilings, and floors within his Unit including painting, decorating, carpeting and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit.

This description of the maintenance area shall in no way limit the definition of "Condominium Unit", and each Owner is expressly responsible for all maintenance within his defined Unit.

20.02 Insured Loss. Whenever the maintenance, repair and replacement of any item for which the Owner of a Condominium Unit is obligated to maintain, replace or repair 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 making such maintenance, repair or replacement, except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductible provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, use, repair or replacement. If not promptly paid, the Association may assess the Owner therefor and the same shall become a lien against the Unit of the Owner as provided herein.

20.03 Limited Condominium Common Elements. The Unit Owner who has exclusive use of any Limited Condominium Common Element shall maintain such at his own expense if such expense is provided for in Section 3.19; however, if more than one Unit Owner has use of a Limited Condominium Common Element then all such owners who have such use shall jointly maintain it at their expense. Where joint users can not agree on the maintenance, then the Board of Directors may direct such maintenance to be done and assess the Owners therefor.

20.04 Doors, Windows, etc. All exterior doors, door frames and thresholds, window frames, door and window glass, storm windows and doors and screens and associated hardware, if any, are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners (except as to the decoration and painting of the exterior surfaces of such window frames, doors, door frames and thresholds, which are the responsibility of the Association).

21.

MAINTENANCE AND REPAIR OF CONDOMINIUM COMMON ELEMENTS BY THE ASSOCIATION

21.01 General. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Condominium Common Elements (except Limited Condominium Common Elements where done by the allotted Owners, and those items specifically detailed to Owners for maintenance herein), including, but not limited to, those portions thereof which contribute to the support of the Buildings, all conduits, ducts, plumbing, wiring, all water lines and sewer lines outside of public rights of way and governmental easements, and other facilities located in the Condominium Common Elements for the furnishing of utility and other services to the Condominium Units and said Condominium Common Elements, such exterior painting as may be needed as a result of normal wear and tear, and all walks, driveways and parking areas, and roofs. Should any incidental damage be caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement or any Condominium Common Elements, the Association shall, at its expense, repair such incidental damage.

21.02 Insured Loss Caused by Owner. Whenever the maintenance, repair and replacement of any item which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a Condominium Unit Owner, his employees, servants, guests, invitees or lessees, 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 making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his employees, servants, guests, invitees or lessees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductible provision of such insurance or otherwise, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. If not promptly paid, the Association may assess the Owner therefor and the same shall become a lien against the Unit of the Owner as provided herein.

21.03 Uninsured Loss Caused by Owner. Whenever the maintenance, repair and replacement of any item which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a Condominium Unit Owner, his immediate employees, servants, guests, invitees or lessees, and such loss or damage is not covered by any insurance maintained by the Association, then the Owner shall pay the cost thereof; and, if not promptly paid upon request, the Association may assess the Owner thereof and the same shall become a lien against his Unit as provided herein.

22.

CLAIMS OF FIVE HUNDRED DOLLARS OR LESS

In cases where a claim against an Owner under Section 19 or Section 20 is five hundred dollars or less, the Owner, or the Association may request the Board of Directors to appoint an adjudicatory panel to determine whether the Unit Owner is responsible for damages to any Condominium Common Element or whether the Association is responsible for any damages to a Unit. Within twenty (20) days of the request, the affected Owner and the Association shall each appoint a member of the Association and the Owner and Association shall each agree upon a third member of the Association, which three people shall constitute the adjudicatory panel. Within thirty (30) days of the request, the panel shall set a date and time at which the parties may be heard and give notice thereof to the parties, such hearing to be held on no less than ten (10) days notice. At the hearing the parties may present such evidence and witnesses and provide such argument as they deem appropriate. Within ten (10) days of the hearing date, the parties shall be notified by the panel of its decision.

If the decision is adverse to the Unit Owner, the liability of such Owner shall be assessed against the Owner's Unit and be secured by a lien in favor of the Association as provided herein. If the decision is adverse to the Association, then any liability of the Association may be offset by the Unit Owner against sums then and later owing the Association by the Unit Owner.

23.

INSURANCE, AUTHORITY TO PURCHASE

Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the Managing Agent or the Association or Board of Directors of the Association, and in the name of the Association as Trustees for the Condominium Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Condominium Units or any of them; and, if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Condominium Unit Owners, the Association and their respective servants, agents and guests. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his Condominium Unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

24.

INSURANCE COVERAGE TO BE MAINTAINED: USE
AND DISTRIBUTION OF INSURANCE PROCEEDS

24.01 Insurance Required. The following insurance coverage, unless denoted to be optional, shall be maintained in full force and effect by the Association covering the operation and management of the Condominium, meaning the Condominium Units and Condominium Common Elements, to wit:

(A) Casualty. Casualty insurance covering the Condominium Common Elements and Units, including the Buildings and all improvements upon the land and all personal property owned by the Association, shall be procured in an amount equal to the insurable replacement value thereof (exclusive of excavations, foundations, streets and parking facilities and other items normally excluded from such coverage) as determined annually by the insurance company affording such coverage; and provided that such policies may be written on a co-insurance basis of not less than eighty percent (80%). Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) 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. This insurance need not include improvements and betterments installed by Unit Owners.

(B) Public Liability and Property Damage. Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association insuring against death, bodily injury and property damage arising out of the use, ownership or maintenance of the Condominium Common Elements.

(C) Cross-Liability Endorsement. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

(D) Board and Officers. Liability insurance on each officer and each of the members of the Board of Directors of the Association, together with a fidelity Bond on the treasurer of the Association, all in such amounts and in such forms as shall be required by the Association.

24.02 Premiums. Premiums upon insurance policies and bonds purchased by the Association shall be paid by the Association as a Common Expense to be assessed and collected from all of the Owners of Condominium Units.

24.03 Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit 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. Any loss covered under Sections 24.01(A) and (B) shall be adjusted by the Association Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after repair or restoration, or if the Condominium is terminated.

24.04 Non-availability. If for any reason the Association is unable to obtain the casualty insurance coverage required under Section 24.01(A) or (B) above, written notice of such unavailability shall be hand-delivered or mailed to all Unit Owners.

24.05 Policy Requirements. The policies required in Section 24.01(A) and (B) must provide that:

- (A) each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Condominium Common Elements or Membership in the Association;
- (B) the insurer waives its right to subrogation under the policy against any Unit Owner or members of his household;
- (C) no act or omission by any Unit 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 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; and,
- (E) the policy may not be cancelled, nor may the insurer refuse to renew the policy until thirty (30) days after notice of such cancellation or non-renewal has been mailed to the Association, each Unit Owner and each mortgagee or beneficiary under a mortgage or deed of trust to whom certificates have been issued at their last known address.

24.06 Restoration. Any portion of the Condominium which is damaged or destroyed, and for which insurance proceeds have been paid to the Association shall be repaired, replaced or restored promptly by the Association, and the insurance proceeds held by it used to defray the cost thereof, unless:

- (A) the Condominium is terminated as by law provided; or
- (B) repair, replacement or restoration would be illegal under any State or local health or safety statute, code or ordinance; or
- (C) the Unit Owners decide not to rebuild by a vote of eighty percent (80%), including one hundred percent (100%) of the votes of any Owners of Units not to be rebuilt or Owners assigned to Limited Condominium Common Elements not to be rebuilt.

24.07 Excess Cost. The cost of repair, replacement or restoration in excess of the insurance proceeds and reserves is a Common Expense.

