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WAKE COUNTY, NC 184
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
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After Recording Return to:
Bloomsbury, L.L.C.
2609 Atlantic Avenue, Suite 211
Raleigh, NC 27604
Attn: John Bruckel

July 13, 2009

EXHIBIT "A"
TO PUBLIC OFFERING STATEMENT

BLOOMSBURY ESTATES

DECLARATION OF CONDOMINIUM

NORTH CAROLINA

WAKE COUNTY

THIS DECLARATION OF CONDOMINIUM is made and entered into the 13th day of July, 2009, by BLOOMSBURY, L.L.C., a North Carolina Limited Liability Company ("Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes.

1. ESTABLISHMENT.

Declarant is the owner of real property in Wake County, North Carolina, more particularly described in Paragraph 2 below; and

Declarant intends to construct up to two multi-story buildings in two phases on said real property containing a maximum of one hundred forty (140) units for sale as individual units with related improvements and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions hereinafter set forth, which shall run with the land and shall be binding on Declarant, its successors and assigns, and any person or entity owning an interest in the Property (hereinafter defined), and their successors, heirs and assigns; and

Declarant intends and desires by the filing of this Declaration of Condominium to submit the property described in Paragraph 2 below and improvements to be constructed thereon together with all of the appurtenances thereto to the provisions of Chapter 47C of the North Carolina General Statutes, (NORTH CAROLINA CONDOMINIUM ACT), and hereby declares the same to be known and identified as "**BLOOMSBURY ESTATES**, a condominium."

2. PROPERTY DESCRIPTION.

All that certain property situated, lying and being in Wake County, North Carolina, and being more particularly described on the schedule marked Exhibit "A" attached hereto and incorporated herein by reference (the "Property"), together with the improvements to be constructed thereon as referenced in Exhibit "B", including complete descriptions and plans of the units with their respective locations and dimensions, which plans are filed in Condominium File No. 511, Wake County Registry, which is incorporated by reference as if fully set forth herein.

3. FORM OF ADMINISTRATION.

The property of the condominium and its business shall be managed, controlled, directed and administered by the **Bloomsbury Estates** Condominium Homeowners Association, Inc. (herein the "Association") as provided in the Articles of Incorporation and Bylaws of the Association, which Articles of Incorporation and Bylaws are attached hereto as Exhibits "C" and "D" and made a part hereof. Each Unit Owner shall be member of the Association.

All powers granted in this Declaration or the Bylaws to the Association shall be exercisable by the Board of Directors, except as expressly provided in the Declaration, the Bylaws, or Chapter 47C of the North Carolina General Statutes.

Declarant shall transfer control of the Association to the Unit Owners on or before 120 days after conveyance of seventy-five percent (75%) of the units in both phases or five years from the date of the conveyance of the first unit, whichever is earlier.

4. UNIT DESIGNATION.

Declarant does hereby establish within the Property fifty-six (56) units, and does hereby designate all such units for separate ownership. Pursuant to Paragraph 8 of this Declaration, Declarant reserves a Declarant Right to create up to six (6) additional units in the existing building, and to erect an additional building with up to eight-five (85) additional units so that the maximum number of residential units that may be erected by Declarant is one hundred forty (140). Each unit is identified by a specific numerical designation as shown on Exhibit "B". Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of its perimeter walls, ceilings, and floors, which are shown on the aforesaid plans filed in the Wake County Registry. Mechanical equipment, stairways, and appurtenances located within any unit and designed to serve only that unit shall be a part of the unit.

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Each Unit Owner has an unrestricted right of ingress and egress to his or her unit. This right shall be perpetual and it shall pass with the unit estate as transfers of unit ownership might occur. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the common elements will be void unless the unit to which that interest is allocated is also transferred.

In the case of any walls, flooring and ceilings that are herein described as boundaries, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the unit and all other portions of such walls, floors or ceilings are a part of the common elements, pursuant to GS 47C-2-102(l). Furthermore, all interior walls (except load bearing walls), partitions, fixtures, appliances, cabinets, and other facilities or improvements lying completely within the boundaries of a unit shall be part of such unit. Vertical penetrations in interior walls for the installation of utilities shall be common areas as defined in Paragraph 5 herein.

The cost of reasonable repair and maintenance of a boundary wall shall be shared by the owners who make use of the wall in proportion to such use. Notwithstanding any other provisions of this Declaration, a Unit Owner who by his negligent or willful act causes a boundary wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5. COMMON AREAS AND FACILITIES.

