

WAKE COUNTY, NC 70
CHARLES P. GILLIAM
REGISTER OF DEEDS
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Prepared by and hold for:
Weatherspoon & Voltz LLP (Box 36)

STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION FOR THE VILLAS AT STATE STREET
(Wake County Register of Deeds Condominium File #: CM2018 pgs 32-33)

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY
OF THE FLAG OF THE UNITED STATES OF AMERICA
OR STATE OF NORTH CAROLINA**

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY
OF POLITICAL SIGNS**

THIS DECLARATION FOR THE VILLAS AT STATE STREET (the "Declaration") is made this 9th day of April, 2018 by GTK INVESTMENTS, LLC, a North Carolina limited liability company, with its principal place of business located at 2221 River Park Drive, Wake Forest, Wake County, North Carolina 27587 (the "Declarant"). Declarant does hereby make, declare, and establish this Declaration as, and for, the plan of ownership of The Villas at State Street, being the property and improvements hereinafter described.

W I T N E S S E T H :

WHEREAS, Declarant is the owner of an undivided fee simple interest in all that certain real property located in the City of Raleigh, County of Wake, State of North Carolina, and described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, Declarant has renovated improvements upon the Property, with the intention of dividing the improvements into Condominium Units as defined under the provisions of the North Carolina Condominium Act (Chapter 47C, North Carolina General Statutes), and to sell and convey said Units to purchasers subject to the covenants, conditions, and restrictions herein. The maximum number of Units that Declarant reserves the right to create on the Property and any additional property lying adjacent to the Property that is currently owned by the Declarant is

forty (40) Units in ten (10) one-story Buildings containing approximately 31,000 square feet, and the maximum number of Units that Declarant reserves the right to create on the Additional Property is ten (10) Units in one (1) or more one-story Buildings;

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants, uses, limitations, and obligations in furtherance of a plan for the division of the Property into Condominium Units and which shall be deemed to run with the land and be binding on all parties having any right, title, or interest in the land or any part thereof, their heirs, successors, and assigns.

ARTICLE I.

1. ESTABLISHMENT OF CONDOMINIUM OWNERSHIP

- 1.1. Submission. Declarant does hereby submit the Property and the improvements and appurtenances thereto to the form of condominium ownership pursuant to the provisions of Chapter 47C of the General Statutes of North Carolina (North Carolina Condominium Act) as the same now exists or may be hereafter amended, and hereby declares that the Property shall be subject to the uses, restrictions, covenants, easements, limitations, obligations, and governing authority set forth in this Declaration of Condominium and as the same may be hereafter amended.
- 1.2. Name. The Property and the improvements thereon shall be known as "The Villas at State Street".

2. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

- 2.1. Property. The legal description of the Property on which the Buildings and improvements are located is set forth in **Exhibit A** attached hereto.
- 2.2. Unit Designations. The Unit designation of each Condominium Unit, location, plan, and typical description are set forth in the Plats and Plans (as hereafter defined) for this Condominium filed in the Wake County Register of Deeds in the file number referenced at the top of the first page of this Declaration.
- 2.3. Other Descriptions. Actual building locations, Limited Common Elements, utility lines, ground elevations, building elevations, and other land and construction information are set forth in the Plats and Plans for this Condominium.
- 2.4. Marketability. The Condominium is not subject to any code, real estate use law, ordinance, charter provision, or regulation (i) prohibiting the condominium form of ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon substantially similar developments under a different form of ownership. This statement is made pursuant to North Carolina General Statutes §47C-1-106 for the purpose of providing marketable title to the Units in the Condominium.

3. DEFINITIONS

- 3.1. "Additional Property" means, in general, any real property adjacent to the Property, which may, in the future be acquired and made subject to this Declaration.