24.08 Proceeds Distribution on Unreconstructed Units or Elements. If the entire Condominium is not repaired or replaced: (1) the insurance proceeds attributable to the damaged Condominium Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, and (2) the insurance proceeds attributable to Units and Limited Condominium Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Condominium Common Elements were allocated or to lienholders, as their interest may appear, and (3) the remainder of the proceeds shall be distributed to all the Unit Owners or Lienholders, as their interest may appear, in proportion to their Condominium Common Element interest.

24.09 Allocated Interest Reallocation on Nonreconstruction. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interest is automatically reallocated upon the vote not to reconstruct as if the Unit had been condemned. In such case the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

24.10 Termination. Notwithstanding this Section 24, the provisions of Section 28 govern the distribution of insurance proceeds if the Condominium is terminated.

25.

ASSOCIATION TO MAINTAIN REGISTER
OF OWNERS AND MORTGAGEES

25.01 Owner Register. The Association shall at all times maintain a Register setting forth the names of the Owners of all of the Condominium Units. In the event of the sale or transfer of any Condominium Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Condominium Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Condominium Unit.

25.02 Mortgagee Register. Further, the Owner of each Condominium Unit shall notify the Association of the names of the parties holding any mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Condominium Unit, if it so desires, may notify the Association of the existence of any mortgage or mortgages held by such party on any Condominium Unit and, upon receipt of such notice the Association shall register in its records all pertinent information relating thereto.

26.

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

26.01 Authority to Assess Owners. The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Condominium Units. To properly administer the operation and management of the Condominiums, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses which are sometimes herein referred to as "Condominium Common Expenses." To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the Unit Owners and their Condominium Units. In furtherance of this grant of authority to the Association to make, levy, and collect assessments to pay the costs and expenses for the operation, management and capital improvements to the Condominium, the following provisions shall be operative and binding upon the Owners of all Condominium Units.

26.02 Basis of Assessments. Except for those other assessments specifically permitted herein to be assessed against a Unit Owner, all assessments levied against the Unit Owners and their Condominium Units shall be uniform; and, unless specifically otherwise provided for in this Declaration of Condominium, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Condominium Units as the Allocated Interest in the Condominium Common Elements appurtenant to each Condominium Unit bears to the total Allocated Interest in the Condominium Common Elements appurtenant to all Condominium Units. Should the Association be the Owner of a Condominium Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and the assessment therefor levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate Allocated Interest in Condominium Common Elements exclusive of the interests therein appurtenant to any Unit or Units owned by the Association.

26.03 Amount of Assessment.

(A) Unit Initial Maximum Assessment. To and including December 31, 2000, the maximum annual assessment shall not exceed _____ Dollars per Unit.

(B) Increase by Association. From and after December 31, 2000, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of ten (10%) percent or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates, (published by the U.S. Bureau of Labor Statistics, United States Department of Labor, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for that twelve-month period ending the immediately preceding October 1.

(C) Increase by Members. From and after December 31, 2000, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of the members Allocated Interests who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(D) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of ten (10%) percent or the sums derived by application of the Consumer Price Index formula provided in Subsection (B) without the consent of members required by Subsection (C) of this Section 26.03.

(E) Board Authority. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

26.04 Manner of Payment. Assessments provided for herein shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times, as may be determined by the Board of Directors of the Association.

26.05 Assessment; Commencement; Working Capital. Such assessments shall commence for each Unit (including Units owned by Declarant) on the first day of the first month following the closing of sale of the first Condominium Unit by the Declarant to a Unit Owner. Until the Association makes a Common Expense Assessment, the Declarant shall pay all expenses.

In addition to the regular assessments to be charged and paid hereunder, the purchasing Unit Owner shall, at the time of the initial sale of each Unit by Declarant, pay to the Association a sum equal to two (2) months assessment as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds. This working capital amount shall be paid by the first purchasing Unit Owner from Declarant notwithstanding the fact that Declarant may have made prior regular assessment payments to the Association on the Unit being sold pursuant to the provisions of the first sentence hereunder.

26.06 Annual Budget. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit). Such budget shall project all expenses (including ad valorem taxes and public improvement assessments levied against the Condominium Common Elements) for

the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with Section 26.08 hereof, items relating to operation and maintenance from items relating to capital improvements. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board of Directors shall provide a summary of the budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Unit Owners rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors. The Assessment for said year shall be established based upon such Budget. Receipt of a copy of said Budget by each Owner shall not affect the liability of any Owner for such assessment.

The working capital contribution assessment is non-refundable and shall not substitute for, or be a credit against, the annual assessments provided for herein.

26.07 Modification of Assessment. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

26.08 Capital Improvement Fund. The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, may designate therein a sum in the minimum amount of ten percent (10%) of the annual assessment to be collected and maintained as a reserve fund for replacement of, and the making of capital improvements to the Condominium Common Elements which Capital Improvement and Replacement Fund (herein "Capital Improvement Fund") shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Condominium Common Elements, as well as the replacement of personal property which may constitute a portion of the Condominium Common Elements or owned by the Association and held for the joint use and benefit of the Owners of Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by the Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Condominium Common Elements and other property owned by the Association. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Condominium Common Elements and other property owned by the Association. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his Allocated Interest in the Condominium Common Elements. However, such balance shall not be subject to withdrawal by a Unit Owner.

26.09 Accountability. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration of Condominium, the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid unto the Association by any Owner of a Condominium Unit, the same may be commingled with monies paid to the Association by the other Owners of Condominium Units. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Condominium Common Elements, shall be held for the

benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Condominium Unit, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

26.10 Default Interest. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date established by the Association for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at a rate established by the Association not to exceed twelve percent (12%) per annum from the date of default until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to Association.

26.11 Late Payment Penalty. In addition to the accrual of default interest the Association may impose a penalty for non-payment of any assessment by the due date. Such penalty shall be no greater than four percent (4%) of the delinquent installment, past due more than fifteen (15) days. Such late payment penalty shall be charged only once for any delinquent payment.

26.12 Where Payable. All monies owing to Association shall be due and payable at the principal office of Association, or where otherwise directed by the Association.

26.13 Liability of Owners For Assessments and Other Charges. The Owner or Owners of each Condominium Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit while such party or parties are Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner or Owners shall be personally liable, jointly and severally, for interest and penalty on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

26.14 No Exemption. No Owner of a Condominium Unit may exempt himself from liability for any assessment levied against him or his Condominium Unit by waiver of the use or enjoyment of any of the Condominium Common Elements or by abandonment of the Condominium Unit or in any other way.

26.15 Assessments Against Specific Owners. Notwithstanding the requirement of Section 26.02 that assessments be levied against each Owner according to the Allocated Interest of each Owner, the Association shall assess:

- (A) any Common Expense associated with the maintenance, repair, or replacement of a Limited Condominium Common Element against the Unit or Units to which that Limited Condominium Common Element is assigned; and,
- (B) any Common Expense, or portion thereof, benefiting fewer than all of the Units exclusively against the Units benefited; and,
- (C) the cost of insurance against the Units in proportion to the risk if any Unit or Units can be reasonably determined to create a greater risk than any other; and

- (D) the cost of utilities, if not separately metered to each Unit, in proportion to usage if it can be reasonably determined that any Unit or Units use an unusually disproportionate share of any utility, and
- (E) the cost of any judgment against the Association against only the Units in the Condominium at the time the judgment was entered in proportion to their Common Expense Liabilities; and,
- (F) any Common Expense caused by the misconduct of any Unit Owner exclusively against that Unit Owner; and,
- (G) any fine or penalty or interest for any delinquent assessment installment exclusively against the Unit so charged.