The common areas and facilities consist of all parts of the multi-unit buildings situated on the land described above other than individual units therein as described in Paragraph 2 above, including without limitation the following:

(a) The land on which the building is erected and all land described in Paragraph 2 above, including Independence Place, a private street for which the Association is solely responsible.

(b) All foundations, columns, girders, beams, supports and other structural members.

(c) The roof and all exterior walls and interior walls except those partition walls and all ceilings, floors, and stairways wholly within a unit.

(d) All central appurtenant installments for operations and for services such as power, lights, telephone, security system, satellite and cable TV, elevator, cold water for common building usage, heat and air conditioning for common building usage, including Declarant installed satellite dishes, pipes, ducts, wiring, cables and conduits, whether located in common areas or in units and all other central mechanical equipment spaces.

(e) All waterlines, sewer pipes and sewer system located outside public street right-of-way and City of Raleigh utility easements.

(f) All of the parts of the property and all apparatus installations existing in the building or upon the property for common use necessary or convenient to the existence, maintenance, or safety of the property.

(g) All landscaping, other site improvements including the gazebo, sidewalks, trash collection areas and equipment related thereto, parking areas if not a part of the Limited Common Areas and Facilities as outlined in Paragraph 6 herein, equipment rooms, lobbies and lobby closets, clock tower, privacy walls, fountain, and benches.

6. LIMITED COMMON AREAS AND FACILITIES.

Limited Common Areas and Facilities shall mean and include those common areas and facilities reserved for use by a certain Unit or Units to the exclusion of other Units, including any deck, porch, patio, courtyard, balcony, shutter, exterior door or window, HVAC unit and/or storage room appurtenant to such of the Units as are shown on the Plans, or any assigned parking place, or assigned storage room. Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy such Limited Common Areas and Facilities as are associated with such Unit Owner's Unit. Storage units and assigned parking spaces are more particularly identified on Exhibit "B1", attached hereto. Until such time as they are allocated to a specific unit, parking spaces and storage units shall remain under the exclusive control of the Declarant, and Declarant may sell, lease and/or transfer the right to use said parking spaces and storage units in Declarant's sole discretion. The cleanliness and orderliness of the Limited Common Areas and Facilities shall be the responsibility of the individual Unit Owner, but the responsibility for maintenance, painting, repair and replacement thereof, together with control over the exterior decoration of same, shall be and remain with the Association. There are no Limited Common Areas and Facilities except as provided in this Paragraph 6.

Notwithstanding anything to the contrary contained herein, an assigned parking space or storage space may be re-assigned by the Association with the prior written consent of the Owners of all of the Units affected and the Association shall, without the consent of the remaining Unit Owners or the holders of Mortgages on the Units, amend this Declaration to reflect a reassignment of a parking space or storage space. Notwithstanding the foregoing, any unassigned parking space retained by Declarant may be conveyed and/or allocated by Declarant without the consent of the Association or remaining Unit Owners or the Holders of Mortgages on the Units.

7. PERCENTAGE OF OWNERSHIP IN COMMON AREAS.

Each unit shall have an undivided ownership interest in the common areas as shown on the attached Exhibit "B". Except as provided in Paragraph 8, the percentage of common area per unit shall not be changed without the unanimous consent of the owners herein. If the additional building is constructed, the percentage of common area ownership per unit will be changed pursuant to an amendment to this Declaration of Condominium filed by Declarant.

Every owner of a Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment.

Each Unit together with its undivided interests in the common areas and facilities, shall, for all purposes be, and is hereby declared to be, and to constitute a separate parcel of real property and the Unit Owner thereof shall be entitled to the exclusive ownership and possession of his unit subject only to the covenants, restrictions, and easements herein and by the Bylaws, rules, regulations and resolutions adopted pursuant thereto.

8. RESERVATION OF DECLARANT RIGHTS.

Declarant reserves the following special declarant rights for the Property:

(a) To complete, within five years of the date of recordation of this Declaration of Condominium, any and all improvements indicated on the plats and plans, up to a maximum of 140 Units.

(b) To file amended or supplemental instruments to make this Declaration of Condominium applicable to the additional building and units to be constructed on the Property.

(c) To change the percentage interest in the common areas and facilities allocated to each unit based upon the pro rata share of each unit's portion of the total square footage of the buildings containing units, which will be reflected on Exhibits attached to the Amendments or Supplements to this Declaration of Condominium.

