

STATE OF NORTH CAROLINA



Department of The
Secretary of State

To all whom these presents shall come, Greetings:

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

**THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION
INC.**

the original of which is now on file and a matter of record in this office.

IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 28th day of February,
2000.



Elaine F. Marshall

Secretary of State

FILED

DEC 15 1995

ARTICLES OF INCORPORATION

OF

THE COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.

EFFECTIVE
12/15/95
RECEIVED
SECRETARY OF STATE
ROCKFORD, ILL.

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

Name

The name of the corporation is **THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**, hereinafter called the "Association."

ARTICLE II

Office

The principal and registered office of the Association is located at 21 Glenwood Avenue, Wake County, Raleigh, North Carolina, 27603.

ARTICLE III

Registered Agent

G. Roland Gammon, III, whose address is 21 Glenwood Avenue, Suite 203, Wake County, Raleigh, North Carolina, 27603, is hereby appointed Registered Agent of this Association.

ARTICLE IV

Purposes

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to operate and manage The Cotton Mill, a fifty unit residential condominium project, to be constructed in accordance with the laws of the State of North Carolina upon the property situated, lying and being near Raleigh, North Carolina, and

described in Exhibit "A" attached to the Cotton Mill Condominium Declaration recorded or to be recorded in the Wake County Registry.

Such purposes shall include the following:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Condominium, hereinafter called the "Declaration" applicable to the property and recorded or to be recorded in the Office of the Wake County Register of Deeds and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) To borrow money, and with the assent of Unit Owners owning in the aggregate of at least 80% undivided interest in the common areas and facilities, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) To dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities.

(f) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation or annexation shall have the assent of Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities.

(g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

(h) To contract for the management of the condominium and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the membership.

ARTICLE V

Membership

There shall be only one class of members in the Association. Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

ARTICLE VI

Voting Rights

The member of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and the By-Laws attached thereto; provided, however, that certain rights are reserved to Declarant in the Declaration and By-Laws of the Association with respect to the election of the initial Board of Directors and amendment of the Declaration and By-Laws.

ARTICLE VII

Board of Directors

The affairs of this Association shall be managed by a Board of Directors consisting of three (3) Directors, and the initial Board of Directors shall consist of three (3) persons, who shall serve until the first annual meeting of the membership of the Association. Directors need not be members of the Association. The names and addresses of the three persons who are to serve as Directors until the organizational meeting of the membership of the Association, or until their successors are elected and qualified are:

Name
G. Roland Gammon

Address
21 Glenwood Avenue
Raleigh, NC 27603

C. Ann-Cabell Baum

21 Glenwood Avenue
Raleigh, NC 27603

Rene F. Langford

1901 Yorkgate Drive
Raleigh, NC 27612

Each director shall hold office for three years as shall be provided in the By-Laws.

The Directors shall elect such officers of the Association as shall be provided in the By-Laws.

ARTICLE VIII

Dissolution

The Association may be dissolved with the assent given in writing and signed by Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

Duration

The corporation shall exist perpetually.

ARTICLE X

Amendments

Amendment of these Articles shall require the assent of 80% of the entire membership.

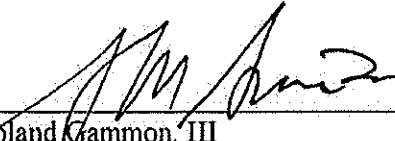
ARTICLE XI

Incorporation

The name and address of the incorporator is as follows;

G. Roland Gammon, III
Twenty One Glenwood Avenue, Suite 203
Raleigh, NC 27603

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 14th day of DECEMBER 1995.



G. Roland Gammon, III
INCORPORATOR

NORTH CAROLINA

WAKE COUNTY

THIS IS TO CERTIFY that on the 14th day of DECEMBER, 1995, before me, a Notary Public, personally appeared, G. ROLAND GAMMON, III, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposed therein expressed.

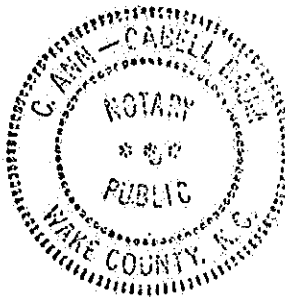
IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my official seal, this 14th day of DECEMBER, 1995.



Notary Public

My commission expires:

My Commission Expires 5/30/96



BK014176PG00734

WAKE COUNTY, NC 948
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
11/29/2010 AT 16:42:29

BOOK:014176 PAGE:00734 - 00739

Prepared by and return after recording to: Hope Derby Carmichael, P.O. Box 10669, Raleigh, NC 27605

STATE OF NORTH CAROLINA

AMENDMENT TO DECLARATION
OF CONDOMINIUM AND BYLAWS
FOR COTTON MILL CONDOMINIUM

WAKE COUNTY

This AMENDMENT TO DECLARATION OF CONDOMINIUM AND BYLAWS for The Cotton Mill Condominium is made this 27th day of November, 2010, by not less than eighty percent (80%) of the Unit Owners in The Cotton Mill Condominium Homeowners Association, Inc., a North Carolina nonprofit corporation ("Association").

WITNESSETH

WHEREAS, Rene Langford, Inc., recorded a Declaration of Condominium for The Cotton Mill on December 20, 1995, in Book 6789, Page 351, of the Wake County Registry, which was thereafter amended (collectively, "Declaration"); and

WHEREAS, Section 21 of the Declaration provides that the Declaration may be amended by an instrument signed by not less than eighty percent (80%) of the Unit Owners and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes of unit estates that are subject to mortgages held by eligible holders; and

WHEREAS, Section 21 also provides that 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; and

WHEREAS, the Amended and Restated Bylaws of The Cotton Mill Condominium Homeowners Association, Inc. ("Bylaws") are attached as Exhibit D to the Declaration; and

WHEREAS, Article VII, Section 1 of the Bylaws provides that the Bylaws may be amended by a vote of Unit Owners owning in the aggregate at least eighty percent (80%) undivided interest in the Common Areas and facilities and that 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;

NOW, THEREFORE, the undersigned do hereby declare that the Declaration and Bylaws are hereby amended as follows:

1. The last sentence of Section 11 of the Declaration which states that "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" is deleted in its entirety. Inserted in lieu thereof shall be the following:

Units may not be rented or leased without express permission of the Board. Any Owner wishing to rent or lease his property shall present such request in writing to the Board. The Board will consider rental/leasing requests at the next regularly scheduled Board meeting following the receipt of such request. All rental/lease agreements shall be in writing and shall be for a term of not less than one (1) year. All agreements shall incorporate the requirements of the Declaration, Bylaws and rules and regulations of the Association, and shall require any tenant/lessee to abide by all of the obligations set forth in those documents as a condition of the rental/lease. A copy of the executed rental/lease agreement shall be filed with the Board within thirty (30) days of the date of signing such agreement or the date the tenant/lessee first takes up occupancy, whichever occurs first.

No more than 20% of the total number of Units may be rented or leased at any given time. The Board shall maintain a list of Units that are rented or leased, and the terms of the respective rental/lease agreements, for the purpose of determining the number of Units that are rented or leased at any given time. If the number of Units rented or leased reaches the 20% threshold, the Board shall maintain a waiting list and manage the list such that upon sale of any Unit that has permission for renting/leasing, or in the event a Unit is no longer rented/leased, permission to rent/lease may be granted to the next Unit on the waiting list, on a first-come, first-served basis. The Board, in its sole discretion, may approve rental/lease requests in excess of the 20% cap under demonstrated hardship conditions.

Notwithstanding the foregoing, any Unit that is subject to a rental or lease agreement as of the date of recording of this Amendment may continue to be rented or leased until such Unit is conveyed to another Owner. At such time as the Unit is conveyed to another Owner said Unit shall become subject to the 20% rental cap set forth above.

The Board is authorized to establish reasonable rules and regulations related to the leasing or rental of Units.

2. The last sentence of Article VI, Section 8 of the Bylaws which states that "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" is deleted in its entirety. Inserted in lieu thereof shall be the following:

Units may not be rented or leased without express permission of the Board. Any Owner wishing to rent or lease his property shall present such request in writing to the Board. The Board will consider rental/leasing requests at the next regularly scheduled Board meeting following the receipt of such request. All rental/lease agreements shall be in writing and shall be for a term of not less than one (1) year. All agreements shall incorporate the requirements of the Declaration, Bylaws and rules and regulations of the Association, and shall require any tenant/lessee to abide by all of the obligations set forth in those documents as a condition of the rental/lease. A copy of the executed rental/lease agreement shall be filed with the Board within thirty (30) days of the date of signing such agreement or the date the tenant/lessee first takes up occupancy, whichever occurs first.

No more than 20% of the total number of Units may be rented or leased at any given time. The Board shall maintain a list of Units that are rented or leased, and the terms of the respective rental/lease agreements, for the purpose of determining the number of Units that are rented or leased at any given time. If the number of Units rented or leased reaches the 20% threshold, the Board shall maintain a waiting list and manage the list such that upon sale of any Unit that has permission for renting/leasing, or in the event a Unit is no longer rented/leased, permission to rent/lease may be granted to the next Unit on the waiting list, on a first-come, first-served basis. The Board, in its sole discretion, may approve rental/lease requests in excess of the 20% cap under demonstrated hardship conditions.

Notwithstanding the foregoing, any Unit that is subject to a rental or lease agreement as of the date of recording of this Amendment may continue to be rented or leased until such Unit is conveyed to another Owner. At such time as the Unit is conveyed to another Owner said Unit shall become subject to the 20% rental cap set forth above.

The Board is authorized to establish reasonable rules and regulations related to the leasing or rental of Units.

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3. All remaining provisions of the Declaration and Bylaws with the exception of the herein stated amendments shall remain in full force and effect.

[Signature Page to Follow]

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CERTIFICATION OF VALIDITY OF AMENDMENT TO DECLARATION
AND BYLAWS OF THE COTTON MILL CONDOMINIUM

By authority of its Board of Directors, the undersigned hereby certify that the foregoing instrument has been duly approved by not less than eighty percent (80%) of the Unit Owners and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes of unit estates that are subject to mortgages held by eligible holders and is, therefore, a valid amendment to the existing Declaration of Condominium for The Cotton Mill Condominium.

THE COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.

By:

James R. Baldwin
President

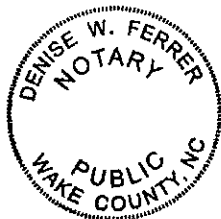
STATE OF NORTH CAROLINA

ACKNOWLEDGMENT

COUNTY OF WAKE

I, Denise Ferrer, a Notary Public of the County and State aforesaid, certify that Kevin Kerstetter, personally came before me this day and acknowledged that s/he is Secretary of The Cotton Mill Condominium Homeowners Association, Inc., a North Carolina non-profit 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 and attested by [Signature] as its Secretary.

Witness my hand and official stamp or seal, this 22nd day of November, 2010.



Denise W. Ferrer
Notary Public

Denise W. Ferrer
Printed Name

My commission expires: 2/13/13



BOOK:014176 PAGE:00734 - 00739

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

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages ✓

22.004-1/20/06

WAKE COUNTY. NC 837
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
04/30/2008 AT 16:10:52

BOOK:013077 PAGE:02421 - 02437

Prepared by and return after recording to:

Hope Derby Carmichael
Jordan Price Wall Gray
Jones & Carlton, PLLC
P.O. Box 10669, Raleigh, NC 27605
Vault Box: 37

STATE OF NORTH CAROLINA

AMENDMENT TO DECLARATION
OF CONDOMINIUM AND BYLAWS
FOR COTTON MILL CONDOMINIUM

WAKE COUNTY

This AMENDMENT TO DECLARATION OF CONDOMINIUM for The Cotton Mill, is made as of this 27 day of March, 2008, by not less than eighty percent (80%) of the Unit Owners in The Cotton Mill Condominium Homeowners Association, Inc., a North Carolina nonprofit corporation (hereinafter, the "Association").

WITNESSETH:

WHEREAS, Rene Langford, Inc., recorded a Declaration of Condominium for The Cotton Mill on December 20, 1995 in Book 6789, Page 351, of the Wake County Registry (hereinafter, also, the "Declaration"); and

WHEREAS, the Bylaws of The Cotton Mill Homeowners Association, Inc. (hereinafter, also, the "Bylaws") are set forth as an Exhibit D to the Declaration; and

WHEREAS, the Bylaws provide in Article VII, Section 2 thereof that the Bylaws may be amended by a vote of Unit Owners owning in the aggregate at least eighty percent (80%) of the undivided interest in the Common areas and facilities case in person or by proxy at a meeting held in accordance with the provisions of the Bylaws. This amendment shall become effective upon recordation of this amendment in the Wake County Registry; and

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WHEREAS, the Unit Owners of not less than eighty percent (80%) of the undivided interest in the Common areas and facilities desire to amend the Declaration and the Bylaws by setting forth the Amended and Restated Bylaws for The Cotton Mill Condominium Homeowners Association, Inc.;

NOW, THEREFORE, the undersigned do hereby declare that the Declaration and Bylaws are hereby amended as follows:

1. Exhibit D to the Declaration of Condominium for The Cotton Mill is hereby Amended and Restated as set forth in the attached Exhibit D hereto.
2. All remaining provisions of the Declaration with the exception of the herein stated amendments shall remain in full force and effect.

CERTIFICATION OF VALIDITY OF AMENDMENT TO DECLARATION AND
BYLAWS OF COTTON MILL CONDOMINIUM

By authority of its Board of Directors, Cotton Mill Condominium Homeowners Association, Inc. hereby certifies that the foregoing instrument has been duly authorized by a vote of Unit Owners owning in the aggregate at least eighty percent (80%) of the undivided interest in the Common areas and facilities within the Condominium, at a lawfully convened meeting of the membership for that stated purpose, and is, therefore, a valid amendment to the existing Bylaws and Declaration for Cotton Mill Condominium Homeowners Association, Inc.

COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.

By: _____
President

James R. Baldwin

STATE OF NORTH CAROLINA

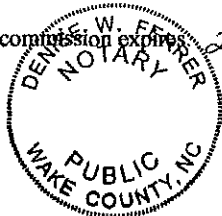
ACKNOWLEDGMENT

COUNTY OF WAKE

James I. Denard, a Notary Public of the County and State aforesaid, certify that for whose identity I have personal knowledge, personally appeared before me and acknowledged that the signature on the record presented is his/her signature and that s/he voluntarily executed the foregoing instrument for the purpose stated therein and in the capacity indicated.

Witness my hand and official stamp or seal, this 27th day of March, 2008.

My commission expires 2/13/13



Notary Public

James I. Denard

**EXHIBIT D
TO
THAT DECLARATION OF CONDOMINIUM FOR
THE COTTON MILL CONDOMINIUM**

**AMENDED AND RESTATED BY-LAWS OF
THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Offices

Article 1. Plan of Unit Ownership. The property located in the City of Raleigh, Wake County, North Carolina, and more particularly described in the Declaration to which By-Laws are attached (hereinafter "Declaration") has been submitted to the provisions of Chapter 47C of the North Carolina General Statutes entitled "North Carolina Condominium Act." The Declaration is being recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the property of the condominium and to the use and occupancy thereof. The term "property" as herein used shall include the land, the building and all other improvements and structures thereon and all easements, rights and appurtenances belonging thereto, all of which are intended to be submitted to the provisions of Chapter 47C of the North Carolina General Statutes.

Section 3. Application. All present and future owners, mortgagees, lessees, occupants of units and employees of owners and tenants and their families and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these By-Laws and rules and regulations made pursuant hereto and any amendment to these By-Laws upon same being passed and duly set forth in Amended Declaration, duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

Unit Owners

Section 1. Organizational Meeting. If not held before, the initial meeting of the Association shall be held on the first Tuesday in April, 1996.

Section 2. Annual Meetings. The annual meeting of the Unit Owners for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at 10 o'clock, a.m., on the first Tuesday in December in each year, commencing with the year 1996 if not a legal holiday, and if a legal holiday, then on the next secular day following. Unless otherwise scheduled, the Unit Owners shall vote at each annual meeting to ratify the proposed annual budget for the Association for the following year.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article II and a substitute annual meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.

Section 4. Special Meetings. Special meetings of the Unit Owners may be called at any time by a majority of the members of the Board of Directors, or upon the written request of Unit Owners having at least a 20% of the votes in the Association.

Section 5. Place of Meetings. All meetings of Unit Owners shall be held at 614 Capital Boulevard, Raleigh, North Carolina or at such other place within the City of Raleigh as may be designated in the Notice of Meeting.

Section 6. Notice of Meetings. Written or printed notices stating the time and place of a meeting of Unit Owners shall be delivered or mailed not less than ten (10) or more than thirty (30) days prior to the date of such meeting to each person entitled to vote at such meeting.

In case of a substitute annual meeting, notice of the meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of the Board of Directors on which the vote of the Unit Owners is expressly required by the provisions of the North Carolina Condominium Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 7. Quorum. A quorum shall be deemed present throughout any meeting of the Unit Owners until adjourned if the Unit Owners, in person or by proxy, entitled to cast more than one-quarter of the votes are present at the beginning of such meeting.

Section 8. Voting Rights. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be

the Unit Owner or some other person designated by such Unit Owner to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. The total number of votes of all Voting Members shall be fifty-one (51) and the Unit Owner of each Unit shall possess one vote. An owner of more than one Unit shall possess one vote for each Unit owned.

Section 9. Unit Owners. "Unit Owners" shall mean and refer to those persons who own units in the property subject to the Declaration and are entitled to membership as provided in the Declaration.

Section 10. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes which respect to the offices to be filled shall be deemed to be elected.