26.16 Reallocation. If the Common Expense Liabilities are reallocated, the Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

26.17 Assessment Lien Granted. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners of Condominium Units, and that the payment of such Condominium Common Expenses represented by the assessments levied and collected by Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Condominium Unit and its appurtenant Allocated Interest in Condominium Common Elements, which lien shall secure, and does secure, the monies due for all assessments now or hereafter levied against the Owner of each such Condominium Unit, which lien shall also secure fines, penalties and interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorneys' fee, which may be incurred by the Association in enforcing this lien upon said Condominium Unit and its appurtenant Allocated Interest in Condominium Common Elements. The lien granted to the Association may be filed in the manner provided in Article 8 of Chapter 44 of the General Statutes and may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, pursuant to Article 2A of Chapter 45 of the General Statutes. In any proceeding for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Owner of any Condominium Unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a Receiver for said Condominium Unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law not to exceed twelve percent (12%) per annum on any such advances made for such purpose. All persons who shall acquire, by whatever means, any interest in the ownership of any Condominium Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.

26.18 Enforcement of Lien. The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Condominium is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein

provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

26.19 Lien Extinguished. Except by payment, satisfaction and cancellation, a lien is extinguished only if proceedings to enforce the lien are not instituted within three (3) years after docketing in the Office of Clerk of Superior Court.

26.20 Other Remedies. This Section does not prohibit the Association from bringing an action to recover sums due it as an assessment independent of any lien filed or claimed, nor does it prohibit the Association from taking a deed in lieu of foreclosure.

26.21 Judgments. Any judgment brought hereunder to enforce the lien or the collection of any assessment must include the costs and reasonable attorney's fees for the prevailing party.

26.22 Lien Subordinate to First Mortgage. The lien provided for herein shall be subordinate to the lien of any first mortgage or deed of trust recorded before docketing the lien and the lien for real estate or other governmental taxes, but shall be superior to all other liens. Any person acquiring title to any Condominium Unit and its appurtenant Allocated Interest in Condominium Common Elements by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale resulting from such prior lien mortgage or deed of trust shall be liable and obligated only for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant Allocated Interest in the Condominium Common Elements subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units, including such purchaser, his successors and assigns, as a part of the Common Expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

26.23 Statement of Assessments Due. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement. The Association may charge a reasonable fee for issuance of such certificate.

26.24 Priority of Payment. In the event that a Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner and such Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or mortgage proceeds, shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the Owner of any Condominium Unit who is responsible for payment of such delinquent assessment.

26.25 Purchaser Liable For Delinquent Assessments. In any voluntary conveyance of a Condominium Unit, the Purchaser thereof shall be jointly and severally liable with Seller for all

unpaid assessments against Seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the Purchaser to recover from Seller the amounts paid by Purchaser therefor.

26.26 Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking by foreclosure action enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to Association. All of such rights of the Association to effect collection of delinquent assessments shall be deemed cumulative.

26.27 Declarant Assessments. The Declarant shall pay assessments on unsold condominium units which have been created. However, the Declarant may, at the Declarant's sole option, elect to pay all ordinary operating costs for the condominium for a certain period of time. If the Declarant so elects, the Condominium will incur no common expenses and thus no condominium assessments will be assessed and collected during such time.

27.

COMMON SURPLUS

Common Surplus shall be owned by the owners of all Condominium Units in the same proportion that the Allocated Interest in the Condominium Common Elements appurtenant to each Owner's Condominium Unit bears to the total of all Allocated Interests in the Condominium Common Elements appurtenant to all Condominium Units; provided, however, that said Common Surplus shall be held by the Association in the manner, and subject to the terms, provisions and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance as herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners of Condominium Units in accordance with their Allocated Interest in Common Surplus as declared herein.

28.

TERMINATION

The Condominium shall be terminated, if at all, in the following manner:

28.01 Consent. Except in the case where the whole of the Condominium is taken by Eminent Domain the termination of the Condominium may be effected only by agreement of eighty percent (80%) of the Allocated Interests of all Condominium Unit Owners expressed in an instrument to that effect duly recorded specifying a date after which it shall be void unless recorded prior to such date; and, provided, that the holders of all liens affecting any of the Condominium Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the Allocated Interest of the Condominium Unit Owner in the Property as provided in Section 28.02 below. The termination shall become effective when such agreement has been recorded in the public records of the county in which the Condominium is located.

28.02 Contract For Sale at Termination; Ownership of Property. The Association, on behalf of the Unit Owners, may contract for the sale of Property in the Condominium, but the contract is not binding on the Unit Owners until approved by the Unit Owners in conformity with Section 28.01. If any Property in the Condominium is to be sold following termination, title to that Property, upon termination, vests in the Association, as trustee, for the holders of all interests in the Units. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale

has been concluded and the proceeds thereof distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to Unit Owners and lienholders as their interests may appear, in proportion to the respective interests of Unit Owners as provided in Section 28.07 below. Unless otherwise specified in the termination agreement, as long as the Association holds title to the Property, each Unit Owner and his successors in interest have an exclusive right to occupancy of the portion of the Property that formerly constituted his Unit. During the period of that occupancy each Unit Owner and his successors in interest remain liable for all assessments and other obligations imposed on Unit Owners by the Declaration.

28.03 No sale at Termination; Ownership of Property. After termination of the Condominium where no sale has been agreed to, the Condominium Unit Owners shall own the Property as tenants in common in their respective interests as defined in Section 28.07 and the holders of mortgages and liens against the Condominium Unit or Units formerly owned by such Condominium Unit Owners shall have mortgages and liens upon the respective interests of the Condominium Unit Owners. All funds held by the Association and insurance proceeds, if any, shall be, and continue to be held, for the Unit Owners in the same proportion. While the tenancy in common ownership exists each Unit Owner and its successors in interest have an exclusive right to occupancy of his portion of the Property that formerly constituted his Unit.

The costs incurred by the Association in connection with the termination shall be a Common Expense.

28.04 Partition or Sale Following Termination. Following termination, the Property may be partitioned and sold, or sold in lieu of partition, upon the application of any former Condominium Unit Owner having an interest in the Property to the courts of the state in which the property is situate as by law provided.

28.05 Association Powers Continue. The members of the Board of Directors acting collectively as agent for all Condominium Unit Owners, shall continue to have such powers as in this Section are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

28.06 Association as Trustee. Following termination of the Condominium, the proceeds of any sale of Property, together with the assets of the Association, are held by the Association as trustee for former Unit Owners and holders of liens on the former Units, as their interests may appear. Following termination, creditors of the Association holding liens on the Units, which were recorded before termination, may enforce those liens in the same manner as any lienholder. All other creditors of the Association are to be treated as if they had perfected liens on the Units immediately before termination.

28.07 Owners Respective Interest on Termination. The respective interests of Unit Owners referred to in Sections 28.02, 28.03 and 28.06 are as follows:

- (A) Except as provided in paragraph (B), the respective interests of Unit Owners are the fair market value of their Units, Limited Condominium Common Elements, and Condominium Common Element interests immediately before the termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Unit Owners and becomes final unless disapproved within 30 days after distribution by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Unit Owner's Unit and Condominium Common Element interest by the total fair market values of all the Units and Condominium Common Elements.