- 3.2. “Allocated Interest” means the undivided interest in the Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit as shown in **Exhibit C** attached hereto and incorporated herein.
- 3.3. “Association” or “Unit Owners’ Association” means that nonprofit corporation, the name of which is “The Villas at State Street Owners Association, Inc.” and which shall manage the Common Elements of the Condominium as specified in this Declaration, its Articles of Incorporation and Bylaws.
- 3.4. “Board of Directors” or “Board” means those persons elected or appointed and acting collectively as the directors of the Association and on behalf of the Association, as prescribed in its Bylaws.
- 3.5. “Building” means a structure constructed or erected on the Property that contains one or more Condominium Units.
- 3.6. “Bylaws” means the Bylaws of the Association, as they may be amended from time to time.
- 3.7. “Common Elements” shall mean and comprise all portions of the Condominium other than the Units, including water, storm drainage, and sewer lines located outside public street rights-of-way and not located within a City of Raleigh utility easement that serve more than one Unit or the Common Elements, and including the HVAC systems and equipment serving all Units. Common Elements shall also include any object or improvement located on, under, in, or over public property or public right-of-way which object or improvement is subject to an encroachment agreement with the City of Raleigh, and may include: signs, landscaping, irrigation facilities, drain pipes, decorative surfaces, and brick pavers.
- 3.8. “Common Expenses” means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves, including, but not limited to:
 - 3.8.1. All sums lawfully assessed against the Unit Owners by the Association;
 - 3.8.2. Expenses of administration, maintenance, repair or replacement of the Common Elements;
 - 3.8.3. Expenses agreed upon as Common Expenses by the Association;
 - 3.8.4. Expenses declared to be Common Expenses by the Raleigh City Code, by the provisions of the North Carolina Condominium Act, by the Declaration or by the Bylaws;
 - 3.8.5. Hazard and such other insurance premiums as the Declaration and/or Bylaws may require the Association to purchase;
 - 3.8.6. *Ad valorem* taxes, public assessments, and governmental liens levied against the Common Elements not otherwise assessed against the Units;
 - 3.8.7. Any utilities that are Common Expenses as determined by the Association;
 - 3.8.8. Fees or charges for utilities used in connection with the Common Elements;
 - 3.8.9. Any unpaid Association assessment following the foreclosure of a first mortgage or first deed of trust or an assessment lien;

- 3.8.10. Allocations to reserve funds;
 - 3.8.11. Payments owed to the City of Raleigh pursuant to any stormwater agreement;
 - 3.8.12. Fees for services engaged by the Association;
 - 3.8.13. Costs and expenses for which the Association is obligated under any encroachment agreement or other agreement with the City of Raleigh;
 - 3.8.14. Financial obligations of the Association or financial obligations of Members with respect to which the Association has responsibility for collection and payment; and
 - 3.8.15. Expenses incurred by the Association in performing its functions and providing services, including operating, management, enforcement and administrative expenses.
- 3.9. “Common Expense Liability” means the liability for Common Expenses allocated to each Unit.
 - 3.10. “Common Profits” means the balance of all income, rents, profits, and revenues from the Common Elements remaining after the deduction of the Common Expenses or reserves therefor.
 - 3.11. “Common Surplus” means all funds and other assets of the Association, including excess receipts of the Association from assessments, rents, profits and revenues from whatever source in excess of the Common Elements.
 - 3.12. “Condominium” means all Condominium Units, the Common Elements, and any Limited Common Elements, as said terms are defined herein, and all appurtenances, located and appearing within the boundaries of the Property.
 - 3.13. “Condominium Unit” and “Unit” shall mean and comprise each of the separate numerically identified Units which are designated in **Exhibit C** attached hereto and which shall be the physical portion of the Condominium designated on that exhibit for separate ownership or occupancy. Mechanical equipment, stairways and appurtenances located within any Unit and designed to serve only that Unit, such as appliances, heating and air-conditioning units, cabinets, fixtures and the like shall be part of the Unit.
 - 3.14. “Declarant” means GTK Investments, LLC, a North Carolina limited liability company, and its successors and assigns to whom any of its rights hereunder are expressly transferred, in whole or in part, or who succeeds to any Special Declarant Right.
 - 3.15. “Declarant Control Period” or “Period of Declarant Control” means the period commencing on the date hereof and continuing until the earlier of (i) two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, or (ii) the date one hundred twenty (120) days after the date Declarant has conveyed more than seventy-five percent (75%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant.
 - 3.16. “Declaration” means this instrument, as executed and duly recorded, by which the Property is submitted to the provisions of the North Carolina Condominium Act, and

as it, from time to time, may be amended.