Section 11. Proxies. The votes pertaining to any condominium unit may (and shall in the case of any Unit Owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except as written notice delivered to the Association by the Unit Owner or by any other such person. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid.

Section 12. Presiding Officer. The President, or in his absence, the Vice-President, shall serve as a chairman of every Unit Owner's meeting unless some other person is elected to serve as Chairman by a majority vote of the votes represented at the meeting. The Chairman shall appoint such persons as he deems required to assist with the meeting.

Section 13. Adjournments. Any meeting of the Unit Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specified time or place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 14. Action of Unit Owners Without a Meeting. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by a majority of the Unit Owners entitled to vote on the date on which the last Unit Owners signed such approval and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a unanimous vote of the Unit Owners at a special meeting called for the purpose of

considering the action authorized, except in those specific matters for which a vote greater than a majority vote is required by the North Carolina Unit Condominium Act.

Section 15. Availability of Project Documents. The Association shall assure that current copies of the Declaration, Articles of Incorporation, By-Laws, and other rules concerning the project as well as its own books, records, and financial statements are readily available for inspection by Unit Owners or by holders, insurers, and guarantors of first mortgages that are secured by units in the project. These documents will be available during normal business hours.

Section 16. Availability of Audited Financial Statements. Once the Association has been established for a minimum of one full fiscal year, the Association shall provide for the availability of an audited statement for the preceding fiscal year to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request for it.

Section 17. Termination of Legal Status. Following substantial destruction or condemnation of the property, any action by the Association to terminate the legal status of the project shall be agreed to by Unit Owners who represent at least 80% 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.

Any action by the Association to terminate the legal status of the project for reasons other than substantial destruction or condemnation of the property shall be agreed to by Unit Owners who represent at least 80% of the total allocated votes in the Association and by eligible mortgage holders who represent at least 67% of the votes of unit estates that are subject to mortgages held by eligible holders.

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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

Section 18. Rights of Action. The Association, and any aggrieved Unit Owner, shall have the right of action against Unit Owners who fail to comply with the provisions of the project Declaration, By-Laws, Articles of Incorporation and other rules properly enacted by the Association. Unit estate owners shall also be granted similar rights of action against the Association.

Section 19. 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.

ARTICLE III

Board of Directors

Section 1. General Powers. The property, affairs and business of the Association shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The number of directors shall be no less than three (3) and no more than five (5), to be elected by the Unit Owners. At the next annual meeting after the adoption of these Bylaws, the Members shall elect one (1) or two (2) directors for a term of three (3) years, one (1) or two (2) directors for a term of two (2) years, and one (1) director for a term of one (1) year. At each annual meeting thereafter, the Members shall elect directors for a term of three (3) years to accomplish staggered terms for such directors.

Section 3. Election of Directors. Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of Unit Owners and the persons who shall receive the highest number of votes shall be the elected directors.

Section 4. Removal of Directors. The Board of Directors or any individual director may be removed from office with or without cause by a vote of sixty-seven percent (67%) of the Unit Owners at a meeting in which a quorum is present. If any such directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. A vacancy in the Board of Directors created by reason of the removal of a director may be filled for the unexpired term, and until the Unit Owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office.

Section 6. Compensation of Directors. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation as determined by the Board of Directors for services rendered in that other capacity.

Section 7. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the condominium and may do all such acts and things except such acts as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors, but not be limited to the following:

- (a) Operation, care, upkeep and maintenance of the common areas and facilities.
- (b) Determination of the common expenses required for the affairs of the condominium, including without limitation, the operation and maintenance of the property.
- (c) Levying and collection of the common charges from Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property, and for the health, comfort, safety and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.
- (f) Opening of bank accounts on behalf of the Association and designated signatories required therefore.
- (g) Making of repairs, additions, improvements to or alterations to the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (h) Procure insurance as required by the Declaration.
- (i) Pay ad valorem taxes and public assessments levied against the common areas and facilities.

Section 8. Managing Agent. The Board of Directors for the Association may engage the services of any person, firm, or corporation to act as managing agent at compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board may delegate to the Managing Agent all of the powers granted to the Board of Directors by these By-Laws other than the powers in Section 7(d) and Section 7(e) of this Article.

ARTICLE IV

Meeting of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors may be held immediately after the annual meeting of Unit Owners and if not then shall be held within a reasonable time thereafter.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at any place within the State of North Carolina as the Board of Directors may from time to time established for regular meetings or as set forth in a duly executed waiver of notice of such meeting or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. Special meetings shall be called on not less than five (5) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram, facsimile or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. A quorum shall be deemed present throughout any meeting of the Board of Directors if persons entitled to cast one-half of the votes in that body are present at the beginning of the meeting.

Section 6. Vote Required for Action. Except as otherwise provided in this section, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as required in Article III, Section 6 of these By-Laws.

Section 7. Action by Directors Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent thereto shall be signed by all the directors and such written consent is filed with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 8. Adjournments. A meeting of the Board of Directors without a quorum present may be adjourned by majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 9. Minutes. The Board shall keep written minutes of its proceedings.

Section 10. Liability. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent they are Unit Owners. It is also

intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Association shall incorporate by reference all of the terms and provisions of the said Declaration and these By-Laws. Each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all Unit Owners in the common areas and facilities.

ARTICLE V

Officers

Section 1. Number of Officers. The Association's officers shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity.

Section 2. Election, Term of Office and Qualifications. Each officer shall be chosen by the Board of Directors and shall hold office at the will of the Board of Directors until their successors have been elected and have been qualified or until their early death, resignation, removal, retirement or disqualification. The officers need not be Unit Owners.

Section 3. Removal. Any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Association's President or Secretary. Any such resignation shall take effect upon its being accepted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer and subject to the instructions of the Board of Directors, shall have general charge of the Association's business, affairs and property and control over its other officers, agents and employees. He shall preside at all meetings of the Unit Owners and of the Board of Directors at which he may be present. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Vice President. At the request of the President, or in his absence or disability, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President.

The Vice President shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Unit Owners and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by the provisions of N.C.G.S. Chapter 47C. He shall be custodian of the Association's records, books, reports, statements, certificates and other documents and of the Association's seal, and see that the seal is affixed to all documents requiring such seal. He shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 9. Assistant Secretary. The Assistant Secretary, if such an officer is appointed by the Board of Directors, shall be authorized to attest to all documents on behalf of the Association and *affix* the Association's seal thereto. His duties shall be ministerial only and limited to executing all documents in proper corporate form as from time to time may be necessary.

Section 10. Treasurer. The Treasurer shall have supervision over the Association's funds, receipts and disbursements of the Association. He shall keep full and accurate accounts of the Association's finances in accordance with general accepted accounting principles and in accordance with the provisions of N.C.G.S. Chapter 47C. The Treasurer shall make reports of same to the Board of Directors upon request. The Treasurer shall perform all duties that may be assigned to him from time to time by the Board of Directors. The reports and records of the Association shall be available for inspection by the Unit Owners and duly authorized agents or attorneys of Unit Owners at convenient hours of working days. The Treasurer shall require that an outside audit be conducted at least one a year on the books and records of the Association.

Section 11. Duties of Officers May Be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

Section 12. Salaries of Officers. The compensation of all officers of the Association shall be fixed by the Board of Directors, providing however, that no officers appointed by Declarant shall receive any compensation from the Association.

ARTICLE VI

Fiscal Management

Section 1. Determination of Common Expenses and Fixing of Common Charge. The Board of Directors shall, from time to time and at least annually, prepare a budget for the Association and determine the amount of the common charges payable by the Unit Owners to meet common expenses of the condominium and allocate and assess such

common charges among the Unit Owners according to their respective common interests. A common expense shall include among other things, the cost of all insurance premiums and all policies of insurance required to be or which have been obtained by the Board of Directors, ad valorem taxes, sewer charges, and assessments for public improvements. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the property, for the condominium, and for a general operating reserve, for reserve fund replacements, and to make up any deficit in the common expenses for any prior year. Any increase in the monthly common charge that exceeds 10% per annum will require the consent of a majority of all Unit Owners.

The Board of Directors shall advise all Unit Owners promptly in writing of the amount of common charges payable by each of them respectively as determined by the Board of Directors and shall furnish copies of each budget on which such common charges are based, to all Unit Owners.

Section 2. Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the purpose of Section 1 of Article VI at such time or times as the Board shall determine.

Section 3. Collection of Assessments. The Board of Directors shall assess the common charges against the Unit Owners from time to time and shall take prompt action to collect any common charge due for any Unit Owner which remains unpaid for more than thirty days from the date due.

Section 4 Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the Board of Directors the common charges as determined by the Board, each Unit Owner shall be obligated to pay interest at the legal rate on such common charges from the date due thereof together with all expenses, including attorney's fees incurred by the Board in any proceeding to collect such unpaid common charges.

In any action brought by the Board to foreclose on a unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of such unit and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board acting on behalf of all Unit Owners, or on behalf of one or more individual owners, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey or otherwise deal with same, subject to applicable restrictions of record.

Section 5. Maintenance and Repair. All maintenance and repair to any unit, structural or nonstructural, ordinary or extraordinary, and maintenance of and repairs and replacements to the common areas and facilities contained therein shall be made by the Board and charged to all Unit Owners as a common expense.

Section 6. Utility Expense. The Board shall own and be responsible for the repair, maintenance, and upkeep of all equipment such as the elevator and heating and

air conditioning equipment which serve the common areas. Unit Owners shall be individually responsible for the repair, maintenance and upkeep of all equipment such as hot water heaters and heating and air conditioning equipment which exclusively serves their unit.

Section 7. Additions and Alterations. No Unit Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent by the Board. The Board shall have the obligation to answer any written request by a Unit Owner for consideration of a proposed structural addition, alteration or improvement brought by a Unit Owner. Failure to do so within forty-five days from the day on which the written request shall first have been made to the Board shall constitute a consent by the Board to the proposed addition, alteration or improvement.

Section 8. Use of the Units and Common areas. The use of the property of the condominium shall be in accordance with the following provisions:

The building and each of the units shall be used for residential purposes only. The use of the building and units are further restricted by these By-Laws of the Association. No unit may be subdivided into smaller units or any portions thereof, sold or otherwise transferred without first amending these By-Laws to show the changes in the units to be effected thereby.

No more than two persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit for more than thirty days in any one consecutive calendar year. 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.

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 or shall interfere with the peaceful possession of property by Unit Owners.

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.

No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the Association.

No signs shall be permitted on or about the units.

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

Unit Owners shall not park or store any motorcycle, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard 2-ton or less pickup trucks or smaller sized trucks.

Unit Owners who shall have hardwood floors in their units shall install resilient floor covering (carpets or area rugs) over at least 75% of the floor area of any hardwood floors that are directly above habitable condominium units below.

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.

Section 9. Right of Access. All Unit Owners shall grant a right of access to his unit to the Board or their designee for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or common area or facility, or for the purpose of performing installations, alterations, replacement, or repairs to common areas and facilities in the unit or elsewhere in the building. In case of emergencies such right of entry shall be immediate whether the Unit Owner is present at the time or not.

Section 10. Rules of Conduct. Rules and regulations concerning the use of the units and the common areas and facilities may be promulgated by and amended by the Board with approval of eighty (80%) of the Unit Owners. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner on request.

Section 11. Annual Audit. Within one hundred twenty (120) days or less following the end of each fiscal year, the Association shall provide an annual audit prepared by an independent accountant available for inspection by Unit Owners or others as provided by Article II, Section 16 of these By-Laws.

Section 12. Working Capital Fund. The Association shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The working capital fund shall be funded initially by the payment by each Unit Owner of an initial payment to the Association of two months estimated monthly assessment for each unit. Any amounts paid into this fund shall not be considered advance payments of regular assessments.

ARTICLE VII

Amendment of By-Laws

Section 1. These By-Laws may be amended by a vote of Unit Owners owning in the aggregate at least a 80% undivided interest in the Common areas and facilities cast in person or by proxy at a meeting held in accordance with the provisions of the By-Laws. No such amendment shall be effective until set forth in an amended declaration and duly

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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.

ARTICLE VIII

Compliance

Section 1. These By-Laws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the By-Laws of THE COTTON MILL
CONDOMINIUM HOMEOWNERS ASSOCIATION on the 27 day of
March 2008.

Kevin J. Karstetter
Secretary

APPROVED:

James R. Balle
President



BOOK:013077 PAGE:02421 ~ 02437

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

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages

WAKE COUNTY, NC 884
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
07/07/2003 AT 15:30:27

BOOK:010256 PAGE:00292 - 00304

STATE OF NORTH CAROLINA
COUNTY OF WAKE

AMENDMENT TO DECLARATION
AND
NOTICE OF REALLOCATION OF
LIMITED COMMON AREA-
ASSIGNED PARKING SPACE

This Amendment to Declaration and Notice of Reallocation of Limited Common Areas-
Assigned Parking Spaces is made this 7 day of July, 2003, upon the consent of
eighty percent (80%) of the Unit Owners of the Cotton Mill, a Condominium.

WITNESSETH:

WHEREAS, parking space No. 27 as set forth in Exhibit "B1" to the Declaration of
Condominium of the Cotton Mill, a condominium, recorded in Book 6789, Page 0351, Wake
County Registry ("Declaration"), which is incorporated herein by reference and reference to
which is hereby made for a more particular description, was assigned by the owner of Unit 217
to the owner of Unit 227 by instrument recorded in Book ~~10256~~ Page ~~292~~, Wake County
Registry; and

WHEREAS, Paragraph 21 of the Declaration provides that an amendment thereto must
be approved by not less than eighty per cent (80%) of the Unit Owners, and must be recorded;
and

WHEREAS, there are fifty (50) units in the Cotton Mill Condominium, and this
instrument has been signed by not less than forty (40) Unit Owners.

NOW, THEREFORE, the undersigned Unit Owner in the Cotton Mill Condominium do
hereby consent to the assignment of Parking Space No. 27 from Unit 217 to Unit 227, and to
amend the Declaration accordingly, as more particularly shown on the revised Exhibit "B1"
attached hereto.

1 F

Nothing herein shall be construed to increase the undivided interest in the common areas and facilities allotted to Unit 227. This Amendment to Declaration and Notice of Reallocation shall be filed in the office of the Wake County Registry and shall be notice to all prospective purchasers, successors in title and assigns of the permanent assignment of Parking Space No. 27 designated on the attached Amended Exhibit "B1" as a limited common element reserved for use by Unit 227.

IN WITNESS WHEREOF, the Unit Owners have executed this instrument as of the day and year first above written.

CONSENT TO CHANGE COTTON MILL CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton Mill Condominium documents relating to the assignment of parking spaces in the Limited Common Area to change the assignment of Parking Space No ~~21~~ from Unit 220 to Unit 227.

UNIT 001:

Name: _____

UNIT 101:

Name: _____

UNIT 102:

Name: _____

UNIT 103:

Name: _____

UNIT 104:

✓ *Jaqueline Keene* Jacqueline Keener
Name: _____

UNIT 105:

✓ *[Signature]*
Name: _____

UNIT 106:

✓ *Tony K. Skush*
Name: _____

UNIT 107:

Name: _____

UNIT 108:

Name: _____

UNIT 109:

✓ *Pat Johnston / ER Johnston*
Name: _____

UNIT 110:

✓ *Matthew [Signature]*
Name: _____

UNIT 111:

Name: _____

UNIT 112:

✓ *Kevin S Kerstetter*
Name: KEVIN S KERSTETTER

207
UNIT 113:

Name:

UNIT 114:

Name:

UNIT 115:

Name:

UNIT 116:

Name:

UNIT 117:

Name:

UNIT 118:

Name:

UNIT 119:

Name:

UNIT 120:

Name:

UNIT 201:

Name:

UNIT 202:

Name:

UNIT 203:

Name:

UNIT 204:

Name:

UNIT 205:

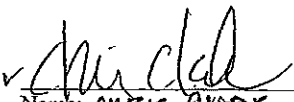
Name:

UNIT 206:

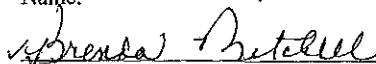
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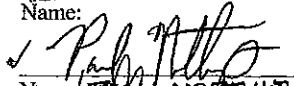
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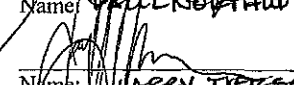
Name:

UNIT 208: ☒ 
Name: CHRIS ELDER

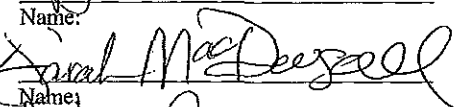
UNIT 209: _____
Name: _____

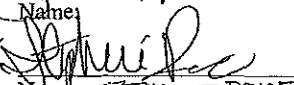
UNIT 210: ☒ 
Name: _____

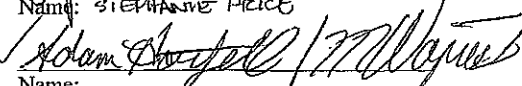
UNIT 211: ☒ 
Name: PAUL NORTHRUP

UNIT 213: ☒ 
Name: KAREN IVERSEN

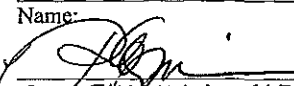
UNIT 212: _____
Name: _____

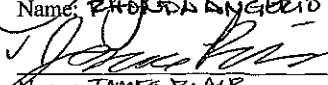
UNIT 214: ☒ 
Name: _____

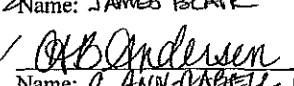
UNIT 215: ☒ 
Name: STEPHANIE PRICE

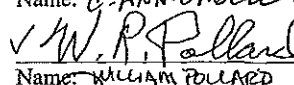
UNIT 216: ☒ 
Name: _____

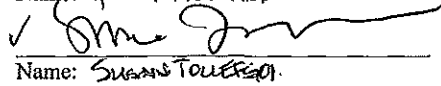
UNIT 217: _____
Name: _____

UNIT 218: ☒ 
Name: RHONDA DINGER

UNIT 219: ☒ 
Name: JAMES BLAIR

UNIT 220: ☒ 
Name: C. ANN O'CONNELL BAUM ANDERSEN

UNIT 221: ☒ 
Name: WILLIAM POLLARD

UNIT 222: ☒ 
Name: SUSAN TOLLER

UNIT 223:

Name:

✓ Thomas Deak
~~THOMAS DEAK~~

UNIT 224:

Name:

✓ Brenda Berg 6/8/03

UNIT 225:

Name:

✓ Bence Connelly

UNIT 226:

Name:

✓ Bence Connelly

UNIT 227:

Name:

✓ Janet S. Watkins

UNIT 228:

Name:

✓ Anthony Ray Hefner

UNIT 229:

Name:

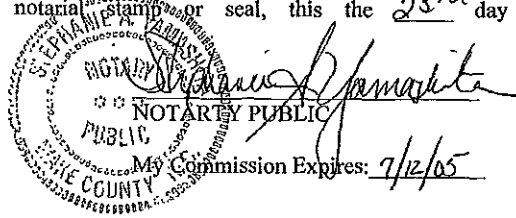
✓ Jim Scarborough

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Jacqueline Keener, Kevin S. Kerstetter, Sherree Worrell, Ed Gaines, Donna Kay, Paul Northrop, Stephanie Price, C. Ann-Cabell, Bawn Andersen, William Pollard, Renee Connelly, personally came before me this day and acknowledged the execution of the foregoing instrument. Tim Scarborough

WITNESS my hand and notarial stamp or seal, this the 23rd day of June, 2003.



NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Ken, Tony K. Stewart, Pat and G. Johnston, Herby Perez, Nancy Dixon, Larry Iverson, Adam and M. Fortzell, Janet S. Watkins, Chris and Pat Lawson, Claudia Perez personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 28th day of June, 2003.

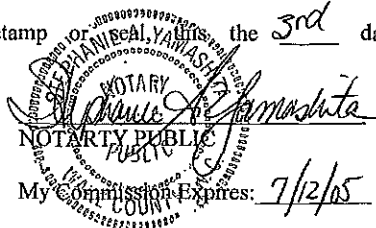


NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Sally G. Bales,
Matthew Eisle, Brian Stratton, Becky Shankle, Nancy and David Buffaloe,
Vic Tappin, Frank Scalia, Rob Angles, Lori Hawkins, Chris Clark, Brenda Mitchell
 personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp the 3rd day of
July, 2003.

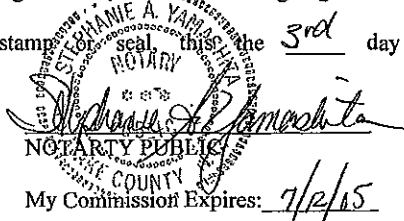


NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Sarah MacDougall,
Rhonda Arango, James Blair, Susan Tollefson, Thomas Deak, Brenda and
Chris Berg, Anthony Ray Hefner
 personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp the 3rd day of
July, 2003.



CONSENT TO CHANGE COTTON MILL CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton
Mill Condominium documents relating to the assignment of parking spaces in the Limited
Common Area to change the assignment of Parking Space No. 27 from Unit A17 to Unit 227.

UNIT 207:

Name:

HAMPTON HORTON 

NORTH CAROLINA

WAKE COUNTY 111

I, a Notary Public of the County and State aforesaid, certify that

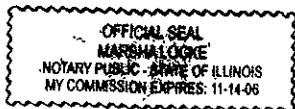
HAMPTON HORTON

personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 25th day of
June, 2003.

Marsha Locke
NOTARY PUBLIC

My Commission Expires: 11/14/06



CONSENT TO CHANGE COTTON MILL CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton
Mill Condominium documents relating to the assignment of parking spaces in the Limited
Common Area to change the assignment of Parking Space No. 27 from Unit 217 to Unit 227.

UNIT 102:

Name: [Signature]

UNIT 217:

Name: [Signature]

~~NORTH CAROLINA~~

Kentucky

~~WAKE COUNTY~~

Jefferson

I, a Notary Public of the County and State aforesaid, certify that

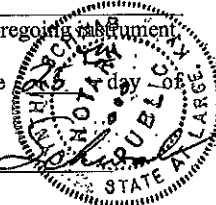
Justin Pohn

personally came before me this day and acknowledged the execution of the foregoing instrument

WITNESS my hand and notarial stamp or seal, this the

June, 2003.

[Signature]
NOTARY PUBLIC



My Commission Expires:

CYNTHIA SCHWAB
Notary Public, State at Large, Kentucky
My Commission Expires September 21, 2005

CONSENT TO CHANGE COTTON MILL CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton
Mill Condominium documents relating to the assignment of parking spaces in the Limited
Common Area to change the assignment of Parking Space No. 27 from Unit 27 to Unit 227.

UNIT 107: Roger Beasley
Name: _____

~~South~~
~~NORTH~~ CAROLINA
Greenville
~~WAKE~~ COUNTY

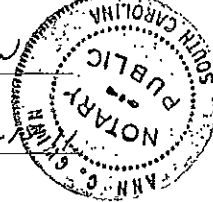
I, a Notary Public of the County and State aforesaid, certify that Roger Beasley

personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 25th day of
June, 2003.

Ann C. Gurian
NOTARY PUBLIC

My Commission Expires: 8/1/04



CONSENT TO CHANGE COTTON MILL CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton
Mill Condominium documents relating to the assignment of parking spaces in the Limited
Common Area to change the assignment of Parking Space No. 27 from Unit 217 to Unit 227.

UNIT 209:

Name: [Signature]

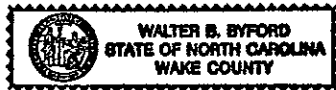
NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that ROBERT E. RUSSLEAR, JR.

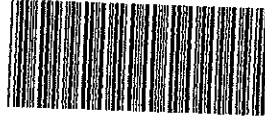
personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 25 day of
JUNE, 2003.



Walter B. Byford
NOTARY PUBLIC

My Commission Expires: 4/29/04



BOOK:010256 PAGE:00292 - 00304

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

North Carolina - Wake County

The foregoing certificate of Stephanie A Yamashita
MARSH LOCKE
CYNTHIA SCHWAB
Ann C Gwyn
Walter B Byrd

Notary(ies) Public is (are) certified to be correct. This instrument
and this certificate are duly registered at the date and time and in the book and
page shown on the first page hereof.

Laura M. Riddick, Register of Deeds

By: Michael D. Stahl
DEPUTY
Assistant/Deputy Register of Deeds

This Customer Group
of Time Stamps Needed

This Document
New Time Stamp
of Pages
13

8K7500PG0466

Return to Georgina Marie Mollick, P. O. Box 164, Raleigh, North Carolina 27602

STATE OF NORTH CAROLINA

COUNT OF WAKE

000582

AMENDMENT TO DECLARATION
OF CONDOMINIUM

FOR
REGISTRATION
LARRY H. BIDDICK
REGISTER OF DEEDS
WAKE COUNTY

THIS AMENDMENT OF DECLARATION OF CONDOMINIUM is made and entered into the 9th day of June, 1997, by the affirmative votes of 80% of the unit owners of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation (the "Association") pursuant to the provisions of N.C.G.S. 47(c)-2-117.

WITNESSETH:

That the Association on November 17, 1996, held a meeting of all unit owners pursuant to the Bylaws of the Association, and at said meeting was held, a quorum being present, the Association voted to amend Paragraph 21 of the Declaration of Condominium to read as follows:

21. AMENDMENT

The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. 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 sixty-seven percent (67%) of the total allocated votes in the Association and by eligible mortgage holders who represent at least fifty-one percent (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 successor 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 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 restrictions of 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 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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

This Declaration may further be amended by the Declarant for the purpose of recording 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.

WHEREAS, this matter was approved by eighty percent (80%) of the Unit Owners of the Association.

THEREFORE BE IT RESOLVED, the Declaration of Condominium is so amended.

THEREFORE BE IT FURTHER RESOLVED, a copy of this Amendment shall be filed at the Office of the Wake County Register of Deeds at the expense of the Association and shall be notice to all prospective purchasers, successors in title and assigns of the Amendment to the Declaration of Condominium.

BK 7500PG0468

IN WITNESS WHEREOF, this action is certified on behalf of the Association on
November 17, 1996.

COTTON MILL CONDOMINIUM HOMEOWNERS
ASSOCIATION, INC.

By: *Robert Nussner*
Robert Nussner, President

ATTEST:

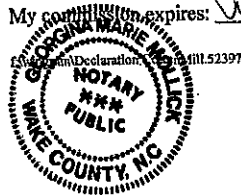
By: *Paul Northrup*
Paul Northrup, Secretary

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Georgina Marie Mollick, Notary Public of the County and State aforesaid, certify that Paul Northrup personally came before me this day and acknowledged that he is the Secretary of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation, and that by authority duly given as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with his corporate seal and attested by Paul Northrup as its Secretary.

Witness my hand and official stamp or seal this 27 day of June, 1997.



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of *Georgina Marie Mollick*

Notary Public

is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

LAURA M. RIDDICK, Register of Deeds

By: *Mary Jo Parker*
Asst./Deputy Register of Deeds

BK6861PG0316

PRESENTED
FOR
REGISTRATION

21 GREENWOOD DRIVE
RALEIGH, NC 27603
(WHITE OAK TREE, INC.)

NORTH CAROLINA

000461

96 FEB 26 PM 2:55 AMENDMENT TO DECLARATION

OF CONDOMINIUM FOR THE
COTTON MILL

WAKE COUNTY

KENNETH G. WILLIAMS
REGISTER OF DEEDS
WAKE COUNTY

THIS AMENDMENT TO DECLARATION OF CONDOMINIUM of The Cotton Mill, a condominium, is made on this ____ day of February, 1996, by the undersigned who on said date among them own all condominium units of The Cotton Mill, 614 Capital Boulevard, Raleigh, North Carolina.

WITNESSETH:

THAT WHEREAS, by instrument recorded in Book 6789 Pages 351, Wake County Registry, Rene Langford, Inc., (the "Declarant") subjected The Cotton Mill, a condominium, of Raleigh, North Carolina, more particularly described in Exhibit A, attached thereto and incorporated, herein by reference (the "Property") to a Declaration of Condominium (the "Declaration"); and

WHEREAS, the Declaration and GS 47C-2-117 both provide that a unanimous vote of the unit owners is required in order to amend the Declaration to change the allocated interest of a unit; and

WHEREAS, prior to the date hereof, the Declarant has conveyed by deed certain of the condominium units to purchasers ("Unit Owners") and has retained others; and

WHEREAS, at a duly called meeting of the Declarant and Unit Owners held on January 24, 1996, in Raleigh, North Carolina, it was unanimously agreed among the parties to amend the Declaration to make minor changes in the allocated interests of several units; and

WHEREAS the Declarant and Unit Owners now desire to amend the Declaration to reflect revised and corrected allocated interests of units within the condominium.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other valuable consideration, the Declarant and Unit Owners do hereby amend the Declaration as follows:

Exhibit B-2, "Schedule of Percentage Ownership of Common Elements" is hereby replaced by the revised and corrected version, Exhibit B-2, "Schedule of Percentage Ownership of Common Elements", attached hereto and incorporated by reference as if fully set out herein.

Except as specifically amended herein, the Declaration shall remain in full force and effect as written.

BK 6861 PG 0317

IN WITNESS WHEREOF, the Declarants and Unit Owners have caused this instrument to be executed the day and year first above written.

Declarant--owner of Units 202, 203, 209-210, 213-215, 217, 221, 223, 226-228, 101-120, 001.

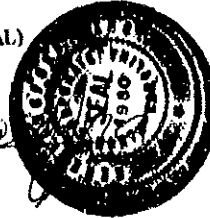
Rene Langford, Inc.

By: Rene Langford
Rene F. Langford, President

(CORPORATE SEAL)

Attest:

By: Joan Langford
Joan Langford, Secretary



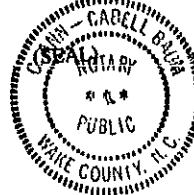
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Joan Langford personally came before me this day and acknowledged that she is the Secretary of Rene Langford, 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, sealed with its corporate seal and attested by Joan Langford, as its Secretary.

Witness my hand and official stamp or seal this 20th day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96



James B. Moore
James B. Moore - Unit Owner of 229
Virginia E. Moore
Virginia E. Moore - Unit Owner of 229

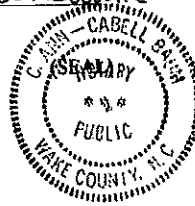
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that James B. Moore and Virginia E. Moore personally came before me this day and acknowledged the execution of the foregoing instrument.

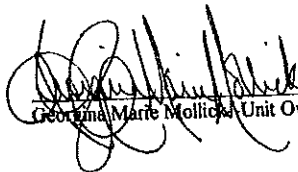
Witness my hand and official stamp or seal this 20th day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96



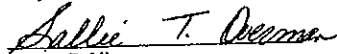
BK6861PG0319


Georgina Marie Mollick, Unit Owner of 224

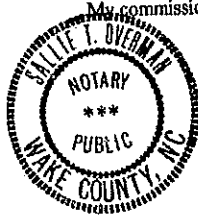
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Georgina Marie Mollick personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 13th day of February, 1996.


Notary Public

My commission expires: 8-13-96 (SEAL)



BK6861PG0320

Frederick C. Miller
Frederick C. Miller--Unit Owner of 216

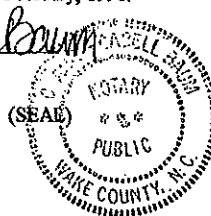
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Frederick C. Miller personally came before me this day and acknowledged the execution of the foregoing instrument.

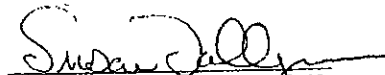
Witness my hand and official stamp or seal this 9th day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96



DK 6861 PG 0321


Susan C. Tollefsen--Unit Owner of 222

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Susan C. Tollefsen personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this ^{20th} day of February, 1996.


Notary Public

My commission expires: My Commission Expires 5/30/96



Jerry Stifelman - Unit Owner of 225

Lisa M. Stifelman
Lisa Stifelman - Unit Owner of 225

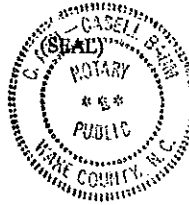
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Jerry Stifelman and Lisa Stifelman personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 20th day of February, 1996.

C. J. Campbell
Notary Public

My commission expires: My Commission Expires 5/31/96



Frank M. Smith
Frank M. Smith--Unit Owner of 204

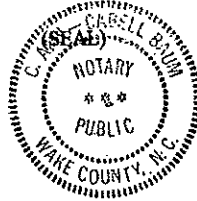
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Frank M. Smith personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 26TH day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96



BK 6861 PG 0324

Sherry Ward
Sherry Ward - Unit Owner of 220

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Sherry Ward personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 19th day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 02/28/98



BK6861PG0325

Laura Richards
Laura Richards--Unit Owner of 207

STATE OF NORTH CAROLINA
COUNTY OF WAKE

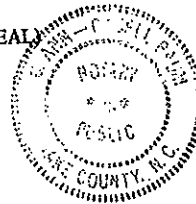
I, as Notary Public of the County and State aforesaid, certify that Laura Richards personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 21st day of February, 1996.

William Catell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96

(SEAL)



Nancy Knight Dixon
Nancy Knight Dixon - Unit Owner of 206

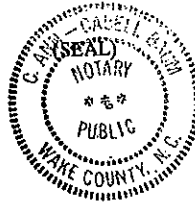
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Nancy Knight Dixon personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 10TH day of February, 1996.

C. Ann Cabell Brown
Notary Public

My commission expires: My Commission Expires 5/30/96



S. Paul Northrup, Jr.
S. Paul Northrup, Jr. -- Unit Owner of 211
S. Paul Northrup Sr.

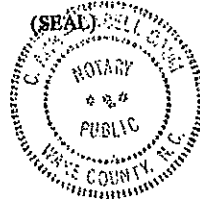
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that S. Paul Northrup, Jr. personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 21st day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: Commission Expires 5/25/96



George Hudson

George Hudson--Unit Owner of 201

Catherine Hudson Connolly

Catherine Hudson-Connolly--Unit Owner of 201

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that George Hudson and Catherine Hudson-Connolly personally came before me this day and acknowledged the execution of the foregoing instrument.

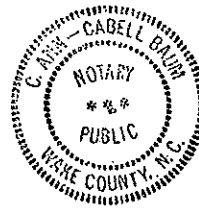
Witness my hand and official stamp or seal this 21st day of February, 1996.

C. Ann Cabell Baum
Notary Public

My Commission Expires 2/28/96

My commission expires: _____

(SEAL)



3K6861PG0329

Karen A. Watters
Karen A. Watters--Unit Owner of 219
Thomas M. Watters
Thomas M. Watters--Unit Owner of 219

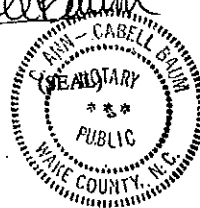
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Karen A. Watters and Thomas M. Watters personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 21st day of February, 1996.

C. Ann Cabell Baum
Notary Public

My commission expires: My Commission Expires 5/30/96



H.E. Vann Russell
H.E. Vann Russell--Unit Owner of 205

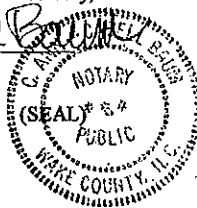
Daniel W. Russell
Daniel W. Russell--Unit Owner of 205

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that H.E. Vann Russell and Daniel W. Russell personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 19th day of February, 1996.