- (B) If any Unit or any Limited Condominium Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all Unit Owners are their respective Condominium Common Element interests immediately before the termination.

28.08 Foreclosure of Lien on Whole Condominium Not a Termination. Foreclosure or enforcement of a lien or encumbrance against the entire Condominium does not of itself terminate the Condominium, and foreclosure or enforcement of a lien or encumbrance against a portion of the Condominium, other than withdrawable real estate, does not withdraw that portion from the Condominium. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate does not of itself withdraw that real estate from the Condominium, but the person taking title thereto has the right to require from the Association, upon request, an amendment excluding the real estate from the Condominium.

29.

AMENDMENT OF DECLARATION OF CONDOMINIUM

This Declaration of Condominium may be amended in the following manner.

29.01 General Procedure For Amendment. Except as provided otherwise in this Section 29, an Amendment or Amendments to this Declaration of Condominium may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by Unit Owners holding a majority of the Allocated Interests, whether meeting as members or by instrument in writing signed by them. Upon any Amendment or Amendments to this Declaration of Condominium being proposed by the Board of Directors or members, such proposed Amendment or Amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than ten (10) days nor later than thirty (30) days from receipt by him of the proposed Amendment or Amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting stating the time and place thereof and reciting the proposed Amendment or Amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the Amendment or Amendments proposed must be approved by an affirmative vote of the voting members having at least sixty-seven percent (67%) of the Allocated Interests in the Condominium Common Elements, and, in addition, the Declarant so long as it is within the Declarant Control Period, in order for such Amendment or Amendments to become effective. Thereupon such Amendment or Amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such Amendment or Amendments, so certified and executed with the same formalities as a Deed, shall be recorded in the Public Records of the county in which the Condominium is located within ten (10) days from the date on which the same became effective, such Amendment or Amendments to specifically refer to the recording data identifying the Declaration of Condominium. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the Officers of Association shall be delivered to the Owners of all Condominium Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments.

29.02 Certain Amendments Requiring Unanimous Consent. Except as provided in Section 29.03 no amendment may create or increase Special Declarant Rights, increase the number of Units,

change the Allocated Interests in the Condominium Common Elements appurtenant to each Condominium Unit, or the uses to which Units are restricted or alteration of the basis for sharing Condominium Common Expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of Common Surplus, without the prior written consent of all of the Owners of all Condominium Units and all of the Institutional Lenders holding first mortgages or first deeds of trust on the Condominium Units.

29.03 Amendments Permitted Other Than By Action Under Section 29.01 and Section 29.02. Notwithstanding the provisions of Section 29.01 and Section 29.02, amendments to the Declaration, including reallocation of the Allocated Interests, may be prepared, executed and filed without a vote of the member Unit Owners, or their consent, in the following cases:

- (A) Nominal Amendments. By the Declarant, for so long as it controls the Board of Directors, and thereafter, the Board to conform to the requirements of any law or governmental agency having legal jurisdiction over the Condominium or to qualify the Condominium or any Units therein for mortgage or improvement loans made or insured by Federal National Mortgage Association, Veteran's Administration, United States Department of Housing and Urban Development, Government National Mortgage Association, Federal Housing Authority or any governmental agency or to comply with the requirements of law or regulations of any similar corporation or agency regarding purchase of mortgage interests in units by such entity.
- (B) Amendments Prior to Sale. By the Declarant at any time prior to recording of the sale of the first Unit to an Owner by filing an Amendment in the Office of the Register of Deeds of the County in which the Condominium is located with a Certificate certifying the fact that no sale has previously occurred.
- (C) Declarant Development Rights. By Declarant upon exercising any Development Right or Special Declarant Right hereunder by law provided.
- (D) Eminent Domain. By the Association if a portion of the Condominium is taken by proceedings in eminent domain as by law provided.
- (E) Unit Boundary Changes. By Association and affected Unit Owners upon relocation of Unit boundaries as by law provided.
- (F) Unit Partition. By Association and affected Unit Owners upon subdividing or partitioning a Unit, if herein permitted, as by law provided.
- (G) Limited Condominium Common Elements. By Association and affected Unit Owners upon reallocation of a Limited Condominium Common Element, as by law provided.
- (H) Leasehold Estate. By Association upon termination of any Leasehold Estate, if herein permitted, as by law provided.
- (I) Termination of Condominium. By Association upon termination of the Condominium, as by law provided.

29.04 Institutional Lenders. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of an Institutional Lender or Institutional Lenders shall be made without prior written consent of all Institutional Lenders holding mortgages on Condominium Units in the Condominium being first had and obtained.

29.05 Declarant Rights. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of said party being first had and obtained.

29.06 FHA/VA Approval. During the period of Declarant Control, and if Declarant determines to qualify this Property for Federal Housing Administration or Veterans Administration approval, the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional property, dedication of Condominium Common Elements, and amendment of this Declaration of Covenants, Conditions and Restrictions.

29.07 Recordation. No amendment shall be effective until recorded in the County in which the Property is situate.

30.

REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration of Condominium, and the Articles of Incorporation and Bylaws of the Association, and any rules or regulations issued pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of other Condominium Units to the following relief:

30.01 Actions at Law and Equity. Failure to comply with any of the terms of this Declaration of Condominium or other restrictions and regulations contained in the Articles of Incorporation or Bylaws of the Association or any rules and regulations issued pursuant thereto, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

30.02 Liabilities of Owners. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of his or their guests, employees, servants, agents, invitees or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Condominium Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver of insurance companies of rights of subrogation.

30.03 Collection or Enforcement Costs and Expenses. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

30.04 No Waiver. The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration of Condominium or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.

30.05 Cumulative Remedies. All rights, remedies and privileges granted to the Association or the Owner or Owners of a Condominium Unit pursuant to any terms, provisions, covenants or conditions of the Declaration of Condominium or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such

other and additional rights, remedies or privileges as may be available to such party at law or in equity.

30.06 No Waiver By Declarant. The failure of Declarant to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration of Condominium or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege covenant or condition in the future.

30.07 Fines and Penalties. Notwithstanding the foregoing, and in addition thereto, any Unit Owner may be fined by the Association for failure to comply with any terms of this Declaration, the Bylaws, Articles of Incorporation or published rules and regulations in an amount not to exceed One Hundred Fifty Dollars (\$150.00). If the Board should determine that it shall seek to impose fines hereunder, it shall appoint a panel of three Unit Owners, who, upon appointment, shall notify the Owner in writing of the charge against him, provide an opportunity to be heard before the panel in not less than ten (10) days, nor more than thirty (30) days, prior notice, and give notice of the decision. Any fine given to any Owner shall be assessed against the Owner and his Unit as a Common Expense and, if unpaid, shall be a lien on the Unit as provided herein.

31.

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

"Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to Federal National Mortgage Association, Government National Mortgage Association, Veteran's Administration, Federal Housing Authority, United States Department of Housing and Urban Development, banks, savings and loan associations, insurance companies, or other reputable mortgage lenders. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Condominium Unit or Units, or shall be the owner of any Condominium Unit or Units, such Institutional Lender or Institutional Lenders shall have the following rights:

31.01 Insurance Approval. To approve the company or companies with whom casualty insurance is placed.

31.02 Records and Statements. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished upon written request at least one copy of the Annual Financial Statement and Report of the Association, prepared by the Association Treasurer or a Certified Public Accountant designated by the Association, such Financial Statement and Report to be furnished within 120 days after the end of each fiscal year.