(d) To maintain sales offices, model units and signs advertising the condominium.

(e) To use easements through the Common Elements for the purpose of completing construction.

(f) To appoint officers of the Association as members of the Board of Directors, or remove them during the Declarant Control Period.

9. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS.

The Declarant, for each unit owned within the property, hereby covenants, and each owner of any unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the annual assessments or common charges to be established and collected as hereinafter provided; however, the Units will not be separately assessed until transfer of title from Declarant to Owner Until such time as assessments are commenced, Declarant shall pay all of the Common Expenses of the Association.

The annual and special assessments, together with the interest, and costs and reasonable attorney's fees incurred in the collection thereof, shall be a charge on the unit and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs and reasonable attorney's fees incurred in the collection thereof, shall also be the personal obligation of the person (or persons) who was the owner of such property at the time when the assessment fell due.

Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C.G.S. §47-3-116, and shall be enforceable as such.

The assessments levied by the Association shall be used exclusively to promote and protect the recreation, health, safety, and welfare of the residents, for the improvement and maintenance of the common area, and of the buildings and improvements situated upon the property, and to pay ad valorem taxes, governmental liens and public improvement assessments levied against the common areas. Assessments for natural gas, heating and water use shall be levied independent of other assessments. Each building shall have a separate meter, and each unit shall be charged for its share of the building's heating and water bill based on the proportionate share of its square footage to the square footage of the entire building. The Association shall have the right to suspend the voting rights and right of use of any recreational facilities by an owner for any period during which any assessment against that owner's unit remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

Any lien for delinquent common expense assessments or other charges that the Association has on a unit will be subordinate to a first mortgage on the unit, if the mortgage was recorded before the delinquent assessment was due. Any such lien for a common expense assessment will not be affected by the sale or transfer of the unit estate, unless a foreclosure of a first mortgage is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent unit owner from paying further assessments.

10. WORKING CAPITAL FUND.

The Association shall collect from each Unit Owner an amount equal to two (2) months of the common charges for such unit in order to meet unforeseen expenditures or to purchase any additional equipment or services. The Declarant is expressly prohibited from using the working capital funds to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits while it is in control of the Association. Each unit's share of the working capital fund shall be collected at the time the initial sale of the unit is closed. Any amounts paid into this fund shall not be considered as advance payments of regular assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Unit Owners by the Declarant.

11. AMOUNT OF LIEN.

The lien for each unit as described in Paragraph 9 above shall be based on the percentage share in common areas as described in Paragraph 7 and 8 above. Said lien shall be perfected upon filing in the Office of the Clerk of Superior Court, Wake County, North Carolina.

The Grantee of a unit shall be jointly and severally liable with the Grantor for all unpaid assessments against the latter for his proportionate share of the common expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefore. However, any such Grantee shall be entitled to a statement from the manager or Board of Directors, as the case may be, setting forth the amount of the unpaid assessments against the Grantor and such Grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessment in excess of the amount therein set forth.

12. USE OF BUILDINGS.

(a) The building and each of the Units shall be used for residential purposes only, with a home office within the confines of a Unit being a permitted use. Notwithstanding the foregoing, Declarant may maintain any Unit(s) owned by Declarant as a sales office, recreational facility or model Unit. The use of the building and units are further restricted by the Bylaws of the Association. No unit may be subdivided into smaller units or any portions thereof sold or otherwise transferred without first amending the Declaration and the Bylaws to show the changes in the units to be effected thereby.

(b) No more than four persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit for more than thirty consecutive days in any one calendar year; provided that no more than two persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit that contains less than one thousand (1000) square feet for more than thirty consecutive days in any one calendar year.

(c) The common areas and facilities shall be used only for the purposes for which they are intended and the furnishing of services for the enjoyment of the units, and shall not be used for the storage of personal property of any kind. Stairs, entrances, lobbies, hallways, sidewalks and parking areas shall not be obstructed in any way.

(d) No noxious or offensive activity shall be conducted upon any unit nor shall anything be done thereon which may be or may become an annoyance or nuisance, shall interfere with the peaceful possession of property by Unit Owners, or result in the termination of, or an increase in the premium for, the policy of property insurance for the Property.