C. Ann Cabell
Notary Public

A circular notary seal for C. Ann Cabell, Notary Public, Wake County, N.C. The seal contains the text "NOTARY PUBLIC" and "WAKE COUNTY, N.C." around the perimeter, with "C. ANN CABELL" in the center.

My commission expires: My Commission Expires 5/31/96

BK 6861 PG 0331

John Edgar Weems
John Edgar Weems--Unit Owner of 218

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that John Edgar Weems personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 21st day of February, 1996.

Myrtice B. Wilder
Notary Public



(SEAL)

BK6861PG0332

Christopher Boyd Clark
Christopher Boyd Clark--Unit Owner of 208

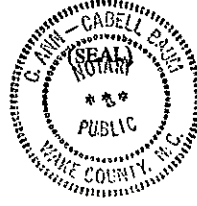
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, as Notary Public of the County and State aforesaid, certify that Christopher Boyd Clark personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal this 21st day of February, 1996.

C. Ann-Cabell Baum
Notary Public

My commission expires: My Commission Expires 02/27/96



Eleanor L. Sherer
Eleanor L. Sherer--Unit Owner of 212

STATE OF NORTH CAROLINA
COUNTY OF WAKE

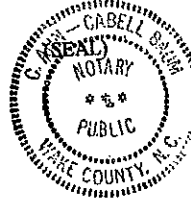
I, as Notary Public of the County and State aforesaid, certify that Christopher
~~Christopher~~ personally came before me this day and acknowledged the execution of the
foregoing instrument.

Witness my hand and official stamp or seal this 26th day of February, 1996.

C. Ann Cabell Baum
Notary Public

My Commission Expires 5/30/98

My commission expires: _____



NORTH CAROLINA -- WAKE COUNTY
The foregoing certificate of C. Ann Cabell Baum,
Sally T. Overman and Margaret B. Wilkes Notary Publics
(are) certified to be correct. This instrument and this certificate are duly registered at the date and time
and in the book and page shown on the first page hereof.
By Kenneth C. Wilkins Register of Deeds
Kenneth C. Wilkins
Asst. Deputy Register of Deeds

The Cotton Mill Condominium Homeowners Association, Inc.			
Schedule of Percentage Ownership of Common Elements			
Declaration of Condominium		Exhibit--B2	
Unit #	Ownership Percentage		
101	1.930%		
102	1.883%		
103	2.812%		
104	1.130%		
105	1.883%		
106	1.856%		
107	1.450%		
108	2.181%		
109	2.411%		
110	2.113%		
111	1.130%		
112	1.130%		
113	1.130%		
114	1.883%		
115	2.260%		
116	2.052%		
117	1.450%		
118	2.181%		
119	2.181%		
120	2.411%		
201	2.265%		
202	1.815%		
203	2.420%		
204	1.328%		
205	1.815%		
206	1.210%		
207	1.210%		
208	2.420%		
209	2.974%		
210	2.296%		
211	2.296%		
212	2.296%		

BK 6861 PG 0335

The Cotton Mill Condominium Homeowners Association, Inc.					
Schedule of Percentage Ownership of Common Elements					
Declaration of Condominium			Exhibit--B2		
Unit #		Ownership Percentage			
213		2.554%			
214		1.504%			
215		2.441%			
216		1.815%			
217		1.210%			
218		1.210%			
219		1.815%			
220		1.815%			
221		1.815%			
222		1.815%			
223		2.669%			
224		2.669%			
225		3.522%			
226		2.296%			
227		2.296%			
228		2.296%			
229		2.554%			
001		1.897%			

		100.000%			

W/101

WHITE OAK PROPERTIES, INC.
21 GLENWOOD AVE, STE # 2013
RALEIGH, NC 27603
(919)891-4605

NORTH CAROLINA

WAKE COUNTY

DECLARATION OF CONDOMINIUM

PRESENTED
FOR
REGISTRATION

30 DEC 20 AM 9:22

KENNEDY
NOTARY
WAKE COUNTY

BK 6789PG0351

THIS DECLARATION OF CONDOMINIUM is made and entered into this 29th day of December, 1995, by Rene Langford, Inc., a North Carolina Corporation ("Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes.

1. ESTABLISHMENT.

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

Declarant intends to renovate and reconstruct a three-story building on said real property containing a maximum of fifty (50) residential condominium units for sale as individual units and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions hereinafter set forth; 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 know and identified as "The Cotton Mill, a condominium."

2. PROPERTY DESCRIPTION.

All that certain property situated, lying and being in the City of Raleigh, 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. A more specific description can be found in Condominium File No. 63, Wake County Registry which is incorporated herein by reference. Such plans bear a verified statement that they are an accurate copy of the building plans.

3. FORM OF ADMINISTRATION.

The property of the condominium and its business shall be managed, controlled, directed and administered by The Cotton Mill Condominium Homeowners Association, Inc. (hereinafter the "Association") as provided in the Articles of Incorporation and By-Laws of the Association, which Articles of Incorporation and By-Laws are attached hereto as Exhibits "C" and "D" and made a part hereof. Each Unit Owner shall be

member of the Association. An owner shall be entitled to one (1) vote in the Association for each unit owned.

All powers granted in this Declaration or the By-Laws to the Association shall be exercisable by the Board of Directors, except as expressly provided in the Declaration, the By-Laws, or GS 47C.

Declarant shall transfer control of the Association to the Unit Owners on or before March 1, 1996.

4. UNIT DESIGNATION.

Declarant does hereby establish within the Property fifty (50) units, and does hereby designate all such units for separate ownership. Each unit is identified by a specific numerical designation with a separate street address 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.

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.

5. PARTY WALLS.

The walls, flooring and ceilings connecting adjacent units are "party walls" and are situated on or about the boundary line separating units. In the case of any walls, flooring and ceilings that are herein described as party walls, all furring, wallboard, 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(1).

Each wall which is built as a part of the original construction of a unit and placed on the dividing line between the units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of a party 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 party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

6. COMMON AREAS AND FACILITIES.

The common areas and facilities consist of all parts of the multi-unit building situated on the land described above other than individual units therein as described in Paragraph 2 above and other than the common areas and facilities described in Paragraphs (a) through (g) below, including without limitation the following:

- (a) The land on which the building is erected and all land described in Paragraph 2 above.
- (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, cable TV, elevator, cold water for common building usage, heat and air conditioning for common building usage, including 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.
- (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, trash collection areas and equipment related thereto, covered parking areas if not a part of the Limited Common Areas and Facilities as outlined in Paragraph 7 herein, equipment rooms, lobbies and lobby closets.

7. 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, and/or storage room appurtenant to such of the Units as are shown on the Plans, or any assigned parking space within the covered parking area on the lower level. 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. Assigned parking spaces are more particularly identified on Exhibit "B1", attached hereto. 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. Unit Owners who enjoy the exclusive use of lower level parking spaces will be responsible to the Association for all costs associated with continued maintenance, painting, repair and replacement of the lower level parking area. There are no Limited Common Areas and Facilities except as provided in this Paragraph 7.

8. PERCENTAGE OF OWNERSHIP IN COMMON AREAS.

Each unit shall have a fee simple undivided ownership interest as more specifically defined on the attached Schedule of Ownership Percentage, Exhibit B2, in the common areas. The percentage of common area per unit shall not be changed without the unanimous consent of the owners herein.

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 By-Laws, rules, regulations and resolutions adopted pursuant thereto.

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 therefor, 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.

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 land 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. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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 building and improvements situated upon the property, and to pay ad valorem taxes and public improvement assessments levied against the common areas.

10. 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 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 therefor. 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.

11. USE OF BUILDING.

The building and each of the units shall be used for residential purposes only. The use of the building and units are further restricted by the By-Laws of the Association. No unit may be subdivided into smaller units or any portions thereof, sold or otherwise transferred without first amending the By-Laws to show the changes in the units to be effected thereby.

No more than two persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit for more than thirty days in any one consecutive calendar year.

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.

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 or shall interfere with the peaceful possession of property by Unit Owners.

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.

No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the Association.

No signs shall be permitted on or about the units.

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

Unit Owners shall not park or store any motorcycle, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard 2-ton or less pickup trucks or smaller sized trucks.

Unit Owners who shall have hardwood floors in their units shall install resilient floor covering (carpets or area rugs) over at least 75% of the floor area of any hardwood floors that are directly above habitable condominium units below.

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.

12. PERSON TO RECEIVE SERVICE OF PROCESS.

G. Roland Gammon, III 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: Twenty One Glenwood Avenue, Suite 203, Raleigh, NC, 27603, which is located within the city and county where the building is located. The person so designated to receive service of process may be changed by the Board of Directors.

13. 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 unit. The Board of Directors shall have the right of access to each unit to inspect the same, to remove violations therefrom and maintain, repair, or replace facilities contained therein or which serve other units in the

building. 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 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 for the setting, removing, and reading of water meters, maintaining and replacing water, drainage and drainage facilities, fire fighting, law enforcement, garbage collection and the delivering of mail.

All water lines which serve the development not located in public street rights-of-way and all sewer lines which serve the development and not located in either public street rights-of-way or City of Raleigh sanitary sewer easements, shall be owned and maintained by the Association.

14. DISCLAIMER BY CITY OF RALEIGH.

Pursuant to the Raleigh City Code Section 10-3074(b), the City of Raleigh refuses 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 certain roads or streets that are not public due to inadequate design or construction, blocking of access routes or any other factor within the control of the Declarant, Association, or occupants.

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.

15. PARTITIONING.

The common areas and facilities shall not be divided nor shall any right to 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.

16. DAMAGE, DESTRUCTION AND CONDEMNATION.

Except as herein provided, damage to or destruction of the building shall be promptly repaired and restored by the Board of Directors. The Unit Owners shall be liable for assessment of any deficiency, provided however, that if the building be more than two-

thirds destroyed by fire or any other casualty or the same taken by condemnation and the owners of 67% of the units and 51% of the votes of units estates that are subject to mortgages held by eligible holders resolve not to proceed with reconstruction or restoration, then in that event, the property shall be deemed to be owned as tenants in common by the Unit Owners and subject to the provisions of North Carolina General Statutes Section 47C-2-118 as the same exists as the date hereof.

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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

In any related proceedings, negotiations, settlements or agreements, the Association shall be designated to represent the Unit Owners. In such event, each Unit Owner shall appoint the Association as an attorney-in-fact for this purpose. The Association shall appoint an Insurance Trustee to act on behalf of the Unit Owners in connection with the settlement of any condemnation awards or insurance claims and to administer the allocation of proceeds among the various interested parties.

Any losses, awards or proceeds from the condemnation, destruction or liquidation of all or a part of the property shall be payable to the Association's Insurance Trustee for the benefit of the Unit Owners and their mortgage holders. 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.

Any reconstruction or repair shall be in accordance with the plans and specifications of the original building, portions of which are attached hereto.

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 the property 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, 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, disease, illness 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) 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.

(iv) 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+AAAAA" or better in Best's Insurance Guide.

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

(vi) 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.

(vii) 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 an all insureds named thereon, including any and all mortgagees of the condominium units.

(viii) 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.

(ix) 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, and any defenses based upon co-insurance or invalidity arising from the acts of the insureds.

18. UNIT OWNERS POLICIES OF INSURANCE

The Owner of any Condominium Unit (including the holder of any mortgage thereon) may 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 his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to the provisions hereof or shall provide that it shall be without contribution as against the same. The Grantor recommends that each owner of a Condominium Unit in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Unit Owners Association, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used in or incidental to the occupancy of the Condominium Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "Condominium Unit Owner's Endorsement" covering losses to improvements and betterments to the condominium unit made or acquired at the expenses of the Unit Owner.

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 By-Laws and any rules and regulations as may be adopted in

accordance with the By-Laws. In accordance herewith, the Declaration, By-Laws and rules and regulations may be amended from time to time. The acceptance of a deed or 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, By-Laws, 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.

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. 163, 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 therefor and for the maintenance thereof does and shall exist.

21. AMENDMENT.

The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-year period by an instrument signed by not less than eighty percent (80%) 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 80% 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 By-Laws. 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 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 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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

This Declaration may further be amended by the Declarant for the purpose of recording 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.

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 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. 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 of 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.

24. 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.

25. GOVERNING LAW.

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

26. 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.

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

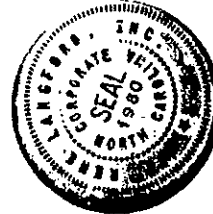
Rene Langford, Inc.

By: Rene Langford
Rene F. Langford, President

Attest:

By: Joan Langford
Joan Langford, Secretary

(CORPORATE SEAL)



NORTH CAROLINA

WAKE COUNTY

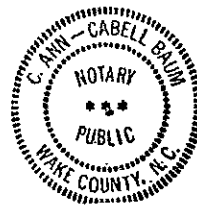
I, a Notary Public of the County and State aforesaid, certify that JOAN LANGFORD personally came before me this day and acknowledged that she is the Secretary of Rene Langford, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Joan Langford, as its Secretary.

WITNESS my hand and seal, this 20TH day of DECEMBER, 1995.

C. Ann - Cabell Baum
Notary Public

My commission expires:

My Commission Expires 5/30/96



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate _____ of _____

C. Ann - Cabell Baum

Notary Public is

(are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

KENNETH C. WILKINS, Register of Deeds

By: Meta N. Harris
Asst. Deputy Register of Deeds

Exhibit "A"

Beginning at a point in the intersection of the Northern margin of Firwood Avenue and the Western margin of the right-of-way of the Seaboard Airline Railway Company, which point of intersection is 22 feet from the centerline of "Valuation" Tract No. C-17 of said Seaboard Airline Railway Company, and runs as the western margin of said railway right-of-way along a curve to the right having a chord bearing of $504^{\circ} 47' 06''$ W and a radius of 2,865.00 feet, a length of 261.19 feet to a point; and continuing with said western right-of-way margin North $01^{\circ} 23' 48''$ East 130.16 feet to a common corner with property now or formerly owned by Barney G. Joyner & Phyllis M. Joyner; thence along the common property line with Joyner the following courses and distances: South $88^{\circ} 25' 07''$ West 173.13 feet, South $03^{\circ} 48' 07''$ East 10.00 feet to an existing iron pin, South $86^{\circ} 11' 53''$ East 69.77 feet to an existing iron pin, South $02^{\circ} 40' 07''$ East 73.0 feet, to a point and South $85^{\circ} 59' 17''$ East 77.77 feet to a concrete monument in the eastern margin of Capital Boulevard; thence along the eastern margin of Capital Boulevard - South $06^{\circ} 07' 08''$ West 50.10 feet to a concrete monument marking a common corner with property now or formerly owned by State Highway & Public Works Commission; thence along a common property line with State Highway & Public Works Commission North $85^{\circ} 59' 17''$ West 70.24 feet and South $00^{\circ} 07' 45''$ West 244.77 feet to a point on the northern margin of Firwood Avenue; thence along the Northern margin of said Firwood Avenue North $86^{\circ} 54' 41''$ West 221.93 feet to the point and place of Beginning according to a survey by John A. Edwards & Company dated April 25, 1993, and revised May 10, 1993, entitled "Property Survey for Roland Gammon" and being identified as "The Cotton Mill Property".

c:\closing\cotton-m.des

Exhibit B
Declaration of Condominium**Description of Building and Units**

There is one three story building consisting of fifty (50) residential condominium units of various sizes (such unit sizes being more particularly defined in plans contained in Condominium File 163, Wake County Registry). Construction is load bearing masonry exterior walls with heavy timbers, beams and decking. The roof has a rubber membrane. The lower floor contains covered parking spaces plus additional unfinished common area of approximately 8,000 square feet. The lower level is constructed in a similar manner to the rest of the building, but for the floors which are concrete slabs. Residential units are constructed on the upper two levels.

Unit Designation and Address

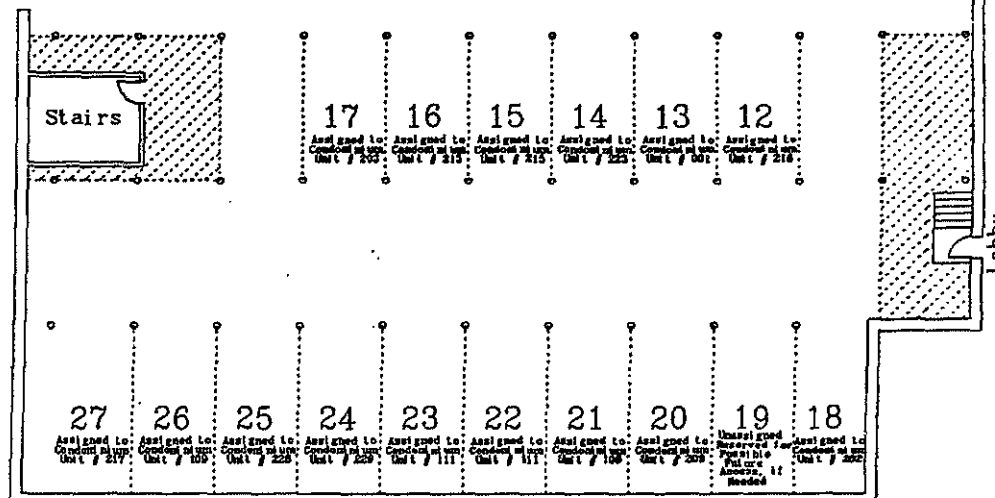
Unit sizes vary, such sizes being more carefully described in plans contained in Condominium File 163, Wake County Registry. Each unit has immediate access to the common areas as follows:

Elevator lobbies:	One with all three lobby levels having direct access
Stairwells:	Three in the common areas
Elevator:	One
Hallways:	One on each of the two upper floors
Lower level parking/storage:	Lower level parking spaces—which are owned by some, but not all, condominium unit owners. Elevator and mechanical equipment rooms.
Unfinished common area:	A large portion of the lower level, approximately 8,000 square feet will be left partially unfinished and will be conveyed to the HOA for later use.