31.03 Notice of Certain Meetings. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration of Condominium, or the Articles of Incorporation and Bylaws of the Association, which Notice shall state the nature of the Amendment being proposed.

31.04 Notice of Owner's Default. Upon written request to be given notice of default by more than sixty (60) days by any Owner owning a Condominium Unit encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing.

31.05 Condemnation or Casualty Loss. Upon written request any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its mortgage.

31.06 Insurance Lapse. Upon written request any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

31.07 Request for Notices. Whenever any Institutional Lender or Institutional Lenders desire the provisions of this Section to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, identifying the Condominium Unit or Units upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Condominium Units owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender or Institutional Lenders.

32.

RIGHT OF DECLARANT TO REPRESENTATION
ON BOARD OF DIRECTORS OF THE ASSOCIATION

During the Period of Declarant Control, Declarant shall be entitled to designate and select persons to serve on the Board of Directors of the Association and the manner in which such person or persons shall be designated and the number thereof and the composition of the Board of Directors during such period of Declarant control shall be as provided in the Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any director designated and selected by Declarant need not be an Owner in the Condominium. However, Declarant shall be responsible for the payment of any assessments which may be levied by the Association against any Condominium Unit or Units owned by the said Declarant, and for complying with the remaining terms and provisions hereof in the same manner as any other Owner of a Condominium Unit or Units.

33.

SEVERABILITY

In the event that any of the terms, provisions, or covenants of this Declaration of Condominium are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

34.

LIBERAL CONSTRUCTION

The provisions of this Declaration of Condominium shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender the feminine or neuter. The Section headings are for convenience of reference only and shall not be considered terms of this Declaration.

35.

DECLARATION OF CONDOMINIUM BINDING
ON ASSIGNS, AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Declaration of Condominium are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Condominium Unit and its appurtenant Allocated Interest in Condominium Common Elements. This Declaration of Condominium shall be binding upon Declarant its successors and assigns, and upon all parties who may subsequently become Owners of Condominium Units in the Condominium, and their respective heirs, legal representatives, successors and assigns.

36.

EASEMENTS

36.01 Utilities. The Board of Directors may hereafter grant easements in the name of the Association for utility purposes for the benefit of the Condominium and for the benefit of any Unit, including the right to install, lay, maintain, repair and replace, waterlines, pipes, sewer lines, storm drainage facilities, telephone wires, cable television wires, and electrical conduits, wires over, under and along any portion of the Property, and the Owners of any Unit hereby grant to the Association an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

36.02 Public Service Access. An easement is hereby established over the Condominium Common Elements for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

37.

DISCLAIMER BY GOVERNMENTAL AUTHORITIES

Some governmental authorities or fire or police departments refuse to be responsible for failing to provide any emergency or regular fire, police or other public service to such developments or their occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, Association, or Unit Owners. Accordingly, the Board of Directors is hereby empowered to make all efforts to assure that there is adequate access to all Units and shall not allow any blocking of access or defects in access to remain uncorrected.

In no case, shall the City or the State be responsible for maintaining any private street. Such responsibility rests with the Association and occupants; in that, such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

38.

PARTY WALLS

It is contemplated that some Owners of Condominium Units may erect party walls between Units which are under separate ownership, and it is therefore necessary to provide for the equitable sharing of the cost of construction and maintenance of such party wall as well as wall specifications. The Board of Directors shall have the authority to formulate, and from time to time to amend, rules and regulations governing all specifications of party walls, the sharing of costs between the Owners of adjacent Units and the arbitration of disputes relating to party walls.

The center of each party wall shall be the dividing line between adjacent Condominium Units which are under separate ownership. Such party wall shall be constructed of materials and design mutually agreeable to the adjacent Unit Owners, provided that these do not violate the rules and regulations adopted by the Board of Directors. If adjacent Unit Owners cannot mutually agree, the Board of Directors shall designate the materials and design of the party wall between Units owned by disagreeing Owners and such designation shall be binding on all parties. The cost of each such party wall shall be shared equally by those served by it and shall be paid promptly when the wall is constructed; provided, however, that the cost of utility installations within the party wall (such as plumbing and electrical) shall be born only by the Owner of the Unit served by such installations.

39.

SIGNS

All signs and numbers on entrance doors to Condominium Units shall be in conformity in size and appearance as permitted by rules and regulations adopted by the Board of Directors. Except for such entrance door signs, no signs shall be erected on the Condominium Common Elements except upon approval of the Board of Directors, and except by Declarant in the exercise of Special Declarant Rights reserved in this Declaration.

40.

CONDEMNATION

40.01 General. Whenever all or any part of the Condominium shall be taken by any authority having the power of condemnation or eminent domain, each Unit Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law.

40.02 Condominium Common Elements. If the taking is confined to the Condominium Common Elements or the Condominium Common Elements on which improvements shall have been constructed, but shall not involve a Unit or a Limited Condominium Common Element, then the award for the Condominium Common Element loss shall be payable to the Association.

40.03 Limited Condominium Common Elements. Any portion of an award in condemnation attributable to the taking of all or a portion of a Limited Condominium Common Element shall be paid to the Owner of the Unit to which the Limited Condominium Common Element was allocated or, if more than one, apportioned among the Owners of the Units to which the Limited Condominium Common Element taken was allocated.

40.04 Units.

(A) If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any

purpose permitted by the Declaration, the award must compensate the Unit Owner for his Unit and its interest in the Condominium Common Elements, whether or not any Condominium Common Elements are acquired. Unless the condemnor acquires the right to use the Unit's interest in Condominium Common Elements, that Unit's allocated interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking exclusive of the Unit taken, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this subsection is thereafter a Condominium Common Element.

(B) Except as provided in subsection (A), if part of a Unit is acquired by eminent domain, the award must compensate the Unit Owner for the reduction in value of the Unit and of its interest in the Condominium Common Elements, whether or not any Condominium Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, (1) that Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit, and (2) the portion of the Allocated Interests divested from the partially acquired Unit is automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

41.

POWER OF ATTORNEY
TO DEAL IN OWNED UNITS

Each owner, by purchase of a Unit within the Property and acceptance of the Deed therefor, grants to the Board of Directors of the Association an irrevocable power of attorney, coupled with an interest, to acquire title to, including the purchase at a foreclosure or judicial sale, or to lease, any Unit in the name of the Association, or its designee, on behalf of all Unit Owners, and to convey, sell, lease, mortgage, or otherwise deal with any such Unit so acquired or to sublease any Unit so leased by the Association. Any Unit purchased by the Association shall be held by it, or its designee, on behalf of all Unit Owners in proportion to their respective Allocated Interests in the Condominium Common Elements. The lease covering any Unit leased by the Association, or its designee, shall be held on behalf of all Unit Owners, in relation to their Allocated Interests in the Condominium Common Elements.

EXHIBIT A
TO
THAT DECLARATION FOR
OLDE RALEIGH VILLAS CONDOMINIUM

All of that tract or parcel of land lying and being in Raleigh, Wake County, North Carolina and more particularly described as follows:

BEING all of that 3.05 acre tract designated as "Condominium Lot" as shown on that plat entitled "Olde Raleigh Villas Townhomes A Portion of Phase Two" dated January 18, 1999 by John A. Edwards & Company and recorded in Book of Maps 1999, page 111 Wake County Registry.