(e) No animals, livestock or poultry of any kind shall be kept or maintained on any unit or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. All household pets shall be kept on a leash at all times when outside the units. Further, the Association shall have the authority to adopt additional rules regulating keeping or maintaining pets.

(f) No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit, common area or element unless and until permission for the same has been granted by the Association. Any Owner installing an antenna or satellite dish under this subparagraph shall indemnify, defend and hold the Association harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish.

(g) No signs or other advertising devices shall be displayed on or about the exterior of any Unit, or in the common areas or facilities without first receiving permission from the Association. Notwithstanding the foregoing, Declarant shall have the right to maintain upon the Property advertising signs until all units have been sold to initial purchasers.

(h) All window coverings (i.e., curtains, blinds, draperies, shades, etc.) shall be installed and maintained in accordance with provisions of the Association.

(i) Any lease or rental agreements involving the units shall be in writing and shall be subject to the requirements of the Association documents and Association rules and regulations governing same. No Unit may be leased for a period shorter than six (6) months.

(j) Trash, garbage and other waste shall be kept in sanitary containers within each Unit, and deposited only in the common trash receptacles located within the Common Elements or as otherwise directed by the Association.

(k) No Owner or any employee, agent or invitee of any Owner shall park, store or keep any vehicle(including motorcycles) on the Property except wholly within those portions of the Limited Common Elements designated as Owner's allocated parking space(s), and in particular shall not block any entrances, drive aisles or fire lanes. Parking spaces allocated to each Unit may be used only by the Owner of the Unit to which the parking spaces are allocated as a Limited Common Element and his agent and invitees. No boat, boat trailer, motor home, travel trailer, camper or other recreational vehicle may be stored on the Property at any time. No significant automobile repair shall be allowed in the parking areas on the Property. The Association shall have the right to tow any vehicle in violation of this subparagraph (k) at its owner's expense.

Specifically, but not by way of limitation, the Association shall have the right, and so intends, to enforce the parking restrictions in this subparagraph (k). In addition to having the right to tow any vehicle in violation of this Section, the Association shall have the right to levy fines as follows: (i) Fifty and No/100 Dollars ($50.00) for the first offense during any twelve (12) month period; (ii) Seventy Five and No/100 Dollars ($75.00) for the second offense during any twelve (12) month period; and (iii) One Hundred and No/100 Dollars ($100.00) for more than two (2) violations in any twelve (12) month period. Fines imposed for violation of the parking restrictions shall be considered special assessments and shall be due and payable upon receipt of the parking violation. The Association shall have the right to enforce payment of such special assessment in the same manner as it may enforce the collection of any assessments under this Declaration and the Bylaws including charging of interest, payment of late fees and imposing of a lien against the unit. Each Owner shall be responsible for any parking violation by Owner or anyone in Owner's family, or by any guests or invitees of the Owner.

(l) No interest in any Unit may be subjected to a time share program as that term is defined in N.C.G.S. §93A-41(10).

(m) Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association. All clothes dryers will be ventless condensate dryers, and all stove hoods will have grease screens. Such screens and filters shall be used at all times and kept clean and in good order and repair by the Owner of the Unit in which they are located.

(n) There shall be no floor load in any Unit in excess of forty (40) pounds per square foot, unless an engineering determination of the floor load capacity in the area of heavy use is approved by the Association. Such engineering determinations shall be obtained by the Association at the requesting Owner's expense.

(o) The Owner of each Unit is responsible for maintaining his Unit as well as the Limited Common Elements appurtenant thereto. Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance.

(p) In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be posted prominently prior to their effective date and shall be furnished by the Association to all Owners upon request. Specifically, and not byway of limitation, the Association shall have the right to make reasonable rules and regulations governing the use of the underground parking in the Building, elevators, lobby, common corridors and access to the roof of the Building. No Owner shall be entitled to penetrate the roof of the Building without first providing detailed plans and specifications for the reason of any such penetration to the Association and obtaining prior written approval from the Association, to be granted in the Association's sole discretion.

(q) The balconies adjacent to each Unit shall be kept in a clean, neat and orderly condition at all times and shall not be used for storage, cooking or for the drying of laundry. In particular, clothing, outerwear, towels or banners shall not be hung on the balcony railings and any dead plants shall be removed promptly. No indoor-outdoor carpeting, hot tub or other pool shall be installed on any balcony, nor any furniture that is of such insufficient weight that aloft winds may dislodge them from the balcony and thus cause a hazard.