Unit #101, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #102, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #103, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #104, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #105, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #106, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603
Unit #107, The Cotton Mill, 614 Capital Boulevard, Raleigh, NC, 27603

11	10	9	8	7	6	5	4	3	2	1
Assigned to Condominium Unit / 231	Assigned to Condominium Unit / 110	Assigned to Condominium Unit / 108	Assigned to Condominium Unit / 219	Assigned to Condominium Unit / 208	Assigned to Condominium Unit / 212	Assigned to Condominium Unit / 210	Assigned to Condominium Unit / 220	Assigned to Condominium Unit / 209	Assigned to Condominium Unit / 103	Assigned to Condominium Unit / 110

Enter/Exit



The Cotton Mill Condominium Homeowners Association, Inc.
 Limited Common Areas—Assigned Parking Spaces
 Declaration of Condominium—Exhibit B1

BK6789PG0368

The Cotton Mill Condominium Homeowners Association, Inc.
 Declaration of Condominium
 Exhibit B1

**The Cotton Mill Condominium Homeowners Association, Inc.
Schedule of Percentage Ownership of Common Elements
Declaration of Condominium Exhibit B2**

Unit #	Ownership Percentage
101	1.931%
102	1.883%
103	3.017%
104	1.255%
105	1.883%
106	1.856%
107	1.450%
108	2.181%
109	2.411%
110	2.113%
111	1.255%
112	1.255%
113	1.255%
114	1.883%
115	2.636%
116	2.452%
117	1.450%
118	2.181%
119	2.181%
120	2.411%
201	2.254%
202	1.815%
203	2.233%
204	1.328%
205	1.815%
206	1.152%
207	1.152%
208	2.233%
209	2.974%
210	2.296%
211	2.296%
212	2.296%

The Cotton Mill Condominium Homeowners Association, Inc.
Schedule of Percentage Ownership of Common Elements
Declaration of Condominium Exhibit B2

213	2.554%
214	1.474%
215	2.234%
216	1.815%
217	1.152%
218	1.152%
219	1.815%
220	1.815%
221	1.815%
222	1.815%
223	2.520%
224	2.520%
225	3.522%
226	2.296%
227	2.296%
228	2.296%
229	2.554%
001	1.568%

100.000%

ARTICLES OF INCORPORATION

OF

THE COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

Name

The name of the corporation is **THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**, hereinafter called the "Association."

ARTICLE II

Office

The principal and registered office of the Association is located at 21 Glenwood Avenue, Wake County, Raleigh, North Carolina, 27603.

ARTICLE III

Registered Agent

G. Roland Gammon, III, whose address is 21 Glenwood Avenue, Suite 203, Wake County, Raleigh, North Carolina, 27603, is hereby appointed Registered Agent of this Association.

ARTICLE IV

Purposes

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to operate and manage The Cotton Mill, a fifty unit residential condominium project, to be constructed in accordance with the laws of the State of North Carolina upon the property situated, lying and being near Raleigh, North Carolina, and

described in Exhibit "A" attached to the Cotton Mill Condominium Declaration recorded or to be recorded in the Wake County Registry.

Such purposes shall include the following:

- (a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Condominium, hereinafter called the "Declaration" applicable to the property and recorded or to be recorded in the Office of the Wake County Register of Deeds and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;
- (b) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- (c) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (d) To borrow money, and with the assent of Unit Owners owning in the aggregate of at least 80% undivided interest in the common areas and facilities, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (e) To dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities.
- (f) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation or annexation shall have the assent of Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities.
- (g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

(h) To contract for the management of the condominium and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the membership.

ARTICLE V

Membership

There shall be only one class of members in the Association. Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

ARTICLE VI

Voting Rights

The member of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and the By-Laws attached thereto; provided, however, that certain rights are reserved to Declarant in the Declaration and By-Laws of the Association with respect to the election of the initial Board of Directors and amendment of the Declaration and By-Laws.

ARTICLE VII

Board of Directors

The affairs of this Association shall be managed by a Board of Directors consisting of no less than three (3) Directors and no more than five (5), and the initial Board of Directors shall consist of three (3) persons, who shall serve until the first annual meeting of the membership of the Association. Directors need not be members of the Association. The names and addresses of the three persons who are to serve as Directors until the organizational meeting of the membership of the Association, or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
G. Roland Gammon	21 Glenwood Avenue Raleigh, NC 27603

C. Ann-Cabell Baum

21 Glenwood Avenue
Raleigh, NC 27603

Rene F. Langford

1901 Yorkgate Drive
Raleigh, NC 27612

Each director shall hold office for a one year term. No director shall serve more than three consecutive terms.

The Directors shall elect such officers of the Association as shall be provided in the By-Laws.

ARTICLE VIII

Dissolution

The Association may be dissolved with the assent given in writing and signed by Unit Owners owning in the aggregate at least a 80% undivided interest in the common areas and facilities. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

Duration

The corporation shall exist perpetually.

ARTICLE X

Amendments

Amendment of these Articles shall require the assent of 80% of the entire membership.

ARTICLE XI

Incorporation

The name and address of the incorporator is as follows:

BK6789PG0375

G. Roland Gammon, III
Twenty One Glenwood Avenue, Suite 203
Raleigh, NC 27603

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this ____ day of _____, 1995.

G. Roland Gammon, III

NORTH CAROLINA

WAKE COUNTY

THIS IS TO CERTIFY that on the ____ day of _____, 1995, before me, a Notary Public, personally appeared, G. ROLAND GAMMON, III, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposed therein expressed.

IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my official seal, this ____ day of _____, 1995.

Notary Public

My commission expires:

**BY-LAWS
OF
THE COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Offices

Article 1. Plan of Unit Ownership. The property located in the City of Raleigh, Wake County, North Carolina, and more particularly described in the Declaration to which By-Laws are attached (hereinafter "Declaration") has been submitted to the provisions of Chapter 47C of the North Carolina General Statutes entitled "North Carolina Condominium Act." The Declaration is being recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the property of the condominium and to the use and occupancy thereof. The term "property" as herein used shall include the land, the building and all other improvements and structures thereon and all easements, rights and appurtenances belonging thereto, all of which are intended to be submitted to the provisions of Chapter 47C of the North Carolina General Statutes.

Section 3. Application. All present and future owners, mortgagees, lessees, occupants of units and employees of owners and tenants and their families and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these By-Laws and rules and regulations made pursuant hereto and any amendment to these By-Laws upon same being passed and duly set forth in Amended Declaration, duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

Unit Owners

Section 1. Organizational Meeting. If not held before, the initial meeting of the Association shall be held on the first Tuesday in April, 1996.

Section 2. Annual Meetings. The annual meeting of the Unit Owners for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at 10 o'clock, a.m., on the first Tuesday in December in each year, commencing with the year 1996 if not a legal holiday, and if a legal holiday, then on the next secular day following. Unless otherwise scheduled, the Unit Owners shall vote at each annual meeting to ratify the proposed annual budget for the Association for the following year.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article II and a substitute annual meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.

Section 4. Special Meetings. Special meetings of the Unit Owners may be called at any time by a majority of the members of the Board of Directors, or upon the written request of Unit Owners having at least a 20% of the votes in the Association.

Section 5. Place of Meetings. All meetings of Unit Owners shall be held at 614 Capital Boulevard, Raleigh, North Carolina or at such other place within the City of Raleigh as may be designated in the Notice of Meeting.

Section 6. Notice of Meetings. Written or printed notices stating the time and place of a meeting of Unit Owners shall be delivered or mailed not less than ten (10) or more than thirty (30) days prior to the date of such meeting to each person entitled to vote at such meeting.

In case of a substitute annual meeting, notice of the meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of the Board of Directors on which the vote of the Unit Owners is expressly required by the provisions of the North Carolina Condominium Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 7. Quorum. A quorum shall be deemed present throughout any meeting of the Unit Owners until adjourned if the Unit Owners, in person or by proxy, entitled to cast more than one-quarter of the votes are present at the beginning of such meeting.

Section 8. Voting Rights. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Unit Owner or some other person designated by such Unit Owner to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. The total number of votes of all Voting Members

shall be fifty (50) and the Unit Owner of each Unit shall possess one vote. An owner of more than one Unit shall possess one vote for each Unit owned.

Section 9. Unit Owners. "Unit Owners" shall mean and refer to those persons who own units in the property subject to the Declaration and are entitled to membership as provided in the Declaration.

Section 10. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes which respect to the offices to be filled shall be deemed to be elected.

Section 11. Proxies. The votes pertaining to any condominium unit may (and shall in the case of any Unit Owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except as written notice delivered to the Association by the Unit Owner or by any other such person. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid.

Section 12. Presiding Officer. The President, or in his absence, the Vice-President, shall serve as a chairman of every Unit Owner's meeting unless some other person is elected to serve as Chairman by a majority vote of the votes represented at the meeting. The Chairman shall appoint such persons as he deems required to assist with the meeting.

Section 13. Adjournments. Any meeting of the Unit Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specified time or place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 14. Action of Unit Owners Without a Meeting. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by a majority of the Unit Owners entitled to vote on the date on which the last Unit Owners signed such approval and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a unanimous vote of the Unit Owners at a special meeting called for the purpose of considering the action authorized, except in those specific matters for which a vote greater than a majority vote is required by the North Carolina Unit Condominium Act.

Section 15. Availability of Project Documents. The Association shall assure that current copies of the Declaration, Articles of Incorporation, By-Laws, and other rules concerning the project as well as its own books, records, and financial statements are readily available for inspection by Unit Owners or by holders, insurers, and guarantors of first mortgages that are secured by units in the project. These documents will be available during normal business hours.

Section 16. Availability of Audited Financial Statements. Once the Association has been established for a minimum of one full fiscal year, the Association shall provide for the availability of an audited statement for the preceding fiscal year to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request for it.

Section 17. Termination of Legal Status. Following substantial destruction or condemnation of the property, any action by the Association to terminate the legal status of the project shall be agreed to by Unit Owners who represent at least 80% 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.

Any action by the Association to terminate the legal status of the project for reasons other than substantial destruction or condemnation of the property shall be agreed to by Unit Owners who represent at least 80% of the total allocated votes in the Association and by eligible mortgage holders who represent at least 67% of the votes of unit estates that are subject to mortgages held by eligible holders.

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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

Section 18. Rights of Action. The Association, and any aggrieved Unit Owner, shall have the right of action against Unit Owners who fail to comply with the provisions of the project Declaration, By-Laws, Articles of Incorporation and other rules properly enacted by the Association. Unit estate owners shall also be granted similar rights of action against the Association.

Section 19. 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 a 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.

ARTICLE III

Board of Directors

Section 1. General Powers. The property, affairs and business of the Association shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The number of directors shall be no less than three (3) and no more than five (5), to be elected by the Unit Owners at their initial meeting. Each director shall hold office for one year or until his death, resignation, retirement, removal or disqualification or his successor is elected and qualifies. No director shall serve for more than three consecutive terms.

Section 3. Election of Directors. Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of Unit Owners and the persons who shall receive the highest number of votes shall be the elected directors.

Section 4. Removal of Directors. The Board of Directors or any individual director may be removed from office with or without cause by a vote of sixty-seven percent (67%) of the Unit Owners at a meeting in which a quorum is present. If any such directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. A vacancy in the Board of Directors created by reason of the removal of a director may be filled for the unexpired term, and until the Unit Owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office.

Section 6. Compensation of Directors. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation as determined by the Board of Directors for services rendered in that other capacity.

Section 7. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the condominium and may do all such acts and things except such acts as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors, but not be limited to the following:

- (a) Operation, care, upkeep and maintenance of the common areas and facilities.
- (b) Determination of the common expenses required for the affairs of the condominium, including without limitation, the operation and maintenance of the property.
- (c) Levying and collection of the common charges from Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property, and for the health, comfort, safety and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.
- (f) Opening of bank accounts on behalf of the Association and designated signatories required therefore.
- (g) Making of repairs, additions, improvements to or alterations to the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (h) Procure insurance as required by the Declaration.
- (i) Pay ad valorem taxes and public assessments levied against the common areas and facilities.

Section 8. Managing Agent. The Board of Directors for the Association may engage the services of any person, firm, or corporation to act as managing agent at compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board may delegate to the Managing Agent all of the powers granted to the Board of Directors by these By-Laws other than the powers in Section 7(d) and Section 7(e) of this Article.

ARTICLE IV

Meeting of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors may be held immediately after the annual meeting of Unit Owners and if not then shall be held within a reasonable time thereafter.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at any place within the State of North Carolina as the Board of Directors may from time to time established for regular meetings or as set forth in a duly executed waiver of notice of such meeting or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. Special meetings shall be called on not less than five (5) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram, facsimile or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. A quorum shall be deemed present throughout any meeting of the Board of Directors if persons entitled to cast one-half of the votes in that body are present at the beginning of the meeting.

Section 6. Vote Required for Action. Except as otherwise provided in this section, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as required in Article III, Section 6 of these By-Laws.

Section 7. Action by Directors Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent thereto shall be signed by all the directors and such written consent is filed with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 8. Adjournments. A meeting of the Board of Directors without a quorum present may be adjourned by majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of

the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 9. Minutes. The Board shall keep written minutes of its proceedings.

Section 10. Liability. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent they are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Association shall incorporate by reference all of the terms and provisions of the said Declaration and these By-Laws. Each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all Unit Owners in the common areas and facilities.

ARTICLE V

Officers

Section 1. Number of Officers. The Association's officers shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity.

Section 2. Election, Term of Office and Qualifications. Each officer shall be chosen by the Board of Directors and shall hold office at the will of the Board of Directors until their successors have been elected and have been qualified or until their early death, resignation, removal, retirement or disqualification. The officers need not be Unit Owners.

Section 3. Removal. Any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Association's President or Secretary. Any such resignation shall take effect upon its being accepted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer and subject to the instructions of the Board of Directors, shall have general charge of the Association's business, affairs and property and control over its other officers, agents and employees. He shall preside at all meetings of the Unit Owners and of the Board of Directors at which he may be present. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Vice President. At the request of the President, or in his absence or disability, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President. The Vice President shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Unit Owners and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by the provisions of N.C.G.S. Chapter 47C. He shall be custodian of the Association's records, books, reports, statements, certificates and other documents and of the Association's seal, and see that the seal is affixed to all documents requiring such seal. He shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 9. Assistant Secretary. The Assistant Secretary, if such an officer is appointed by the Board of Directors, shall be authorized to attest to all documents on behalf of the Association and affix the Association's seal thereto. His duties shall be ministerial only and limited to executing all documents in proper corporate form as from time to time may be necessary.

Section 10. Treasurer. The Treasurer shall have supervision over the Association's funds, receipts and disbursements of the Association. He shall keep full and accurate accounts of the Association's finances in accordance with general accepted accounting principles and in accordance with the provisions of N.C.G.S. Chapter 47C. The Treasurer shall make reports of same to the Board of Directors upon request. The Treasurer shall perform all duties that may be assigned to him from time to time by the Board of Directors. The reports and records of the Association shall be available for inspection by the Unit Owners and duly authorized agents or attorneys of Unit Owners at convenient hours of working days. The Treasurer shall require that an outside audit be conducted at least one a year on the books and records of the Association.

Section 11. Duties of Officers May Be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

Section 12. Salaries of Officers. The compensation of all officers of the Association shall be fixed by the Board of Directors, providing however, that no officers appointed by Declarant shall receive any compensation from the Association.

ARTICLE VI

Fiscal Management

Section 1. Determination of Common Expenses and Fixing of Common Charge. The Board of Directors shall, from time to time and at least annually, prepare a budget for the Association and determine the amount of the common charges payable by the Unit Owners to meet common expenses of the condominium and allocate and assess such common charges among the Unit Owners according to their respective common interests. A common expense shall include among other things, the cost of all insurance premiums and all policies of insurance required to be or which have been obtained by the Board of Directors, ad valorem taxes, sewer charges, and assessments for public improvements. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the property, for the condominium, and for a general operating reserve, for reserve fund replacements, and to make up any deficit in the common expenses for any prior year. Any increase in the monthly common charge that exceeds 10% per annum will require the consent of a majority of all Unit Owners.

The Board of Directors shall advise all Unit Owners promptly in writing of the amount of common charges payable by each of them respectively as determined by the Board of Directors and shall furnish copies of each budget on which such common charges are based, to all Unit Owners.

Section 2. Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the purpose of Section 1 of Article VI at such time or times as the Board shall determine.

Section 3. Collection of Assessments. The Board of Directors shall assess the common charges against the Unit Owners from time to time and shall take prompt action to collect any common charge due for any Unit Owner which remains unpaid for more than thirty days from the date due.

Section 4. Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the Board of Directors the common charges as determined by the

Board, each Unit Owner shall be obligated to pay interest at the legal rate on such common charges from the date due thereof together with all expenses, including attorney's fees incurred by the Board in any proceeding to collect such unpaid common charges.

In any action brought by the Board to foreclose on a unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of such unit and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board acting on behalf of all Unit Owners, or on behalf of one or more individual owners, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey or otherwise deal with same, subject to applicable restrictions of record.