EXHIBIT B
TO
THAT DECLARATION FOR
OLDE RALEIGH VILLAS CONDOMINIUM

<u>UNIT TYPE</u>	<u>DESCRIPTION</u>	<u>APPROX. SIZE (SQ. FT.)</u>	<u>PHASE I BUILDING 2</u>	<u>PHASE II BUILDING 1</u>
A	2 bedroom/2 bath/study	1617	3	3
A	2 bedroom/2 bath/study	1649	1	1
B	2 bedroom/2 bath/den/study	1717	5	5
B-1	2 bedroom/2 bath/den/study	1766	1	1
C-1	3 bedroom/2½ bath	2074	2	2
C-2	2 bedroom/2½ bath/family room	2074	2	2
C-3	3 bedroom/2½ bath	1967	2	2
C-4	2 bedroom/2½ bath/family room	2072	2	2
C-5	3 bedroom/2½ bath/family room	2696	<u>2</u>	<u>2</u>
		TOTAL	20	20

<u>Unit Address</u>	<u>Parking Space Number(s)</u>	<u>Storage Room Number</u>
3701-101 Baron Cooper Pass	16 & 17	8
3701-102 Baron Cooper Pass	5 & 6	2
3701-103 Baron Cooper Pass	30	17
3701-104 Baron Cooper Pass	29	1
3701-105 Baron Cooper Pass	28	16
3701-106 Baron Cooper Pass	25	4
3701-107 Baron Cooper Pass	11 & 12	10
3701-108 Baron Cooper Pass	13 & 14	13
3701-201 Baron Cooper Pass	26 & 27	20
3701-202 Baron Cooper Pass	22 & 23	12
3701-203 Baron Cooper Pass	4	18
3701-204 Baron Cooper Pass	2	19
3701-205 Baron Cooper Pass	3	15
3701-206 Baron Cooper Pass	1	5
3701-207 Baron Cooper Pass	20 & 21	11
3701-208 Baron Cooper Pass	18 & 19	14
3701-302 Baron Cooper Pass	7 & 8	7
3701-303 Baron Cooper Pass	24	3
3701-305 Baron Cooper Pass	15	9
3701-307 Baron Cooper Pass	9 & 10	6

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**WAKE COUNTY
REGISTER OF DEEDS
ADDED FOR SCANNING
PURPOSES ONLY**

EXHIBIT B – cont’d.

<u>Unit Address</u>	<u>Parking Space Number(s)</u>	<u>Storage Room Number</u>
3700-101 Baron Cooper Pass	16 & 17	8
3700-102 Baron Cooper Pass	5 & 6	2
3700-103 Baron Cooper Pass	27	17
3700-104 Baron Cooper Pass	29	1
3700-105 Baron Cooper Pass	28	16
3700-106 Baron Cooper Pass	30	4
3700-107 Baron Cooper Pass	11 & 12	10
3700-108 Baron Cooper Pass	13 & 14	13
3700-201 Baron Cooper Pass	25 & 26	20
3700-202 Baron Cooper Pass	22 & 23	12
3700-203 Baron Cooper Pass	4	18
3700-204 Baron Cooper Pass	2	19
3700-205 Baron Cooper Pass	3	15
3700-206 Baron Cooper Pass	1	5
3700-207 Baron Cooper Pass	20 & 21	11
3700-208 Baron Cooper Pass	18 & 19	14
3700-302 Baron Cooper Pass	9 & 10	6
3700-303 Baron Cooper Pass	24	3
3700-305 Baron Cooper Pass	15	9
3700-307 Baron Cooper Pass	7 & 8	7

Unit 303 and Unit 305 at 3700 Baron Cooper Pass and Unit 303 and Unit 305 at 3701 Baron Cooper Pass shall each have exclusive use as Limited Common Element Storage one of the locked storage units located directly across the hall from each Condominium Unit, as such third floor storage units are shown on the Condominium plats and plans on file with the Wake County Register of Deeds. It is the intent of this allocation that each Unit noted herein shall have exclusive use of that one storage unit located directly across the hall from the Unit.

EXHIBIT C
TO
THAT DECLARATION FOR
OLDE RALEIGH VILLAS CONDOMINIUM

Phase I - Building 2
3701 Baron Cooper Pass

<u>Unit Number</u>	<u>Allocated Interest</u>
Unit 101	2.530%
Unit 102	2.585%
Unit 103	2.305%
Unit 104	2.125%
Unit 105	2.325%
Unit 106	2.145%
Unit 107	2.565%
Unit 108	2.550%
Unit 201	2.675%
Unit 202	2.685%
Unit 203	2.320%
Unit 204	2.220%
Unit 205	2.320%
Unit 206	2.245%
Unit 207	2.685%
Unit 208	2.675%
Unit 302	3.085%
Unit 303	2.430%
Unit 305	2.430%
Unit 307	<u>3.100%</u>
TOTAL	50.00%

Phase II - Building 1
3700 Baron Cooper Pass

<u>Unit Number</u>	<u>Allocated Interest</u>
Unit 101	2.530%
Unit 102	2.585%
Unit 103	2.305%
Unit 104	2.125%
Unit 105	2.325%
Unit 106	2.145%
Unit 107	2.565%
Unit 108	2.550%
Unit 201	2.675%
Unit 202	2.685%
Unit 203	2.320%
Unit 204	2.220%
Unit 205	2.320%
Unit 206	2.245%
Unit 207	2.685%
Unit 208	2.675%
Unit 302	3.085%
Unit 303	2.430%
Unit 305	2.430%
Unit 307	<u>3.100%</u>
TOTAL	50.00%

EXHIBIT D
TO
THAT DECLARATION FOR
OLDE RALEIGH VILLAS CONDOMINIUM
RULES AND REGULATIONS
OF
OLDE RALEIGH VILLAS CONDOMINIUM

GENERAL

1. Olde Raleigh Condominium Unit Owners Association (“Association”), acting through its Board of Directors, has adopted the following Rules and Regulations (“Regulations”). These Regulations may be amended from time to time by resolution of the Board of Directors.
2. Wherever in these Regulations reference is made to “unit owners,” such term shall apply to the owner of any unit, to such owner’s tenants whether or not in residence, and such owner’s (or such tenant’s) household, servants, employees, agents, visitors, guests, invitees or licensees. Wherever in these Regulations reference is made to the Association, such reference shall include the Association and the managing agent when the managing agent is acting on behalf of the Association.
3. The unit owners shall comply with all the Regulations hereinafter set forth governing the buildings, stairwells, building entrances, porches, drives, grounds, parking areas and any other appurtenances.
4. The Association reserves the right to alter, amend, modify, repeal or revoke these Regulations and any consent or approval given hereunder at any time by resolution of the Association or the Board of Directors.