(r) The areas outside any windows are not designed to support load bearing uses, and no use can be made of the outside window frames or ledges without the prior written approval of the Association.

13. PERSON TO RECEIVE SERVICE OF PROCESS.

John F. Bruckel is hereby designated to receive service of process in any action which may be brought against or in relation to this condominium. The address of such person is: 2609 Atlantic Ave., Suite 211, Raleigh, North Carolina, 27604, which is located within Wake County, North

Carolina. The person so designated to receive service of process may be changed by the Board of Directors.

14. EASEMENTS.

Each Unit Owner shall have an easement in common with all other owners over all other units to use all pipes, wires, ducts, cables, conduits, public utilities and other common facilities located in any of the other units and serving each unit. Furthermore, the Declarant hereby conveys to each Unit Owner an easement and right of access to any and all common areas, open spaces, yards and parking areas for the common use of all owners. The Association shall have the right to establish the rules and regulations pursuant to which the owner of any unit, and family, guests and invitees may be entitled to use the common areas.

Each unit shall be subject to an easement in favor of the other owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving other units located in such building. The Board of Directors shall have the right of access to each unit to inspect the same, to remove violations therefrom and to repair or replace facilities contained therein or which serve other units in the buildings. Each Unit Owner shall specifically have an easement to maintain all components of the heating and air conditioning system serving his unit in their present location as shown in the plan attached hereto.

The Board of Directors may hereafter agree that easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair, and replace water lines, pipes, sewer lines, telephone wires and electrical conduits, wires over, under and along any portion of the common areas in each unit are necessary. Each Unit Owner hereby grants the Board of Directors 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. An easement is hereby established over all common areas for the benefit of applicable governmental agencies and utility companies for the setting, removing, and reading of gas, water or electric meters, maintaining and replacing water, drainage and drainage facilities, fire fighting, law enforcement, garbage collection and the delivering of mail.

Declarant and the Association shall have the right to subject the Property to easements which are reasonably deemed beneficial, including those previously recorded easements affecting the Property. The cost of maintaining the easements shall be considered common expenses.

15. PARTITIONING.

The common areas and facilities shall not be divided nor shall any right to a partition thereof exist. Nothing herein contained ever shall be deemed to prevent ownership of a condominium unit by the entireties, jointly or in common or in other form permitted by law. The boundaries between adjoining units may be relocated upon application to the Association by the owners of such adjoining units and upon approval by the Association of such application. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining Owners' expense, an amendment to this Declaration and a plat which identifies the units involved, describes and depicts the altered boundaries, gives the dimensions of the Altered Units and reallocates any modification in unit ownership interests.

16. DAMAGE, DESTRUCTION AND CONDEMNATION.

In the event of damage to or destruction of any Building as a result of fire or other casualty, the Board of Directors shall arrange for the prompt restoration and replacement of the damaged or destroyed Building unless (1) the Condominium is terminated in accordance with the provisions of North Carolina law, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Unit Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) of Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding conditions occurs, the Board of Directors shall arrange for the prompt repair and restoration of the damaged or destroyed Building, not including any decoration or covering for walls, ceilings, or floors, windows, doors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in which event the Board of Directors shall repair or replace such damaged property), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Paragraph 17 of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plans. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under N.C.G.S. §47C-1-107(a). Any distribution of funds in connection with the termination of the project shall be made based on the relative value of each unit and in accordance with the formula that is used to determine the Unit Owner's individual interest in the common elements.

17. INSURANCE.

The insurance which shall be carried upon the property shall be governed by the following provisions:

(i) Casualty or physical damage insurance shall be carried in an amount equal to the full replacement value (i.e., 100% of full "replacement cost") of all buildings and all improvements on the Property owned either by the Association or unit owners and all personal property included within the Property described in Exhibit "A" attached hereto, except such personal property as may be owned by the unit owners with a replacement cost endorsement and an inflation guard endorsement, without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

a) loss or damage by fire or other hazards covered by the standard coverage endorsement together with coverage for common expenses with respect to condominium units during any period of repair or reconstruction; and

b) such other risks as from time to time customarily shall be covered with respect to buildings similar to the building in construction, location and use, including, but not limited to, vandalism, malicious mischief, sewer back-up, windstorm and water damage, subject to such deductible amounts not in excess of One Thousand Dollars ($1,000.00) as the Board of Directors shall determine. All Casualty Insurance policies shall be purchased by the Association for the benefit of the Association, the Unit Owners and their respective mortgagees, as their interests may appear and shall provide (a) for the issuance of certificates of insurance with mortgagee endorsements to the holders of mortgages on the Units, if any, and (b) that the insurer waives its rights of subrogation against the Unit Owners, Occupants and the Unit Owners Association. All casualty insurance policies shall provide that all proceeds payable as a result of casualty losses shall be paid to the Board of Directors as trustees, for each of the Unit Owners in the percentages established in this Declaration for the purposes elsewhere stated herein, and for the benefit of the Association, the Unit Owners, and their respective mortgagees as their interests may appear.