Section 5. Maintenance and Repair. All maintenance and repair to any unit, structural or nonstructural, ordinary or extraordinary, and maintenance of and repairs and replacements to the common areas and facilities contained therein shall be made by the Board and charged to all Unit Owners as a common expense.

Section 6. Utility Expense. The Board shall own and be responsible for the repair, maintenance, and upkeep of all equipment such as the elevator and heating and air conditioning equipment which serve the common areas. Unit Owners shall be individually responsible for the repair, maintenance and upkeep of all equipment such as hot water heaters and heating and air conditioning equipment which exclusively serves their unit.

Section 7. Additions and Alterations. No Unit Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent by the Board. The Board shall have the obligation to answer any written request by a Unit Owner for consideration of a proposed structural addition, alteration or improvement brought by a Unit Owner. Failure to do so within forty-five days from the day on which the written request shall first have been made to the Board shall constitute a consent by the Board to the proposed addition, alteration or improvement.

Section 8. Use of the Units and Common areas. The use of the property of the condominium shall be in accordance with the following provisions:

The building and each of the units shall be used for residential purposes only. The use of the building and units are further restricted by these By-Laws of the Association. No unit may be subdivided into smaller units or any portions thereof, sold or otherwise transferred without first amending these By-Laws to show the changes in the units to be effected thereby.

No more than two persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit for more than thirty days in any one consecutive calendar year.

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.

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 or shall interfere with the peaceful possession of property by Unit Owners.

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.

No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the Association.

No signs shall be permitted on or about the units.

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

Unit Owners shall not park or store any motorcycle, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard 2-ton or less pickup trucks or smaller sized trucks.

Unit Owners who shall have hardwood floors in their units shall install resilient floor covering (carpets or area rugs) over at least 75% of the floor area of any hardwood floors that are directly above habitable condominium units below.

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.

Section 9. Right of Access. All Unit Owners shall grant a right of access to his unit to the Board or their designee for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or common area or facility, or for the purpose of performing installations, alterations, replacement, or repairs to common areas and facilities in the unit or elsewhere in the building. In case of emergencies such right of entry shall be immediate whether the Unit Owner is present at the time or not.

Section 10. Rules of Conduct. Rules and regulations concerning the use of the units and the common areas and facilities may be promulgated by and amended by the Board with approval of eighty (80%) of the Unit Owners. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner on request.

Section 11. Annual Audit. Within one hundred twenty (120) days or less following the end of each fiscal year, the Association shall provide an annual audit prepared by an independent accountant available for inspection by Unit Owners or others as provided by Article II, Section 16 of these By-Laws.

Section 12. Working Capital Fund. The Association shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The working capital fund shall be funded initially by the payment by each Unit Owner of an initial payment to the Association of two months estimated monthly assessment for each unit. Any amounts paid into this fund shall not be considered advance payments of regular assessments.

ARTICLE VII

Amendment of By-Laws

Section 1. These By-Laws may be amended by a vote of Unit Owners owning in the aggregate at least a 80% undivided interest in the Common areas and facilities cast in person or by proxy at a meeting held in accordance with the provisions of the By-Laws. 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.

Section 2. Amendments of a Material Nature to By-Laws. Amendments of a material nature shall be agreed to by Unit Owners who represent at least 80% 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 By-Laws. 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 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 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.

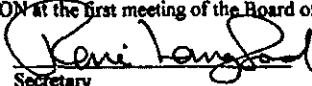
Implied approval by an eligible mortgage holder shall be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provide the notice was delivered by certified mail or registered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

ARTICLE VIII

Compliance

Section 1. These By-Laws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the By-Laws of THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION at the first meeting of the Board of Directors on Dec. 20, 1995.


Secretary

APPROVED: 

President

**BY-LAWS
OF
THE COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Offices

Article 1. Plan of Unit Ownership. The property located in the City of Raleigh, Wake County, North Carolina, and more particularly described in the Declaration to which By-Laws are attached (hereinafter "Declaration") has been submitted to the provisions of Chapter 47C of the North Carolina General Statutes entitled "North Carolina Condominium Act." The Declaration is being recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the property of the condominium and to the use and occupancy thereof. The term "property" as herein used shall include the land, the building and all other improvements and structures thereon and all easements, rights and appurtenances belonging thereto, all of which are intended to be submitted to the provisions of Chapter 47C of the North Carolina General Statutes.

Section 3. Application. All present and future owners, mortgagees, lessees, occupants of units and employees of owners and tenants and their families and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these By-Laws and rules and regulations made pursuant hereto and any amendment to these By-Laws upon same being passed and duly set forth in Amended Declaration, duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

Unit Owners

Section 1. Organizational Meeting. If not held before, the initial meeting of the Association shall be held on the first Tuesday in April, 1996.

Section 2. Annual Meetings. The annual meeting of the Unit Owners for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at 10 o'clock, a.m., on the first Tuesday in December in each year, commencing with the year 1996 if not a legal holiday, and if a legal holiday, then on the next secular day following. Unless otherwise scheduled, the Unit Owners shall vote at each annual meeting to ratify the proposed annual budget for the Association for the following year.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article II and a substitute annual meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.

Section 4. Special Meetings. Special meetings of the Unit Owners may be called at any time by a majority of the members of the Board of Directors, or upon the written request of Unit Owners having at least a 20% of the votes in the Association.

Section 5. Place of Meetings. All meetings of Unit Owners shall be held at 614 Capital Boulevard, Raleigh, North Carolina or at such other place within the City of Raleigh as may be designated in the Notice of Meeting.

Section 6. Notice of Meetings. Written or printed notices stating the time and place of a meeting of Unit Owners shall be delivered or mailed not less than ten (10) or more than thirty (30) days prior to the date of such meeting to each person entitled to vote at such meeting.

In case of a substitute annual meeting, notice of the meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of the Board of Directors on which the vote of the Unit Owners is expressly required by the provisions of the North Carolina Condominium Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 7. Quorum. A quorum shall be deemed present throughout any meeting of the Unit Owners until adjourned if the Unit Owners, in person or by proxy, entitled to cast more than one-quarter of the votes are present at the beginning of such meeting.

Section 8. Voting Rights. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Unit Owner or some other person designated by such Unit Owner to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. The total number of votes of all Voting Members

shall be fifty (50) and the Unit Owner of each Unit shall possess one vote. An owner of more than one Unit shall possess one vote for each Unit owned.

Section 9. Unit Owners. "Unit Owners" shall mean and refer to those persons who own units in the property subject to the Declaration and are entitled to membership as provided in the Declaration.

Section 10. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes which respect to the offices to be filed shall be deemed to be elected.

Section 11. Proxies. The votes pertaining to any condominium unit may (and shall in the case of any Unit Owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except as written notice delivered to the Association by the Unit Owner or by any other such person. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid.

Section 12. Presiding Officer. The President, or in his absence, the Vice-President, shall serve as a chairman of every Unit Owner's meeting unless some other person is elected to serve as Chairman by a majority vote of the votes represented at the meeting. The Chairman shall appoint such persons as he deems required to assist with the meeting.

Section 13. Adjournments. Any meeting of the Unit Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specified time or place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 14. Action of Unit Owners Without a Meeting. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by a majority of the Unit Owners entitled to vote on the date on which the last Unit Owners signed such approval and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a unanimous vote of the Unit Owners at a special meeting called for the purpose of considering the action authorized, except in those specific matters for which a vote greater than a majority vote is required by the North Carolina Unit Condominium Act.

Section 15. Availability of Project Documents. The Association shall assure that current copies of the Declaration, Articles of Incorporation, By-Laws, and other rules concerning the project as well as its own books, records, and financial statements are readily available for inspection by Unit Owners or by holders, insurers, and guarantors of first mortgages that are secured by units in the project. These documents will be available during normal business hours.

Section 16. Availability of Audited Financial Statements. Once the Association has been established for a minimum of one full fiscal year, the Association shall provide for the availability of an audited statement for the preceding fiscal year to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request for it.

Section 17. Termination of Legal Status. Following substantial destruction or condemnation of the property, any action by the Association to terminate the legal status of the project shall be agreed to by Unit Owners who represent at least 80% 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.

Any action by the Association to terminate the legal status of the project for reasons other than substantial destruction or condemnation of the property shall be agreed to by Unit Owners who represent at least 80% of the total allocated votes in the Association and by eligible mortgage holders who represent at least 67% of the votes of unit estates that are subject to mortgages held by eligible holders.

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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

Section 18. Rights of Action. The Association, and any aggrieved Unit Owner, shall have the right of action against Unit Owners who fail to comply with the provisions of the project Declaration, By-Laws, Articles of Incorporation and other rules properly enacted by the Association. Unit estate owners shall also be granted similar rights of action against the Association.

Section 19. 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.

ARTICLE III

Board of Directors

Section 1. General Powers. The property, affairs and business of the Association shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The number of directors shall be no less than three (3) and no more than five (5), to be elected by the Unit Owners at their initial meeting. Each director shall hold office for one year or until his death, resignation, retirement, removal or disqualification or his successor is elected and qualifies. No director shall serve for more than three consecutive terms.

Section 3. Election of Directors. Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of Unit Owners and the persons who shall receive the highest number of votes shall be the elected directors.

Section 4. Removal of Directors. The Board of Directors or any individual director may be removed from office with or without cause by a vote of sixty-seven percent (67%) of the Unit Owners at a meeting in which a quorum is present. If any such directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. A vacancy in the Board of Directors created by reason of the removal of a director may be filled for the unexpired term, and until the Unit Owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office.

Section 6. Compensation of Directors. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation as determined by the Board of Directors for services rendered in that other capacity.

Section 7. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the condominium and may do all such acts and things except such acts as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors, but not be limited to the following:

- (a) Operation, care, upkeep and maintenance of the common areas and facilities.
- (b) Determination of the common expenses required for the affairs of the condominium, including without limitation, the operation and maintenance of the property.
- (c) Levying and collection of the common charges from Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property, and for the health, comfort, safety and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.
- (f) Opening of bank accounts on behalf of the Association and designated signatories required therefore.
- (g) Making of repairs, additions, improvements to or alterations to the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (h) Procure insurance as required by the Declaration.
- (i) Pay ad valorem taxes and public assessments levied against the common areas and facilities.

Section 8. Managing Agent. The Board of Directors for the Association may engage the services of any person, firm, or corporation to act as managing agent at compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board may delegate to the Managing Agent all of the powers granted to the Board of Directors by these By-Laws other than the powers in Section 7(d) and Section 7(e) of this Article.

ARTICLE IV

Meeting of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors may be held immediately after the annual meeting of Unit Owners and if not then shall be held within a reasonable time thereafter:

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at any place within the State of North Carolina as the Board of Directors may from time to time established for regular meetings or as set forth in a duly executed waiver of notice of such meeting or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. Special meetings shall be called on not less than five (5) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram, facsimile or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. A quorum shall be deemed present throughout any meeting of the Board of Directors if persons entitled to cast one-half of the votes in that body are present at the beginning of the meeting.

Section 6. Vote Required for Action. Except as otherwise provided in this section, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as required in Article III, Section 6 of these By-Laws.

Section 7. Action by Directors Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent thereto shall be signed by all the directors and such written consent is filed with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 8. Adjournments. A meeting of the Board of Directors without a quorum present may be adjourned by majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of

the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 9. Minutes. The Board shall keep written minutes of its proceedings.

Section 10. Liability. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent they are Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Association shall incorporate by reference all of the terms and provisions of the said Declaration and these By-Laws. Each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all Unit Owners in the common areas and facilities.

ARTICLE V

Officers

Section 1. Number of Officers. The Association's officers shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity.

Section 2. Election, Term of Office and Qualifications. Each officer shall be chosen by the Board of Directors and shall hold office at the will of the Board of Directors until their successors have been elected and have been qualified or until their early death, resignation, removal, retirement or disqualification. The officers need not be Unit Owners.

Section 3. Removal. Any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Association's President or Secretary. Any such resignation shall take effect upon its being accepted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer and subject to the instructions of the Board of Directors, shall have general charge of the Association's business, affairs and property and control over its other officers, agents and employees. He shall preside at all meetings of the Unit Owners and of the Board of Directors at which he may be present. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Vice President. At the request of the President, or in his absence or disability, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President. The Vice President shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Unit Owners and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by the provisions of N.C.G.S. Chapter 47C. He shall be custodian of the Association's records, books, reports, statements, certificates and other documents and of the Association's seal, and see that the seal is affixed to all documents requiring such seal. He shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 9. Assistant Secretary. The Assistant Secretary, if such an officer is appointed by the Board of Directors, shall be authorized to attest to all documents on behalf of the Association and affix the Association's seal thereto. His duties shall be ministerial only and limited to executing all documents in proper corporate form as from time to time may be necessary.

Section 10. Treasurer. The Treasurer shall have supervision over the Association's funds, receipts and disbursements of the Association. He shall keep full and accurate accounts of the Association's finances in accordance with general accepted accounting principles and in accordance with the provisions of N.C.G.S. Chapter 47C. The Treasurer shall make reports of same to the Board of Directors upon request. The Treasurer shall perform all duties that may be assigned to him from time to time by the Board of Directors. The reports and records of the Association shall be available for inspection by the Unit Owners and duly authorized agents or attorneys of Unit Owners at convenient hours of working days. The Treasurer shall require that an outside audit be conducted at least one a year on the books and records of the Association.

Section 11. Duties of Officers May Be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

Section 12. Salaries of Officers. The compensation of all officers of the Association shall be fixed by the Board of Directors, providing however, that no officers appointed by Declarant shall receive any compensation from the Association.

ARTICLE VI

Fiscal Management

Section 1. Determination of Common Expenses and Fixing of Common Charge. The Board of Directors shall, from time to time and at least annually, prepare a budget for the Association and determine the amount of the common charges payable by the Unit Owners to meet common expenses of the condominium and allocate and assess such common charges among the Unit Owners according to their respective common interests. A common expense shall include among other things, the cost of all insurance premiums and all policies of insurance required to be or which have been obtained by the Board of Directors, ad valorem taxes, sewer charges, and assessments for public improvements. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the property, for the condominium, and for a general operating reserve, for reserve fund replacements, and to make up any deficit in the common expenses for any prior year. Any increase in the monthly common charge that exceeds 10% per annum will require the consent of a majority of all Unit Owners.

The Board of Directors shall advise all Unit Owners promptly in writing of the amount of common charges payable by each of them respectively as determined by the Board of Directors and shall furnish copies of each budget on which such common charges are based, to all Unit Owners.

Section 2. Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the purpose of Section 1 of Article VI at such time or times as the Board shall determine.

Section 3. Collection of Assessments. The Board of Directors shall assess the common charges against the Unit Owners from time to time and shall take prompt action to collect any common charge due for any Unit Owner which remains unpaid for more than thirty days from the date due.

Section 4. Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the Board of Directors the common charges as determined by the

Board, each Unit Owner shall be obligated to pay interest at the legal rate on such common charges from the date due thereof together with all expenses, including attorney's fees incurred by the Board in any proceeding to collect such unpaid common charges.

In any action brought by the Board to foreclose on a unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of such unit and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board acting on behalf of all Unit Owners, or on behalf of one or more individual owners, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey or otherwise deal with same, subject to applicable restrictions of record.

Section 5. Maintenance and Repair. All maintenance and repair to any unit, structural or nonstructural, ordinary or extraordinary, and maintenance of and repairs and replacements to the common areas and facilities contained therein shall be made by the Board and charged to all Unit Owners as a common expense.

Section 6. Utility Expense. The Board shall own and be responsible for the repair, maintenance, and upkeep of all equipment such as the elevator and heating and air conditioning equipment which serve the common areas. Unit Owners shall be individually responsible for the repair, maintenance and upkeep of all equipment such as hot water heaters and heating and air conditioning equipment which exclusively serves their unit.

Section 7. Additions and Alterations. No Unit Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent by the Board. The Board shall have the obligation to answer any written request by a Unit Owner for consideration of a proposed structural addition, alteration or improvement brought by a Unit Owner. Failure to do so within forty-five days from the day on which the written request shall first have been made to the Board shall constitute a consent by the Board to the proposed addition, alteration or improvement.

Section 8. Use of the Units and Common areas. The use of the property of the condominium shall be in accordance with the following provisions:

The building and each of the units shall be used for residential purposes only. The use of the building and units are further restricted by these By-Laws of the Association. No unit may be subdivided into smaller units or any portions thereof, sold or otherwise transferred without first amending these By-Laws to show the changes in the units to be effected thereby.

No more than two persons over the age of eighteen unrelated by blood or marriage shall reside in any single unit for more than thirty days in any one consecutive calendar year.

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.

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 or shall interfere with the peaceful possession of property by Unit Owners.

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.

No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the Association.

No signs shall be permitted on or about the units.

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

Unit Owners shall not park or store any motorcycle, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard 2-ton or less pickup trucks or smaller sized trucks.

Unit Owners who shall have hardwood floors in their units shall install resilient floor covering (carpets or area rugs) over at least 75% of the floor area of any hardwood floors that are directly above habitable condominium units below.

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.

Section 9. Right of Access. All Unit Owners shall grant a right of access to his unit to the Board or their designee for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or common area or facility, or for the purpose of performing installations, alterations, replacement, or repairs to common areas and facilities in the unit or elsewhere in the building. In case of emergencies such right of entry shall be immediate whether the Unit Owner is present at the time or not.

Section 10. Rules of Conduct. Rules and regulations concerning the use of the units and the common areas and facilities may be promulgated by and amended by the Board with approval of eighty (80%) of the Unit Owners. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner on request.

Section 11. Annual Audit. Within one hundred twenty (120) days or less following the end of each fiscal year, the Association shall provide an annual audit prepared by an independent accountant available for inspection by Unit Owners or others as provided by Article II, Section 16 of these By-Laws.