RESTRICTIONS ON USE

5. No part of the Condominium shall be used for any purpose except housing and the common purposes for which the Condominium was designed. Each unit shall be used as a private residence.
6. No unit owners shall obstruct any of the common elements nor shall any unit owners place or cause or permit anything to be placed on or in any of the common elements (except the areas designated for storage by the Condominium Instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

7. The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units. The sidewalks, building entrances, and stairwells shall be used for no purpose other than for normal transit.
8. Nothing shall be done or kept in any common elements which will increase the rate of insurance for the building or contents thereof applicable for residential use without the prior written consent of the Board of Directors. No unit owner shall permit anything to be done or kept in the unit or on the common elements which will result in the cancellation of insurance on the building or contents thereof or which would be in violation of any public law, ordinance or regulation. No gasoline or other explosive or inflammable material may be kept in any unit or storage area. No barbecue grill or other similar unvented cooking device, regardless of the type of fuel, may be used within the Condominium. No waste shall be committed on the common elements.
9. All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere on any common element.
10. Except in areas designated by the Board of Directors, no baby carriages, bicycles/tricycles, playpens, wagons, toys, benches, chairs or other articles of personal property shall be left unattended in common areas of the building, stairwells, building entrances, parking areas, sidewalks or lawns or elsewhere on the common elements.
11. 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 thrown therein. The cost of repairing any damage resulting from misuse of any of such apparatus shall be borne by the unit owner causing such damage.
12. Each unit owner shall keep the unit in a good state of preservation, repair and cleanliness and shall not sweep or throw or permit to be swept or thrown there from, or from the doors, windows or porches thereof, any dirt or other substance.
13. Nothing shall be done in any unit or on the common elements which may impair the structural integrity of the building or which may structurally change the building nor shall anything be altered or constructed on or removed from the common elements, except upon the prior written consent of the Board of Directors.
14. No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and if the latter, then the cost of such compliance shall be a common expense. The Association and the Board of Directors must comply with all such laws and have the right but not the obligation to enforce civil or criminal laws; the Association and the Board of

Directors have no liability to any owner or other person for any violation of such laws by others.

15. No unit owner shall make or permit any disturbing noises in any building or do or permit anything that will interfere with the rights, comforts or convenience of other unit owners. No "in-wall" speaker or sound systems are permitted. All unit owners shall keep the volume of any radio, television, musical instrument or other sound producing device in their units sufficiently reduced at all times so as not to disturb other unit owners. Despite such reduced volume, no unit owner shall operate or permit to be operated any such sound producing devices in a unit between the hours of eleven o'clock p.m. and the following eight o'clock a.m. if such operation shall disturb or annoy other occupants.
16. No industry, business, trade, paid childcare, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, exploitation or otherwise shall be conducted, maintained or permitted on any part of the Condominium. No "For Sale," "For Rent" or "For Lease" signs or other window displays or advertising may be maintained or permitted on any part of the Condominium or in any unit. No unit shall be used or rented for transient, hotel or motel purposes. The right is reserved by the Declarant and the Board of Directors or the managing agent, to place "For Sale," "For Rent" or "For Lease" signs on any unsold or unoccupied units, and the right is hereby given to any Mortgagee, but in no event will any sign be larger than one foot by two feet.
17. Draperies, curtains or venetian blinds must be installed by each unit owner on all windows of the unit and must be so maintained thereon at all times so that the exterior color will appear white, off-white or beige.
18. No unit shall cause or permit anything to be hung, displayed or exposed on the exterior of a unit or common elements appurtenant thereto, whether through or upon the windows, doors, masonry or porch of such unit. This prohibition includes without limitation laundry, clothing, rugs, signs, awnings, canopies, shutters, radio or television antennas or any other items. Under no circumstances shall any exhaust fan, air conditioning apparatus or other items be installed by the unit owner beyond the boundaries of the unit or the porch without the prior consent of the Board of Directors. A unit owner may, however, use a central television antenna provided as a part of the unit and install an antenna permitted by Section 207 of the Telecommunications Act of 1996 in accordance with the guidelines established by the Board of Directors. No clothesline, clothes rack or any other device may be used to hang any items on any window, or porch, nor may such devices be used anywhere on the common elements except in such areas as may be specifically designated for such use by the Board of Directors. Porches shall not be used as storage areas. No porch shall be enclosed or covered by a unit owner without the prior consent of the Board of Directors.

PET RULES

19. No animals, livestock, poultry or reptiles of any kind, regardless of number, may be maintained, kept, boarded or raised, in any unit or upon the common elements, except that the keeping of orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed two per

unit without the approval of the Board of Directors. Aquarium fish and other limited species of animals which do not normally leave the unit and which do not make noise is permitted, subject to the Rules and Regulations adopted by the Board of Directors and provided that such animals are not kept for breeding purposes.

20. A pet may be maintained in a unit only for so long as it is not a nuisance. Any such pet causing or creating a nuisance or any unreasonable disturbance or noise may be permanently removed from the Condominium upon ten days written notice from the Board of Directors. Actions which will constitute a nuisance include but are not limited to abnormal or unreasonable crying, barking, scratching or unhygienic offensiveness.
21. Pets must be leashed or carried; leashes may not exceed a length which will permit close control of the pet
22. Pet owners are fully responsible for personal injuries and/or property damage caused by their pets and shall indemnify and hold the Association, each unit owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium.
23. All pets which may leave the unit must be registered and inoculated as required by law.
24. Owners of pets walked upon the common elements must promptly clean up their pet's droppings.

PARKING AND STORAGE

25. No personal property may be stored on the common elements except in storage areas designated as such by the Condominium Instruments or by the Board of Directors. All personal property placed in any portion of the building or any place appurtenant thereto, including without limitation the storage areas, shall be at the sole risk of the unit owner and the Association shall in no event be liable for the loss, destruction, theft or damage to such property.
26. Should an employee of the Association at the request of a unit owner move, handle or store any articles in storage rooms or remove any articles therefrom or handle, move, park or drive any automobile placed in the parking areas, then, and in every such case, such employee shall be deemed the agent of the unit owner. The Association shall not be liable for any loss, damage or expense that may be suffered or sustained in connection therewith.
27. Trailers, campers, recreational vehicles, boats and other large vehicles may not be parked on the Property. All vehicles shall be parked wholly within parking space lines; provided, however, that any unit owner having the right to use one or more limited common element parking spaces may use any adjacent area not within another unit owner's parking space if such space is not otherwise necessary for the use of the Unit Owners Association. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Vehicle repairs other than; (i) emergency maintenance, (ii) ordinary light maintenance (excluding fluid changes and other operations that might soil the common elements) and (iii) normal cleaning (in areas designated by the

Board, if any) are not permitted on the common elements.

28. No vehicle shall be parked on the Condominium with conspicuous "For Sale" signs attached.
29. All unit owners shall observe and abide by all applicable parking and traffic regulations posted by the Association or by municipal authorities. Vehicles parked in violation of any such regulations may be towed away at the unit owner's sole risk and expense.
30. Parking so as to block sidewalks or driveways shall not be permitted. If any vehicle owned or operated by a unit owner shall be illegally parked or abandoned on the Condominium, such unit owner shall hold the Association harmless from any and all damages or losses that may ensue, and any and all rights in connection therewith that the owner or driver may have under the provisions of state or local laws and ordinances are hereby expressly waived. The unit owner shall indemnify the Association against any liability which may be imposed on the Association as a result of such illegal parking or abandonment and any consequences thereof.