- 3.17. “Development Rights” means those rights, if any, reserved by Declarant under Article 5 herein to add real estate to the Condominium, to create Units, Common Elements, or Limited Common Elements within the Condominium, to subdivide Units or convert Units into Common Elements, to withdraw any part of the Property from the Condominium, and other rights as may be provided in the North Carolina Condominium Act.
- 3.18. “Institutional Lender” shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders.
- 3.19. “Lessee” means any person entitled to present possession of a leased Unit, whether lessee, sublessee, or assignee.
- 3.20. “Limited Common Elements” means:
 - 3.20.1. That portion of the Common Elements allocated for the exclusive use of at least one but fewer than all of the Units by this Declaration, including, but not limited to, the following:
 - 3.20.1.1. Any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside of the designated boundaries of a Unit and serving only that Unit. If such structures serve more than one Unit, or the Common Elements, then they are Common Elements. Subject to the preceding sentence, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.
 - 3.20.1.2. Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios, storage closets, garage or exterior parking spaces, wood storage areas, and all exterior doors and windows or other fixtures designed to serve a single Unit but located outside the Unit’s boundaries.
 - 3.20.1.3. Stairways, landings, hallways, and entranceways, the use of which is limited to certain Units as shown on the Plats and Plans.
 - 3.20.1.4. Exterior surfaces of a Building, the use of which is limited to certain Units as shown on the Plats and Plans.
 - 3.20.1.5. Utility areas, the use of which is limited to certain Units as shown on the Plats and Plans.
 - 3.20.2. The cost of maintenance and repair of the Limited Common Elements shall be the responsibility of the Owner, or if more than one, Owners, of the Unit or Units to which it is allocated on an equal basis.
 - 3.20.3. A Limited Common Element may not be altered or reallocated without the unanimous consent of all Unit Owners whose Units are affected. Any Unit Owners who reallocate a Limited Common Element as among themselves shall first seek and obtain approval from the Board of Directors. Any reallocation of a Limited Common Element, upon approval by the Board, shall be evidenced by an amendment to this Declaration executed by the Unit Owners affected and

evidencing executed approval by the Association, which amendment shall be recorded before it shall become effective. The Unit Owners affected by the reallocation shall pay the cost and expense of preparation of the amendment and the recording thereof; however, the form and substance of the amendment shall first be approved by the Board of Directors or the counsel for the Association.

- 3.20.4. Common Elements not designated or allocated as Limited Common Elements may not be so allocated to Unit Owners except upon written unanimous consent of all Unit Owners in the Condominium. Any such allocation shall be evidenced by an amendment as set forth above.
- 3.21. “Majority” or “Majority of Unit Owners” means the Owners of more than fifty percent (50%) of the aggregate allocated interests in the Common Elements, as established by this Declaration, in person or by proxy at a duly called meeting of the members of the Association.
- 3.22. “Mortgage” means a mortgage or deed of trust.
- 3.23. “Mortgagee” means a mortgagee or the owner and holder of a promissory note or other evidence of indebtedness and deed of trust or mortgage that describes a Unit or Units as the security property. The terms “mortgage” and “deed of trust” are deemed to refer to both mortgages and deeds of trust.
- 3.24. “North Carolina Condominium Act” means the provisions of Chapter 47C of the North Carolina General Statutes as the same now exists or may hereafter be amended, or any new enactment in substitution or replacement thereof as the same by law may be applied to this Condominium.
- 3.25. “Owner”. See Unit Owner.
- 3.26. “Person” means any individual, corporation, partnership, association, business trust, estate, trust, partnership, limited liability company, joint venture, government or any subdivision or agency thereof, or other legal or commercial entity.
- 3.27. “Plats and Plans” means the plats and plans of the Buildings and Property filed with this Declaration and located in the condominium file in the offices of the Wake County Register of Deeds and referenced on the first page of this Declaration, as the same may be amended from time to time, showing thereon graphically all particulars of the Building and the Units.
- 3.28. “Property” or “Properties” means all of the real estate now or hereafter subject to the terms of this Declaration, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.
- 3.29. “Rules and Regulations” means Rules and Regulations for the use of Units and Common Elements and for the conduct of persons within the Condominium, adopted by the Board of Directors pursuant to this Declaration. A copy of the Rules and Regulations currently in effect is attached hereto as **Exhibit D** and incorporated herein.
- 3.30. “Special Declarant Rights” means those rights, including Development Rights,

permitted by the North Carolina Condominium Act and specified in Article 6 herein.