Section 12. Working Capital Fund. The Association shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The working capital fund shall be funded initially by the payment by each Unit Owner of an initial payment to the Association of two months estimated monthly assessment for each unit. Any amounts paid into this fund shall not be considered advance payments of regular assessments.

ARTICLE VII

Amendment of By-Laws

Section 1. These By-Laws may be amended by a vote of Unit Owners owning in the aggregate at least a 80% undivided interest in the Common areas and facilities cast in person or by proxy at a meeting held in accordance with the provisions of the By-Laws. 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.

Section 2. Amendments of a Material Nature to By-Laws. Amendments of a material nature shall be agreed to by Unit Owners who represent at least 80% 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 By-Laws. 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 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 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.

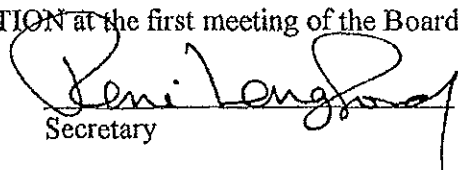
Implied approval by an eligible mortgage holder shall be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provide the notice was delivered by certified mail or registered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

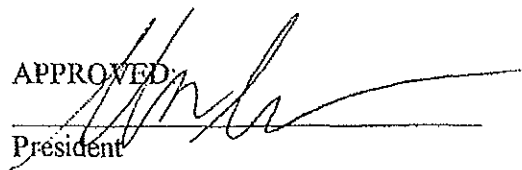
ARTICLE VIII

Compliance

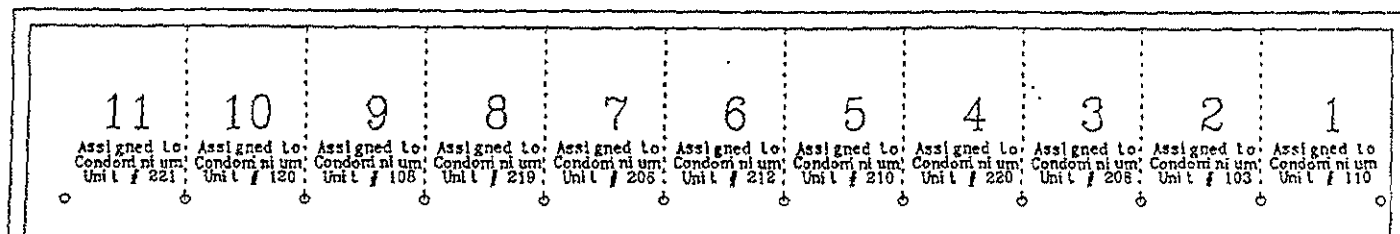
Section 1. These By-Laws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the By-Laws of THE COTTON MILL CONDOMINIUM HOMEOWNERS ASSOCIATION at the first meeting of the Board of Directors on Dec. 20, 1995.

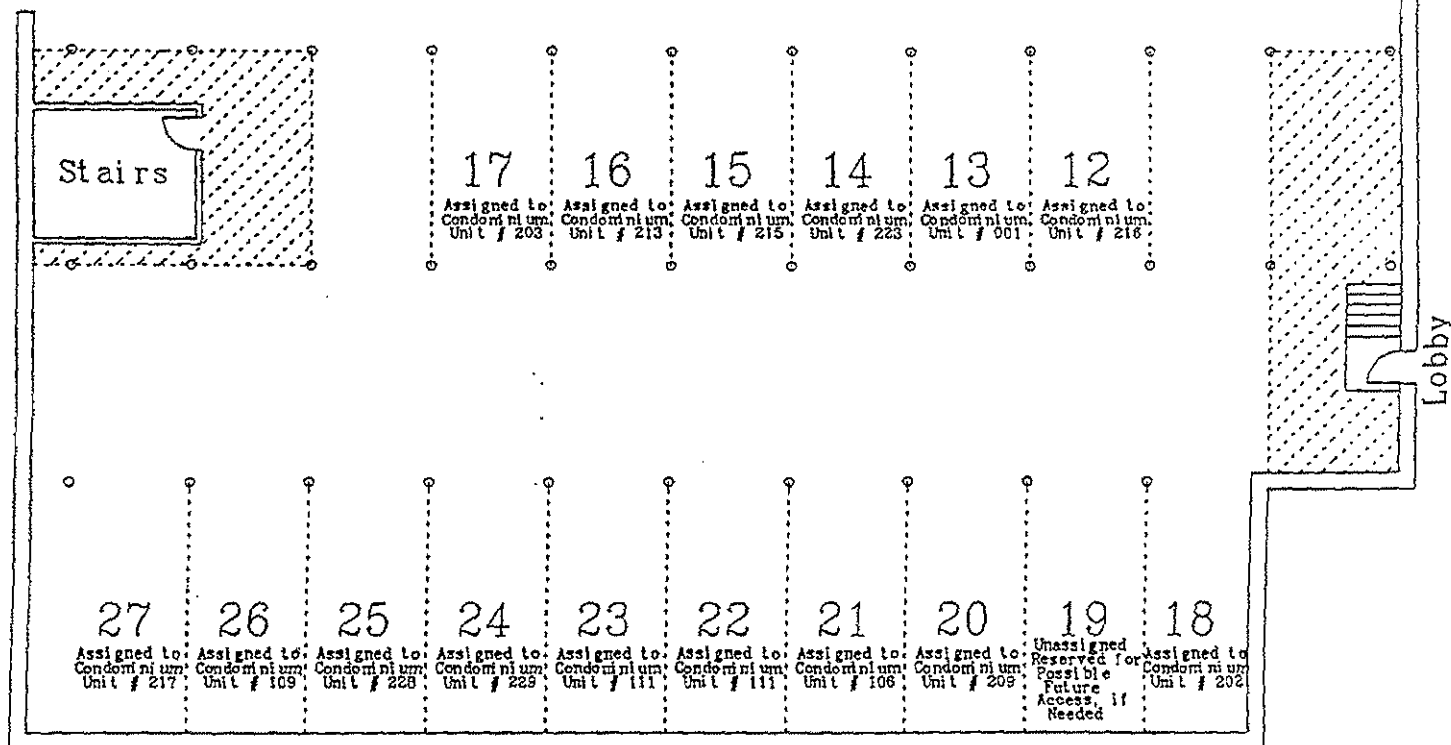

Secretary

APPROVED: 

President



Enter/Exit



The Cotton Mill Condominium Homeowners Association, Inc.
Limited Common Areas--Assigned Parking Spaces
Declaration of Condominium--Exhibit B1

The Cotton Mill Condominium Homeowners Association, Inc.
Declaration of Condominium
Exhibit B1

BK7500PG0466

Return to Georgina Marie Mollick, P. O. Box 164, Raleigh, North Carolina 27602

RECORDED
FOR
REGISTRATION

STATE OF NORTH CAROLINA

000582

AMENDMENT TO DECLARATION
OF CONDOMINIUM

COUNT OF WAKE

97 JUN -6 PM 4:14
LAURA M. RIDDICK
REGISTER OF DEEDS
WAKE COUNTY

THIS AMENDMENT OF DECLARATION OF CONDOMINIUM is made and entered into the 7th day of June, 1997, by the affirmative votes of 80% of the unit owners of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation (the "Association") pursuant to the provisions of N.C.G.S. 47(c)-2-117.

WITNESSETH:

That the Association on November 17, 1996, held a meeting of all unit owners pursuant to the Bylaws of the Association, and at said meeting was held, a quorum being present, the Association voted to amend Paragraph 21 of the Declaration of Condominium to read as follows:

21. AMENDMENT

The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. 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 sixty-seven percent (67%) of the total allocated votes in the Association and by eligible mortgage holders who represent at least fifty-one percent (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 successor 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 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 restrictions of 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 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, provide the notice was delivered by certified mail or registered mail with a "return receipt" requested.

This Declaration may further be amended by the Declarant for the purpose of recording 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.

WHEREAS, this matter was approved by eighty percent (80%) of the Unit Owners of the Association.

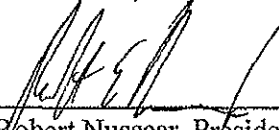
THEREFORE BE IT RESOLVED, the Declaration of Condominium is so amended.

THEREFORE BE IT FURTHER RESOLVED, a copy of this Amendment shall be filed at the Office of the Wake County Register of Deeds at the expense of the Association and shall be notice to all prospective purchasers, successors in title and assigns of the Amendment to the Declaration of Condominium.

BK7500PG0468

IN WITNESS WHEREOF, this action is certified on behalf of the Association on November 17, 1996.

COTTON MILL CONDOMINIUM HOMEOWNERS
ASSOCIATION, INC.

By: 
Robert Nussear, President

ATTEST:

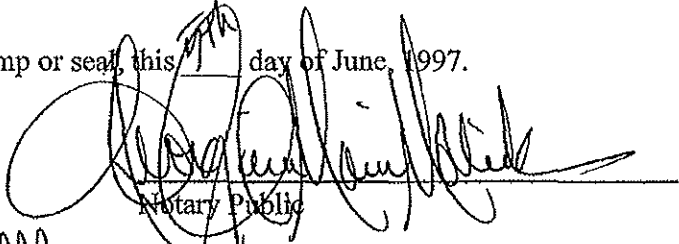
By: 
Paul Northrup, Secretary

STATE OF NORTH CAROLINA

COUNTY OF WAKE

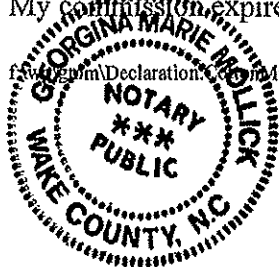
I, Georgina Marie Mollick, Notary Public of the County and State aforesaid, certify that Paul Northrup personally came before me this day and acknowledged that he is the Secretary of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation, and that by authority duly given as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with his corporate seal and attested by Paul Northrup as its Secretary.

Witness my hand and official stamp or seal, this 17th day of June, 1997.


Notary Public

My commission expires: July 27, 1999

f:\w\gm\Declaration\ Cotton Mill.52397



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate ___ of Georgina Marie Mollick

Notar(y)(ies) Public

is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

1512 # 861 16 # 316

NORTH CAROLINA

AMENDMENT TO DECLARATION
OF CONDOMINIUM FOR THE
COTTON MILL

WAKE COUNTY

THIS AMENDMENT TO DECLARATION OF CONDOMINIUM of The Cotton Mill, a condominium, is made on this ____ day of February, 1996, by the undersigned who on said date among them own all condominium units of The Cotton Mill, 614 Capital Boulevard, Raleigh, North Carolina.

WITNESSETH:

THAT WHEREAS, by instrument recorded in Book 6789 Pages 351, Wake County Registry, Rene Langford, Inc., (the "Declarant") subjected The Cotton Mill, a condominium, of Raleigh, North Carolina, more particularly described in Exhibit A, attached thereto and incorporated, herein by reference (the "Property") to a Declaration of Condominium (the "Declaration"); and

WHEREAS, the Declaration and GS 47C-2-117 both provide that a unanimous vote of the unit owners is required in order to amend the Declaration to change the allocated interest of a unit; and

WHEREAS, prior to the date hereof, the Declarant has conveyed by deed certain of the condominium units to purchasers ("Unit Owners") and has retained others; and

WHEREAS, at a duly called meeting of the Declarant and Unit Owners held on January 24, 1996, in Raleigh, North Carolina, it was unanimously agreed among the parties to amend the Declaration to make minor changes in the allocated interests of several units; and

WHEREAS the Declarant and Unit Owners now desire to amend the Declaration to reflect revised and corrected allocated interests of units within the condominium.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other valuable consideration, the Declarant and Unit Owners do hereby amend the Declaration as follows:

Exhibit B-2, "Schedule of Percentage Ownership of Common Elements" is hereby replaced by the revised and corrected version, Exhibit B-2, "Schedule of Percentage Ownership of Common Elements", attached hereto and incorporated by reference as if fully set out herein.

Except as specifically amended herein, the Declaration shall remain in full force and effect as written.

IN WITNESS WHEREOF, the Declarants and Unit Owners have caused this instrument to be executed the day and year first above written.

Declarant--owner of Units 202, 203, 209-210, 213-215, 217, 221, 223, 226-228, 101-120, 001.

Rene Langford, Inc.

By: Rene F. Langford
Rene F. Langford, President

(CORPORATE SEAL)

Attest:

By: Joan Langford
Joan Langford, Secretary

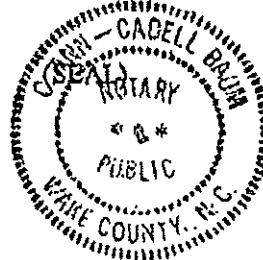
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Joan Langford personally came before me this day and acknowledged that she is the Secretary of Rene Langford, 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, sealed with its corporate seal and attested by Joan Langford, as its Secretary.

Witness my hand and official stamp or seal this 27th day of February, 1996.

C. Dean Cabell Brown
Notary Public

My commission expires: My Commission Expires 5/30/98



The Cotton Mill Condominium Homeowners Association, Inc.					
Schedule of Percentage Ownership of Common Elements					
Declaration of Condominium			Exhibit--B2		
Unit		Ownership			
#		Percentage			
101		1.930%			
102		1.883%			
103		2.812%			
104		1.130%			
105		1.883%			
106		1.856%			
107		1.450%			
108		2.181%			
109		2.411%			
110		2.113%			
111		1.130%			
112		1.130%			
113		1.130%			
114		1.883%			
115		2.260%			
116		2.052%			
117		1.450%			
118		2.181%			
119		2.181%			
120		2.411%			
201		2.265%			
202		1.815%			
203		2.420%			
204		1.328%			
205		1.815%			
206		1.210%			
207		1.210%			
208		2.420%			
209		2.974%			
210		2.296%			
211		2.296%			
212		2.296%			

The Cotton Mill Condominium Homeowners Association, Inc.					
Schedule of Percentage Ownership of Common Elements					
Declaration of Condominium			Exhibit-B2		
Unit #		Ownership Percentage			
213		2.554%			
214		1.504%			
215		2.441%			
216		1.815%			
217		1.210%			
218		1.210%			
219		1.815%			
220		1.815%			
221		1.815%			
222		1.815%			
223		2.669%			
224		2.669%			
225		3.522%			
226		2.296%			
227		2.296%			
228		2.296%			
229		2.554%			
001		1.897%			
		100.000%			

BK 7500PG0469

Return to Georgina Marie Mollick, P. O. Box 164, Raleigh, North Carolina 27602

PRESENTED

REGISTERED

STATE OF NORTH CAROLINA

COUNT OF WAKE

000583

NOTICE OF REALLOCATION OF
LIMITED COMMON AREAS
ASSIGNED PARKING SPACES

57.52-6 PM 4:15

WAKE COUNTY

This Amendment of Declaration and Notice of Reallocation of Limited Common Areas- Assigned Parking Spaces is made this 24 day of June, 1997, upon the consent of eighty percent (80%) of the Unit Owners of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation ("Association").

WITNESSETH:

WHEREAS, parking space No. 8 as set forth in Exhibit "B1" to the Declaration of Condominium of the Association recorded in Book 6789 Page 0351 through Page 0389 in the Office of the Register of Deeds of Wake County, North Carolina, which is incorporated herein by reference and reference to which is hereby made for a more particular description, was conveyed from the owner of Unit 219 to the owner of Unit 225 as recorded on March 26, 1997, at 8:31 AM in Book 7385 Page 504 in the Office of the Register of Deeds of Wake County, North Carolina, a copy of which is attached hereto as Exhibit "A", which is incorporated herein by reference and reference to which is hereby made for a more particular description; and

WHEREAS, eighty percent (80%) of the Unit Owners have consented to this Reallocation of the Limited Common Areas - Assigned Parking Spaces, the Association hereby assigns Parking Space No. 8 described hereinabove, in accordance with the Declaration of Condominium for use by Unit 225 as set forth in Amended Exhibit "B1" to the Declaration of Condominium attached hereto and incorporated by reference, showing the Reallocated Limited Common Area - Assigned Parking Space which has been assigned to Unit 225 as a Limited Common Area reserved for use by that Unit 225.

Nothing herein shall be construed to increase the undivided interest in the common areas and facilities allotted to Unit 225. A copy of this Notice of Reallocation shall be filed in the office of the Wake County Register of Deeds at the expense of the owners of Unit 225 and shall be notice to all prospective purchasers, successors in title and assigns of the permanent assignment of the parking space designated on the attached Amended Exhibit "B1" as a limited common element reserved for use by Unit 225.

IN WITNESS WHEREOF, the parties on the attached Consent have executed this instrument as of the day and year first above written.

**CONSENT TO CHANGE COTTON MILL
CONDOMINIUM LIMITED COMMON AREA
ASSIGNMENT**

As an owner of the unit listed next to my signature, I consent to the modification of the Cotton Mill Condominium documents relating to the assignment of parking spaces in the Limited Common Area to change the assignment of Parking Space #8 from Unit 219 to Unit 225. I understand that any costs associated with this change will be borne by the owners of Unit 225.