ENTRY INTO UNITS

31. The Association or managing agent shall cause a master key system to be used for units in the Condominium. The Master Key shall be secured by the Association or managing agent in a locked box for use only if entry to such unit is necessitated by the fact or threat of fire, flood, or any other condition which may adversely affect the common elements or other units. The Association or managing agent shall establish and implement, subject to prior approval of the Board of Directors, procedures and controls to ensure the proper use of such emergency keys. In no event shall such keys be removed from the locked box and used to facilitate entry to a unit for purposes other than those noted above. No unit owner shall install additional locks without the prior written consent of the Board of Directors. Unit Owners will be permitted to change their unit key coding as long as new coding is compatible with the existing master key code.
32. The Agents of the Board of Directors or the managing agent, and any contractors or workman authorized by the Board of Directors or managing agent, may enter any room or unit in any building upon reasonable notice to the unit owner at any reasonable hour of the day (except in case of emergency in which case entry may be immediate and without such notice) for the purpose of exercising and discharging their respective powers and responsibilities, including without limitation pest control. Also included in the foregoing sentence is entry for the purpose of implementing a mandatory program for unit owners established and scheduled by the Board in its sole discretion for the safety and general welfare of owners and occupants such as, for example, the servicing of dryer ducts to prevent fire, the inspection and replacement, as needed, of unit fire sprinkler heads, unit fire alarms, unit smoke alarms and batteries, unit washer hoses and such other items and equipment as the Board may mandate from time to time is necessary for safety and general welfare.
33. Employees and agents of the Association are not authorized to accept packages, keys, money or articles of any description from or for the benefit of a unit owner. If packages, keys (whether for a unit or an automobile), money or articles of any description are left with the

employees or agents of the Association, the unit owner assumes the sole risk therefore and the unit owner, not the Association, shall be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith. The Association does not assume any responsibility for loss or damage in such cases.

COMMON FACILITIES

34. All persons using any of the common facilities do so at their own risk and sole responsibility. The Association does not assume responsibility for any occurrence, accident or injury in connection with such use. No unit owner shall make any claim against the Association, its servants, agents, or employees, for or on account of any loss or damage to life, limb or property sustained as a result of or in connection with any such use of any of the common facilities. Each unit owner shall hold the Association harmless from any and all liabilities and any action of whatsoever nature by any tenants, guests, invitees or licensees of such unit owner growing out of the use of the common facilities, except where such loss, injury or damage can be clearly proved to have resulted from and been proximately caused by the direct negligence of the Association or its agents, servants or employees in the operation, care or maintenance of such facilities.
- 34.1 Any and all smoking is prohibited in the condominium common elements of the Association as defined by Section 3.06 of the Declaration Creating Unit Ownership and Establishing Restrictions, Covenants, and Conditions for Olde Raleigh Villas Condominium. "Smoking" means use or possession of any lighted cigar, cigarette, pipe, or other lighted tobacco product. Smoking is permitted in the confines of a private residence.
35. Any damage to a building or other common elements or equipment caused by a unit owner or such unit owner's pets shall be repaired at the expense of the unit owner.

SUSPENSION OF RIGHT TO USE COMMON FACILITIES.

36. In addition to all other rights which the Board of Directors has for nonpayment of assessments, the Board of Directors of the Association shall have the right to bar the use by a unit owner of any of the common facilities for failure to make payment of any assessments or fees due as provided for in the Bylaws of the Condominium.

MOVING

37. Except during the initial move-in period. Move-ins and move-outs are restricted to the hours between 9:00 a.m. and 5:00 p.m. Monday through Saturday, excluding holidays. Each unit owner is responsible for the proper removal of trash, debris, crating or boxes relating to that unit owner's move-in or move-out.

ASSOCIATION

38. All charges and assessments imposed by the Association are due and payable on the first day of each month, unless otherwise specified. Payment shall be made by check, money order, or bank draft, payable to the Condominium. Cash will not be accepted.
39. Complaints regarding the management of the Condominium or regarding actions of other

unit owners shall be made in writing to the managing agent or the Board of Directors.

40. No unit owner shall direct, supervise or in any manner attempt to assert control over or request favors of any employee of the managing agent or the Unit Owners Association.

CONSIDERATION IN USE OF UNITS

41. All persons shall be properly attired when appearing in any common area of the Property including stairwells and any other public spaces of the Condominium.
42. No electrical equipment shall be installed in a unit which causes interference with the normal operation of electrical equipment in other units. All electrical equipment of any kind or nature installed or used in each unit shall fully comply with all rules, regulations, requirements or recommendation of the Board of Fire Underwriters and the public authorities having jurisdiction, and the unit owner alone shall be liable for any damage or injury caused by any electrical equipment in such unit owner's unit. No facilities or equipment of any nature which will or may necessitate any changes, replacements or additions to, or otherwise burden the portion of the common elements providing for water, electricity, heat, or air-conditioning shall be installed without the prior written consent of the Board of Directors. If the Board of Directors so determine that such facilities or equipment causes an additional expense to the Unit Owners Association, then such increase shall be assessed against the unit owner installing the facilities or equipment as a Limited Common Expense.
43. The installation of additional major appliances in any unit is prohibited. Such prohibited appliances include, but are not limited to, washing machines, dryers, refrigerators, freezers, and additional dishwashers. Replacement of additional major appliances with other than comparable equipment is permitted only with the prior written approval of the Board of Directors or the Covenants Committee, as appropriate.
44. Unit owners are cautioned against excessive use of soaps and other detergents in their appliances or plumbing apparatus which may cause overflow of suds in any unit or in any central waste disposal system. Detergents and soaps shall be used only pursuant to manufacturer's directions.
45. Unit doors opening into corridors shall be kept closed at all times except when in use.
46. Sufficient carpeting or rugs and padding shall be maintained on a minimum of eighty percent of the floor surfaces (excluding kitchens, bathrooms and laundry areas) in units located over other units to adequately reduce transmission of sound between units.

GENERAL

47. The planting of plants, flowers, trees, shrubbery and crops of any type is prohibited anywhere on the common elements without the prior written consent of the Board of Directors. No fences may be erected around or on the common elements.
48. Solicitors are not permitted. If any unit owner is contacted by a solicitor on the Property, the managing agent must be notified immediately.

CERTIFICATION OF VALIDITY OF CONSOLIDATION OF AMENDMENTS AND
RESTATED DECLARATION CREATING UNIT OWNERSHIP AND ESTABLISHING
RESTRICTIONS, COVENANTS, AND CONDITIONS FOR
OLDE RALEIGH VILLAS CONDOMINIUM

By authority of its Board of Directors, the undersigned, as Secretary of the Olde Raleigh Villas Condominium Owners Association, Inc. hereby certifies that the foregoing instrument is merely a consolidation and restatement of the Declaration Creating Unit Ownership and Establishing Restrictions, Covenants and Conditions for Olde Raleigh Villas Condominium.

OLDE RALEIGH VILLAS CONDOMINIUM
OWNERS ASSOCIATION, INC.

By: Addison B. Martin
President

ATTEST:
Mark A. Wilson
Secretary

STATE OF NORTH CAROLINA

ACKNOWLEDGEMENT

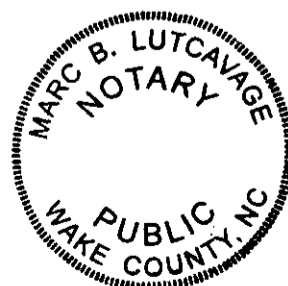
COUNTY OF WAKE

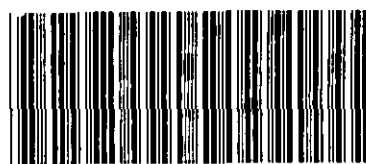
I, MARC B. LUTCAVAGE a Notary Public of the County and State aforesaid, certify that MARK A. WILSON, personally came before me this day and acknowledged that she/he is Secretary of Olde Raleigh Villas Condominium Owners Association, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, Addison B. Martin

Witness my hand and official stamp or seal, this 4th day of FEBRUARY, 2016.

Marc B. Lutcavage
My commission expires: 5-26-2014

Notary Public





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**Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

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