(ii) The Association shall insure itself, the members of the Board, the Unit Owners, and the Occupants against liability for personal injury or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Condominium Project or any portion thereof, including, without limitation, water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverage, such insurance to afford protection in such amount and with such coverage as shall be deemed necessary by the Association. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner. In the event the insurance effected by the Association on behalf of the Unit Owners and Occupants against liability for personal injury or property damage arising from or relating to this Condominium Project shall, for any reason, not fully cover any such liability, the amount of any deficit shall be a Common expense to the Unit Owners, and any Unit Owners who shall have paid all or any portion of such deficiency in an amount exceeding his proportionate share thereof based on his percentage of interest in the common areas shall have a right of contribution from the other Unit Owners according to their respective percentage of interest in the common areas.

(iii) The Board shall be required to obtain a policy of commercial general liability insurance in such limits as the Board may, from time to time, determine, covering each member of the Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Areas; provided, however, that in no event shall the limits of such policy ever be less than $1,000,000 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds. The Board shall review such limits annually.

(iv) The Board shall obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Board, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.

(v) Premiums upon insurance policies purchased by the Association shall be paid by the Association at least thirty (30) days prior to the expiration date of such policies and shall be assessed as Common expenses.

(vi) All insurance policies shall be written with a company or Companies licensed to do business in the State of North Carolina and holding a rating of "A+" or better in Best's Insurance Guide.

(vii) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors or its authorized representative.

(viii) In no event shall the insurance coverage obtained and maintained pursuant to the requirements hereof be brought into contribution with insurance purchased by the Owners of the condominium units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Unit Owners Association pursuant to the requirements hereof shall exclude such policies from consideration.

(ix) All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

(x) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of this Declaration or the provisions of the North Carolina Unit Condominium Act as the same may be in force from time to time.

(xi) All policies of insurance shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors thereof, the Owners of any condominium unit and/or their respective agents, employees or invitees.

18. UNIT OWNERS POLICIES OF INSURANCE.

The Owner of any Condominium Unit (including the holder of any mortgage thereon) must obtain additional insurance (including a "Condominium Unit Owner's Endorsement" for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at the owner's expense.

19. UNITS SUBJECT TO DECLARATION.

All present and future owners, tenants, occupants of units and employees of owners and tenants shall be subject to, benefited by and shall comply with the provisions of this Declaration, by the Bylaws and any rules and regulations as may be adopted in accordance with the Bylaws. In accordance herewith, the Declaration, Bylaws and rules and regulations may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, Bylaws, and any rules and regulations which may be adopted are accepted and ratified by such owner, tenant, or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though provisions were made a part of each and every deed, conveyance or lease. When there are unsold units in the project, the Declarant also shall enjoy the same rights and assume the same duties under this Declaration as they relate to each unsold unit but for the payment of assessments on unsold or unoccupied units (see Paragraph 9).

20. CONSTRUCTION.

In interpreting any and all provisions of this instrument, the Exhibits attached hereto and subsequent deeds and deeds of trust covering individual units, the actual location of the unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor deviations, either horizontally or vertically, from the locations indicated in Condominium File No. 511, Wake County Registry or in minor variations in the description of the unit contained herein. To the extent that such minor deviations in location do or shall exist, a valid easement therefore and for the maintenance thereof does and shall exist.

21. AMENDMENT.

For a period no longer than twenty-four (24) months after the initial filing of this Declaration in the Wake County Registry, the Declarant may unilaterally amend this Declaration without the consent or approval of other Unit Owners or eligible mortgage holders provided such amendments shall be exclusively for the purpose of (1.) correcting clerical errors, (2.) making changes in order to comply with Federal National Mortgage Association requirements, (3.) making permanent assignments of parking spaces (if any), or (4.) making permanent assignments of storage closets (if any) or (5) changing the percentages of common area ownership per unit when construction of additional buildings is completed (up to a maximum of 140 units). Otherwise, this Declaration may be amended during the first twenty-year period by an instrument signed by not less than sixty-seven percent (67%) of the Unit Owners. Any amendment must be recorded.