Signature/Date	Name	Unit
<i>[Signature]</i> 4/5/97	JOHN LABUS	001
<i>[Signature]</i> 4/14/97	Andrew Blawett	101
<i>[Signature]</i> 5/31/97	MARY E. FLETCHER	102
<i>[Signature]</i> 4/15/97	MICHAEL P. CONTAKI	103
<i>[Signature]</i> 5/1/97	ELLIOT WEIN	104
<i>[Signature]</i> 4/21/97	Alexis MORGAN	105
		106
<i>[Signature]</i> 4/20/97	JIN SARESE	107
<i>[Signature]</i> 7/5/97	Joyce Baker	108
<i>[Signature]</i> 4/17/97	PAT JOHNSTON	109
<i>[Signature]</i> 4/15/97	Matthew Fische	110
		111
<i>[Signature]</i> 5/3/97	Kevin Kerstetter	112
		113
<i>[Signature]</i> 4/21/97	Julie Caldwell	114
<i>[Signature]</i> 4/10/97	Chris Lawson	115
<i>[Signature]</i> 5/14/97	MARK WORMACK	116
<i>[Signature]</i> 5/14/97	SHEREE L. WORRELL	117
<i>[Signature]</i> 4/23/97	PAM CURTIS	118
<i>[Signature]</i> 4/24/97	Joe Sinshemier	119
<i>[Signature]</i> 4/23/97	Derek C. Philbeck	120
<i>[Signature]</i> 4/7/97	Bill Hudson	201
<i>[Signature]</i> 4/15/97	<i>[Signature]</i>	202

00PG 0670

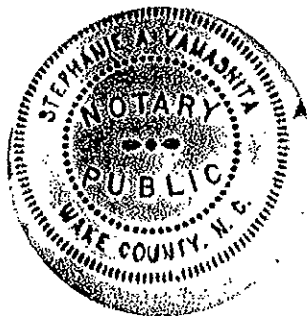
Signature/Date	Name	Unit
<i>[Signature]</i> 4/17/97	TINA S. WHITE	203
		204
		205
<i>[Signature]</i> 4-5-97	Nancy Dixon	206
<i>[Signature]</i> 4-7-97	Laura Richards	207
<i>[Signature]</i> 4-6-97	CHRIS CLARK	208
<i>[Signature]</i> 4/7/97	ROBERT NUSSECK	209
<i>[Signature]</i> 5/2/97	NORWOOD H. MICHEN	210
		211
<i>[Signature]</i> 4/13/97	REID HINSON	212
<i>[Signature]</i> 4/4/97	Greg T. Casey	213
<i>[Signature]</i> 5-31-97	C-ANN-CABELL BAWN	214
<i>[Signature]</i> 5/5/97	Virginia Kelly	215
<i>[Signature]</i> 5/4/97	Fred C Miller	216
<i>[Signature]</i> 5/10/97	Perry Pote	217
		218
		219
		220
<i>[Signature]</i> 5-5-97	JOHN E. KROB	221
<i>[Signature]</i> 5-31-97	SOAN TOLVERSON	222
<i>[Signature]</i> 5-31-97	Tom Deak	223
<i>[Signature]</i> 4/14/97	brockman Hauer	224
<i>[Signature]</i> 3/31/97	ANN CARY J. HEUENER	225
<i>[Signature]</i> 4/13/97	JEFF CONNELLY	226
		227
<i>[Signature]</i> 4/21/97	Anthony Hefner	228
<i>[Signature]</i> 4/21/97	Roger Beasley	229

7500PG04711

I, Stephanie A. Yamashita, certify that C. Ann-Cabell Baum personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 31st day of April, 1997.

Stephanie A. Yamashita
Notary Signature

My Commission Expires: 03-02-00



1

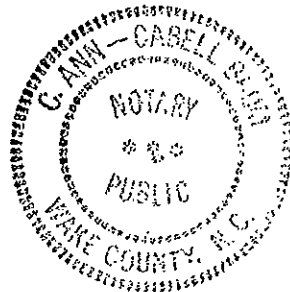
BY 7500PG0472

I, C. Ann-Cabell Baum, certify that Ann Cary Hevener and Susan Tollefson personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 31st day of March, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-20-2001



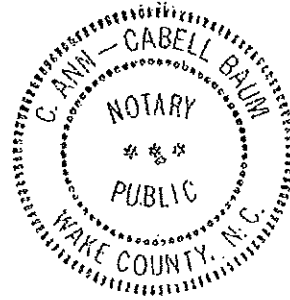
BK7500PG0473

I, C. Ann-Cabell Baum, certify that John Labus and Nancy Dixon personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 5th day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



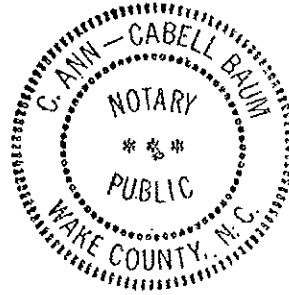
3K 7500PG0474

I, C. Ann-Cabell Baum, certify that Pat Johnston, Chris Lawson, Bill Hudson, Tina White, Laura Richards, Chris Clark, and Robert Nussear personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 7th day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 6-30-2001

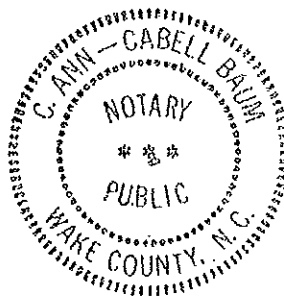


8K7500PG0475
I, C. Ann-Cabell Baum, certify that Jeff Connelly personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 13th day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

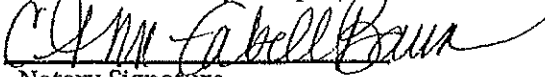
My Commission Expires:

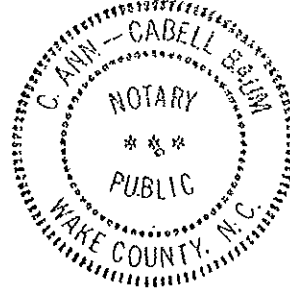
My Commission Expires 5-30-2001



BK 7500PG0476

I, C. Ann-Cabell Baum, certify that Michael Cortina and Gary Murphy personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 15th day of April, 1997.


Notary Signature



My Commission Expires:

My Commission Expires 5-30-2001

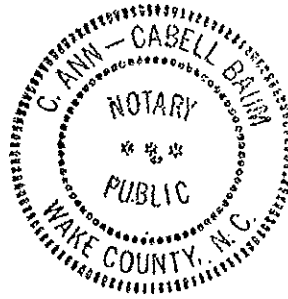
BK7500PG0477

I, C. Ann-Cabell Baum, certify that Reid Hinson personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 3rd day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



BK7500PG0478

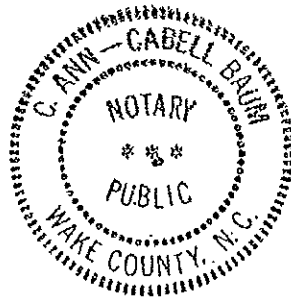
I, C. Ann-Cabell Baum, certify that Andrew Blauvelt, Georgina Mollick, Tom Deak, and Greg Casey personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 4th day of April, 1997.

C. Ann-Cabell Baum

Notary Signature

My Commission Expires:

9/1/2000

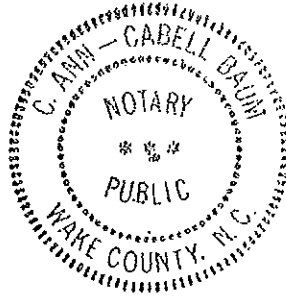


3K7500PG0479
I, C. Ann-Cabell Baum, certify that Jim Scarborough personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 20th day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 6-30-2001



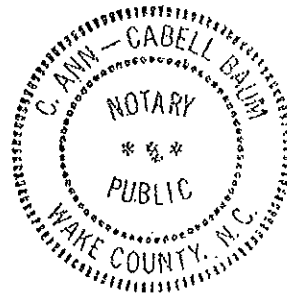
387500PG0480

I, C. Ann-Cabell Baum, certify that Julie Caldwell, Anthony Hefner, and Roger Beasley personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 21st day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



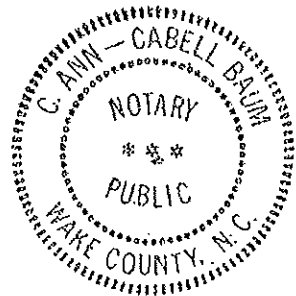
OK7500PG0481

I, C. Ann-Cabell Baum, certify that Pam Curtis and Derek Philbeck personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 23rd day of April, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



SK7500PG0482

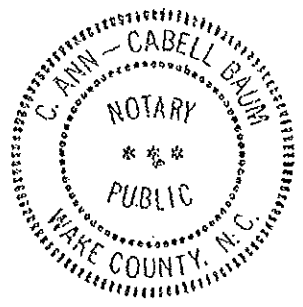
I, C. Ann-Cabell Baum, certify that Alexis Mendez and Joe Sinshammer personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 24th day of April, 1997.

C. Ann-Cabell Baum

Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



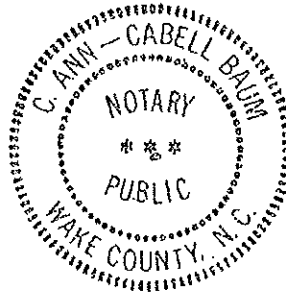
8K7500PG0483

I, C. Ann-Cabell Baum, certify that Matthew Eisele personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 1st day of May, 1997

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



BK 7500PG0484

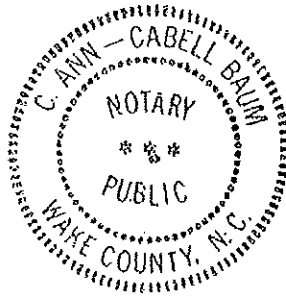
I, C. Ann-Cabell Baum, certify that Mary Fletcher personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 3rd day of May, 1997.

C. Ann-Cabell Baum

Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



BK 7500PG0485

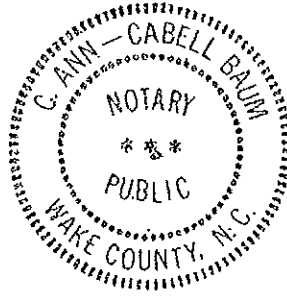
I, C. Ann-Cabell Baum, certify that Mark Womack, Sheree Worrell, and Fred Miller personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 4th day of May, 1997.



Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



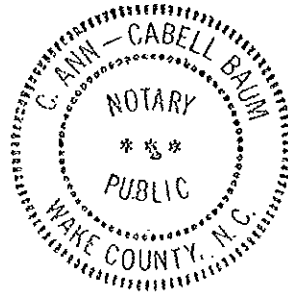
3K7500P60486

I, C. Ann-Cabell Baum, certify that Elliot Weil, Joyce Baker, Kevin Kerstetter, Virginia Kelly, and John Rice personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 5th day of May, 1997.

C. Ann-Cabell Baum
Notary Signature

My Commission Expires:

My Commission Expires 5-30-2001



BK7500PG0487

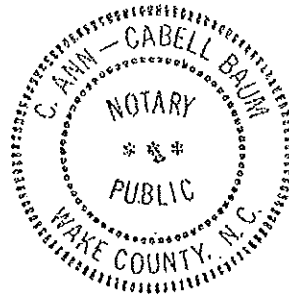
I, C. Ann-Cabell Baum, certify that Norwood Mitchell and Perry Poole personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal this 6th day of May, 1997.

C. Ann-Cabell Baum

Notary Signature

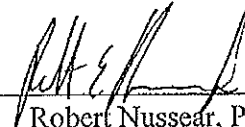
My Commission Expires:

My Commission Expires 5-30-2001

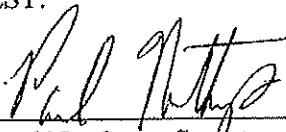


BK 7500PG0488

COTTON MILL CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.

By: 
Robert Nusssear, President

ATTEST:

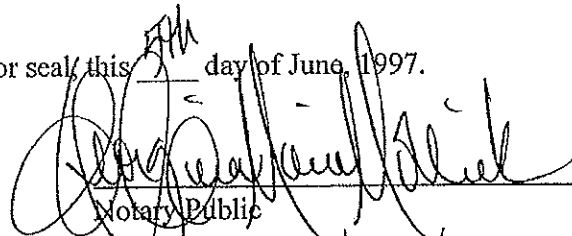
By: 
Paul Northrup, Secretary

STATE OF NORTH CAROLINA

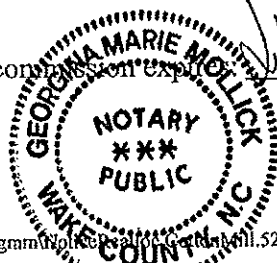
COUNTY OF WAKE

I, Georgina Marie Mollick, Notary Public of the County and State aforesaid, certify that Paul Northrup personally came before me this day and acknowledged that he is the Secretary of the Cotton Mill Condominium Homeowners Association, Inc., a North Carolina corporation, and that by authority duly given as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with his corporate seal and attested by Paul Northrup as its Secretary.

Witness my hand and official stamp or seal this 27th day of June, 1997.


Notary Public

My commission expires July 27, 1999



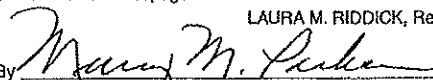
F:\wp\lgmm\Notary Seal for Cotton Mill.52997

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Stephanie A. Vannest
C. Ann-Cabell Bann Notary(y)ies) Public

is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

LAURA M. RIDDICK, Register of Deeds

By: 
Asst. Deputy Register of Deeds

Prepared by and Held For: SATISKY & SILVERMAN, LLC

BK 7500PG0489

BK 7385PG0505

NORTH CAROLINA

PRESENTED
FOR
REGISTRATION

ASSIGNMENT

WAKE COUNTY

000005

97 MAR 26 AM 8:31

LAURA M. RIDDICK
REGISTER OF DEEDS
WAKE COUNTY

This Assignment, made and entered in the Office of the Register of Deeds of Wake County, North Carolina, on the 26th day of March, 1997, by and between Thomas M. Watters and wife, Karen A. Watters ("Assignor") and Kabir Mahadeva and wife, Ann Cary J. Hevener ("Assignee"), all of Wake County, North Carolina.

WITNESSETH:

WHEREAS, Assignor owns Unit No. 219 in the Cotton Mill, a condominium recorded in Condominium File No. 163 in the Office of the Register of Deeds of Wake County, North Carolina; and

WHEREAS, Assignee owns Unit No. 225 in the Cotton Mill, a condominium recorded in Condominium File No. 163 in the Office of the Register of Deeds of Wake County, North Carolina; and

WHEREAS, Exhibit B1 to the Declaration of Condominium for the Cotton Mill recorded in Book 6789, Page 351, Wake County Registry ("Declaration") establishes Parking Space 8 as a Limited Common Area appurtenant to Unit #219; and

WHEREAS, Assignor wishes to assign all rights to use said Parking Space 8 to Assignee;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor does hereby assign, transfer, sell and convey unto Assignee, their heirs and assigns, all right, title, and interest of said Assignor in and to use the parking space.
2. Assignor warrants and represents that they have not previously assigned any rights associated with the parking space, and that they know of no circumstance which would prevent this Assignment from being valid and binding in all respects.
3. Assignee hereby assumes and agrees to fully perform any and all requirements, obligations and responsibilities of Assignor pursuant to the Declaration as it relates to the parking space, including, but not limited to, the payment of any assessments made by the Cotton Mill Condominium Homeowners' Association attributable to the parking space, and Assignee agrees to hold Assignor harmless from any further liability thereon.
4. The parties hereto agree to execute any documents and furnish any notices necessary to carry out the purposes of this Assignment.

BK 7500PG0490

BK 7385PG0506

IN TESTIMONY WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

Thomas M. Watters (SEAL)
THOMAS M. WATTERS

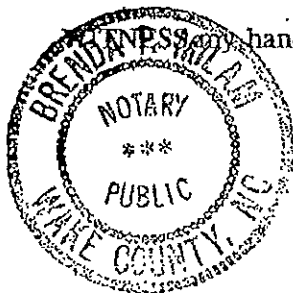
Karen A. Watters (SEAL)
KAREN A. WATTERS

Kabir Mahadeva (SEAL)
KABIR MAHADEVA

Ann Cary J. Hevener (SEAL)
ANN CARY J. HEVENER

STATE OF NORTH CAROLINA
COUNTY OF WAKE

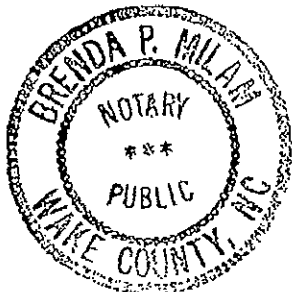
I, a Notary Public of the County and State aforesaid, certify that THOMAS M. WATTERS, personally came before me this day and acknowledged the execution of the foregoing instrument.



STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that KAREN A. WATTERS, personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 21st day of March, 1997.



Brenda P. Milam
NOTARY PUBLIC

My Commission Expires: 9/27/2000

Brenda P. Milam
NOTARY PUBLIC

My Commission Expires: 9/27/2000

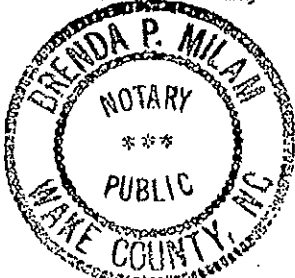
BK 7500PG0491

BK 7385PG0507

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that KABIR MAHADEVA, personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 21st day of March, 1997.



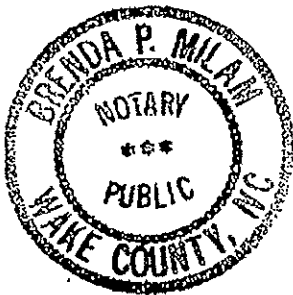
Brenda P. Milam
NOTARY PUBLIC

My Commission Expires: 9/27/2000

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that ANN CARY J. HEVENER, personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial stamp or seal, this the 21st day of March, 1997.



Brenda P. Milam
NOTARY PUBLIC

My Commission Expires: 9/27/2000

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NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of _____

Brenda P. Milam
Notar(y)(ies) Public

is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

LAURA M. RIDDICK, Register of Deeds

By Meta N. Harris
Asst. Deputy Register of Deeds