- 3.31. "Unit Boundaries" means the boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Plats and Plans, including the walls, floors, and ceiling.
 - 3.32. "Unit Designation" means the identifying number, letter, symbol, or combination thereof designating a Condominium Unit and set forth in this Declaration and the Plats and Plans.
 - 3.33. "Unit Owner" or "Owner" means Declarant or any other person, or any combination thereof, who owns a Condominium Unit, but excludes any person having only a leasehold interest or an interest in a Unit solely as security for an obligation.
4. **OWNERSHIP OF CONDOMINIUM UNITS AND APPURTENANT ALLOCATED INTEREST IN COMMON ELEMENTS**
- 4.1. Ownership Interest. Each Condominium Unit shall be held, conveyed, and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit shall also own, as an appurtenance to the ownership of each Condominium Unit, an allocated interest in the Common Elements. The Allocated Interest in the Common Elements that is appurtenant to each Condominium Unit is according to the relative floor area of each Unit as compared to the combined total floor area of all Units in the Condominium.
 - 4.2. Change in Allocated Interest. Except such reallocations as may be required by law, as may arise in the case of condemnation as set forth in Article 37 hereof, as may result from a casualty loss as specified in Article 22 hereof, as may occur because of exercise of Development Rights reserved by Declarant herein, or as permitted by this Declaration, the Allocated Interests in the Common Elements assigned to each Condominium Unit shall not be changed except with the unanimous consent of all of the Unit owners of all of the Condominium Units.
 - 4.3. No Division of Common Elements. The Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements by an Owner made without the Condominium Unit to which that interest is allocated is void.
5. **DECLARANT DEVELOPMENT RIGHTS RESERVED**
- 5.1. Declarant reserves all Development Rights with respect to the Property and Additional Property to complete the Condominium in accordance with the Plats and Plans. Upon the exercise of any such Development Rights, Declarant shall prepare and file an amendment to this Declaration complying with this Declaration and the North Carolina Condominium Act. The Common Elements then constituted shall be reallocated to the Units based on the formula set forth in Section 4.1 hereof.
 - 5.1.1. Where applicable, such amendment shall:
 - 5.1.1.1. Assign an identifying number to each new Unit created;
 - 5.1.1.2. Reallocate the Allocated Interests among the Units;

- 5.1.1.3. Describe all Common Elements and Limited Common Elements thereby created; and
- 5.1.1.4. Designate the Unit(s) to which each Limited Common Element is allocated.
- 5.1.2. All Development Rights herein reserved are limited as follows:
 - 5.1.2.1. The Development Rights may be exercised at any time, but not more than seven (7) years after the initial recording of this Declaration;
 - 5.1.2.2. Additional Units created under the Development Rights shall not cause the total number of Units subject to this Declaration to exceed fifty (50) Units; and
 - 5.1.2.3. The quality of construction of any Buildings and improvements to be created on the Property shall be consistent with the quality of those constructed pursuant to this Declaration as initially recorded.
- 6. SPECIAL DECLARANT RIGHTS RESERVED
 - 6.1. The Declarant reserves the following Special Declarant Rights with respect to the Condominium, which may be exercised, where applicable, anywhere within the Condominium:
 - 6.1.1. All of those rights of Declarant reserved pursuant to Article 5 herein.
 - 6.1.2. The right to complete the Condominium in accordance with the Plats and Plans.
 - 6.1.3. Declarant may maintain models, management offices and sales offices for management of the Condominium or sales of Units as follows:
 - 6.1.3.1. Any Unit or number of Units may be used as models and/or management or sales offices.
 - 6.1.3.2. Declarant shall have the right to relocate, from time to time, and to discontinue and reestablish, from time to time, within the Condominium, until all of the Units have been conveyed to a Unit Owner other than Declarant, any one or more of such offices or models. Declarant also shall have the right to change the use or combination of uses of such offices or models, provided that such offices or models shall be used only for sale or management offices or models.
 - 6.1.3.3. Subject to any restrictions or requirement of the City of Raleigh, Declarant may also maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than Declarant. Declarant shall remove all such signs not later than thirty (30) days after all of the Units have been conveyed to a Unit Owner other than Declarant and shall repair or pay for the repair of all damage done by removal of such signs.
 - 6.1.4. The easement and right of access, ingress and egress through the Common Elements for the purpose of discharging Declarant's obligations and all portions thereof, as now or hereafter constituted, or exercising Special Declarant Rights.