Amendments of a material nature shall be agreed to by Unit Owners who represent at least 67% of the total allocated votes in the Association and by eligible mortgage holders who represent at least 51% of the votes of unit estates that are subject to mortgages held by eligible holders. Unit Owner votes may be cast in person or by proxy at a meeting held in accordance with the provisions of the Bylaws. No such amendment shall be effective until set forth in an amended declaration and duly recorded in the Office of the Register of Deeds in Wake County, North Carolina. Upon recording, all the Unit Owners and their successors and assigns, shall be bound by said amendments.

A material change shall be considered as one which changes any of the following:

- voting rights;
- increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- reductions in reserves for maintenance, repair, and replacement of common elements;
- responsibility for maintenance and repairs;
- reallocation of interests in the general or limited common elements or rights to their use (except as provided in Paragraph 8 herein);
- redefinition of any unit boundaries;
- convertibility of units into common elements or vice versa;
- expansion or contraction of the project, or the addition, annexations, or withdrawal of property to or from the project;
- hazard or fidelity insurance requirements;
- imposition of any additional restrictions on the leasing of units;
- imposition of any restrictions on a Unit Owner's right to sell or transfer his or her unit;
- a decision by the Association to establish self-management if professional management had been required previously by Association documents or by an eligible mortgage holder;

- restoration or repair of the project (after damage or partial destruction) in a manner other than that specified in the documents; or

- any provisions that expressly benefit mortgage holders, insurers or guarantors.

Implied approval by an eligible mortgage holder shall be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified mail or registered mail with a "return receipt" requested.

This Declaration may further be unilaterally amended by the Declarant for the purpose of recording (1) a verified statement of a registered architect or licensed professional engineer certifying that the plans heretofore filed or being filed simultaneously with such amendment fully depicting the layout, ceiling and floor elevations, unit numbers and dimensions of the units as built; and (2) a certificate by a registered land surveyor stating that the plats or plans accurately depict the legal boundaries and the physical of the units and other improvements relative to those boundaries.

22. RIGHTS OF CONDOMINIUM MORTGAGE HOLDERS, INSURERS or GUARANTORS

Upon receipt of written request by a holder, insurer or guarantor of a mortgage on any unit in the project, the Association shall furnish timely written notice regarding the following:

- any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;

- any 60-day delinquency in the payment of assessments or charges owed by the Unit Owner of any unit on which it holds the mortgage;

- a lapse, cancellation or material modification of any insurance policy maintained by the Association; and

- any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Any interested mortgage holder, insurer, or guarantor shall send a written request to the Association stating both its name and address and the unit number or address of the unit on which it has (or insurers or guarantees) the mortgage.

23. GOVERNMENTAL WAIVER

Pursuant to Raleigh City Code § 10-3074(b) in no case shall the City of Raleigh be responsible for failing to provide any emergency or regular fire, police or other public service to any unit ownership (condominium) development, or their occupants when such failure is due to lack of access to such areas due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of the developer, homeowners association, or occupants.

In no case shall the City of Raleigh or the State of North Carolina be responsible for maintaining any private street. Such responsibility shall rest with the homeowners association and occupants in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

24. SEVERABILITY.

The invalidity of any provisions of the Declaration shall not be deemed to impair or affect in any manner the validity and enforceability or effect the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provisions had never been included herein.

25. WAIVER.

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

26. GOVERNING LAW.

This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

27. DEFINITION.

Any terms used herein which are defined in the North Carolina Condominium Act shall have the meaning specified in the Act unless a contrary intention fairly appears.

28. CONSENT OF MORTGAGEE.

The Property is currently encumbered by the lien of a Deed of Trust to Fifth Third Bank, N.A., which joins in the execution of this Declaration solely for the purpose of subordinating the lien of its deed of trust to this Declaration.

BK013621PG02720

IN WITNESS WHEREOF, the Declarant has hereunto set its hand and seal this the day and year first above written.