- 6.1.5. The right to elect or name persons to the Board of Directors and to name and appoint officers of the Association and to otherwise control the activities of the Board and Association until the rights of Declarant terminate, all as specified in the Bylaws or this Declaration during the Declarant Control Period.
- 6.2. Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.
7. SUBDIVIDING, RECOMBINING, AND RELOCATING BOUNDARIES OF ADJOINING CONDOMINIUM UNITS; SEPARATE CONVEYANCE OF APPURTENANT COMMON ELEMENTS PROHIBITED
 - 7.1. Subdivision or Recombination of Condominiums. A Unit may be subdivided into two (2) or more Units or recombined subject to the restrictions of all relevant codes, ordinances, and regulations of all regulatory and governmental bodies having jurisdiction over the Condominium.
 - 7.1.1. The Association, at the expense of the Owners affected, shall prepare, execute, and record an amendment to the Declaration, including the Plats and Plans, subdividing or recombining (as the case may be) said Units.
 - 7.1.2. The amendment to the Declaration must be executed by the Owners of the Units to be subdivided or recombined, assign identifying numbers of each of the Units created, and reallocate the allocated interest formerly allocated to the recombined Units to the new Units in any reasonable manner prescribed by the Owner of the subdivided or recombined Units.
 - 7.2. Relocation of Unit Boundaries. The boundaries of Units may be relocated by the affected Unit Owners upon application to, and approval by, the Board of Directors. Any such application must be in such form and contain such data as the Board may require detailing the relocation of the boundaries of the affected Units and the reallocation of their respective Allocated Interest. Such application shall be accompanied by a plat prepared by an engineer or architect registered under N.C.G.S. Chapter 83A or 89C showing the relocation. The Board in its discretion may determine the relocation to be unreasonable. If the Board shall approve the application, or if within thirty (30) days after filing the application with the Board, the Board has not denied the application as being unreasonable, then the Board, at the expense of the Owners affected, shall have prepared an amendment to the Declaration including Plats and Plans necessary to show the altered boundaries between the adjoining Units and their dimensions and identifying numbers and such other information as the applicable statute (presently N.C.G.S. § 47C-2-112) shall require, and the same be filed of record, at which time the relocation shall be effective.
 - 7.3. The Allocated Interest in the Common Elements declared to be appurtenant to each Condominium Unit shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said Condominium Unit, and the Allocated Interest in Common Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered, or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument

conveying, devising, encumbering, or otherwise dealing with such Condominium Unit.

7.4. Instruments of Conveyance. Any conveyance, mortgage, or other instrument which purports to grant any title, right, interest, or lien in, to, or upon a Condominium Unit, shall be null, void, and of no effect insofar as the same purports to affect any interest in a Condominium Unit and its appurtenant Allocated Interest in Common Elements, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire Condominium Unit as then constituted. Any instrument conveying, devising, encumbering, or otherwise dealing with any Condominium Unit, without limitation, or exception, shall be deemed or construed to affect the entire Condominium Unit as then constituted and its appurtenant Allocated Interest in the Common Elements.

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

8. THE CONDOMINIUM SUBJECT TO RESTRICTIONS

8.1. The Condominium Units, Common Elements, and Limited Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use of said Condominium Units, Common Elements, and Limited Common Elements. Said Condominium Units, Common Elements, and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Condominium.

9. PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON ELEMENTS

9.1. Common Elements. The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of the Condominium Units in the Condominium, for their use and the use of their guests, invitees, agents and lessees, for all proper and normal purposes, including, but not limited to the right of access, ingress, and egress to and from all public streets and public walkways, and over walkways and parking areas within the Common Elements, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Owners of Condominium Units. Each Unit Owner specifically shall have an easement to maintain all components of the heating and air-conditioning systems serving his Unit in their present location and as shown on the Plats and Plans.

9.2. Utilities. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all chutes, flues, pipes, wires, ducts, cables, conduits, and public utilities serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the chutes, flues, pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements serving such other Units and located in such Unit. The Board of Directors, or its agents, shall have a right of access to each Unit from time to time during reasonable hours as may be necessary to

inspect the same, to remove violations therefrom, and to maintain, repair, or replace the Common Elements contained therein or accessible therefrom, and to make emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units. Each Unit Owner specifically shall have an easement of access through all other Units as may be reasonably necessary to maintain, repair, and replace all components of mechanical systems serving his Unit and to maintain, repair, and replace those portions of this Unit or Limited Common Elements within his sphere of responsibility.