BLOOMSBURY, L.L.C., a North Carolina Limited Liability Company

By: John F. Bruckel
John F. Bruckel
Member/Manager

CONSENT OF MORTGAGEE:

TRUSTEE:

Theresa A. Dorn
Theresa Dorn

BENEFICIARY:
FIFTH THIRD BANK, N.A., successor by merger to FIRST CHARTER BANK, INC.

By: Ron Phinney
Ron Phinney
Vice President

BK013621PG02721

NORTH CAROLINA

WAKE COUNTY

I, Yvette M. Williams a Notary Public of the County and State aforesaid, certify that John F. Bruckel personally appeared before me this day and acknowledged that he is the Member/Manager of BLOOMSBURY, L.L.C., a North Carolina Limited Liability Company, and that by authority duly given and as an act of the limited liability company, he executed the foregoing instrument.

WITNESS my hand and official seal, this 13 day of July, 2009.

Yvette M. Williams
NOTARY PUBLIC

YVETTE M. WILLIAMS NOTARY PUBLIC WAKE COUNTY, N.C.

My commission expires:

My Commission Expires October 20, 2010

NORTH CAROLINA

WAKE COUNTY

I, Yvette M. Williams, Notary Public of the aforesaid County and State, hereby certify that Ron Phinney personally appeared before me this day and acknowledged that he is the Vice President of FIFTH THIRD BANK, N.A., and that by authority duly given and as an act of the corporation, he executed the foregoing instrument.

WITNESS my hand and official stamp or seal, this the 13 day of July, 2009.

Yvette M. Williams
NOTARY PUBLIC

YVETTE M. WILLIAMS NOTARY PUBLIC WAKE COUNTY, N.C.

My Commission Expires:

My Commission Expires October 20, 2010

NORTH CAROLINA

WAKE COUNTY

I, Che L Mejean, Notary Public of the aforesaid County and State, do hereby certify that Theresa Dorn, TRUSTEE personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official stamp or seal, this the 16 day of July, 2009.

NOTARY PUBLIC

My Commission Expires:
4-20-10

CHE L MEJEAN
NOTARY PUBLIC
Mecklenburg County, North Carolina
My Commission Expires 4.20.10

EXHIBIT "A"

BEING all of Lot 1 containing 2.0496 acres or 89,280 square feet as shown on that plat entitled "Property of Bloomsbury Estates L.L.C." by John A. Edwards & Company dated 5-17-2006 and recorded in Book of Maps 2006, Page 1145, Wake County Registry.

BK013621PG02724

DECLARATION OF CONDOMINIUM
Exhibit B

Description of Building and Units

Initially, there will be one seven-story building consisting of fifty-six (56) residential condominium units of varying sizes. The building will be a concrete structure with brick siding. The exterior walls are non-combustible. The roof will be a membrane surface. Units are constructed on all floors.

Unit Designation and Common Interests

Unit Number	Square Footage	% Interest
1A	1325	1.76%
1B	1485	1.98%
1C	1348	1.80%
LOBBY		
1E	1346	1.79%
1F	873	1.16%
1G	918	1.22%
1H	1415	1.88%
1I	880	1.17%
2A	2400	3.20%
2B	1485	1.98%
2C	1336	1.78%
2D	1262	1.68%
2E	1230	1.64%
2F	873	1.16%
2G	918	1.22%
2H	1415	1.88%
3A	2400	3.20%
3B	1485	1.98%
3C	1336	1.78%
3D	1262	1.68%
3E	1230	1.64%
3F	873	1.16%
3G	918	1.22%

3H	1415	1.88%
4A	2400	3.20%
4B	1485	1.98%
4C	1336	1.78%
4D	1262	1.68%
4E	1230	1.64%
4F	873	1.16%
4G	918	1.22%
4H	1415	1.88%
5A	2400	3.20%
5B	1485	1.98%
5C	1336	1.78%
5D	1253	1.67%
5E	1238	1.65%
5F	873	1.16%
5G	918	1.22%
5H	1415	1.88%
6A	2400	3.20%
6B	1485	1.98%
6C	1336	1.78%
6D	1253	1.67%
6E	1238	1.65%
6F	873	1.16%
6G	918	1.22%
6H	1415	1.88%
7A	2400	3.20%
7B	1485	1.98%
7C	1350	1.80%
7D	1260	1.68%
7E	1239	1.65%
7F	873	1.16%
7G	918	1.22%
7H	1385	1.84%
TOTAL BUILDING 1	75093	100.00%