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

10. EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

- 10.1. Present Encroachment. In the event that any Condominium Unit shall encroach upon any Common Element, or any other Condominium Unit or Units, for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agent of such Owner, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Common Elements or upon a Condominium Unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Condominium Unit then an easement appurtenant to such Common Elements for the continuance of such encroachment upon a Unit shall exist for so long as such encroachment shall naturally exist.
- 10.2. Encroachments on Reconstruction. If any Condominium Unit or Common Elements shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such Unit or Common Elements, there exist encroachments of portions of the Common Elements upon any Condominium Unit, or of any Condominium Unit upon any other Condominium Unit or upon any portion of the Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

11. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

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

12. CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS BY ASSOCIATION

- 12.1. Conveyance or Encumbrance Permitted. Portions of the Common Elements may be conveyed or subjected to a Mortgage by the Association if agreed to by at least eighty

percent (80%) of the Allocated Interests of all Unit Owners in the Association; provided, that all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a Mortgage. Distribution of proceeds of the sale of a Limited Common Element shall be as provided by agreement between the Unit Owners to which it is allocated and the Association. Proceeds of the sale or financing of a Common Element (other than a Limited Common Element) shall be an asset of the Association.

- 12.2. Agreement Required. An agreement to convey Common Elements or subject them to a Mortgage must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the Wake County Registry and is effective only upon recordation.
 - 12.3. Contract Voidable. The Association, on behalf of the Unit Owners, may contract to convey Common Elements, or subject them to a Mortgage, but the contract is not enforceable against the Association until approved pursuant to Sections 12.1 and 12.2 above. Thereafter, the Association has the power necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.
 - 12.4. Other Conveyance Void. Any purported conveyance, encumbrance, judicial sale, or other voluntary transfer of Common Elements, unless made pursuant to this Article, is void.
 - 12.5. No Limitation of Access or Support. A conveyance or encumbrance of Common Elements pursuant to this Article shall not deprive any Unit of its rights of access and support.
13. ADMINISTRATION OF THE CONDOMINIUM
- 13.1. Association. To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, a nonprofit North Carolina corporation (the "Association" as defined above) has been organized (or will be organized before sale of any Unit by Declarant), and said Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and Bylaws.
 - 13.2. Members. The Owner or Owners of each Condominium Unit shall automatically become members of said Association upon his, their, or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant Allocated Interest in the Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage, or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage, or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership.

- 13.3. Authority. In the administration of the operation and management of the Condominium, the Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration of Condominium, to levy and collect assessments in the manner hereinafter provided, to adopt, amend, promulgate and enforce Rules and Regulations governing the use of the Condominium Units and Common Elements as the Board of Directors of said Association may deem to be in the best interest of the Association.
- 13.4. Records Inspection. The Association shall make available at its office, or through its managing office, during normal business hours, and upon request, copies of the Declaration, Bylaws, and rules and regulations of the Association to Unit Owners, mortgage lenders or any Unit insurers, guarantors of such mortgage loans and holders of such mortgage loans, and shall make available during such time books, records and financial statements for inspection by those persons. The Association may make a reasonable charge for such copies.
- 13.5. Enforcement. The Association and any Unit Owner shall have a right of action against any Unit Owner for failure to comply with any provision of the Declaration, Bylaws, Rules and Regulations, or other related guideline for operation, maintenance, and use of the Condominium; and any Unit Owner shall have a right of action against the Association for failure to comply with any provision of the Declaration, Bylaws, Rules and Regulations, or other related guideline for operation, maintenance, and use of the Condominium. These rights of action for enforcement are not in derogation of existing law, but, to the extent needed, are in addition thereto. Such rights against the Association do not, however, grant additional rights of action against the officers and directors of the Association beyond that which is permitted by law.
14. **OCCUPANCY AND USE RESTRICTIONS**
- 14.1. Zoning. Each Condominium Unit is hereby restricted to use by the Owner thereof, his guests, invitees, agents and lessees, for those uses and purposes permitted by the zoning classification in which the Condominium is located, excluding those uses permitted therein only upon obtaining a special use permit or variance. Provided, however, with the prior written consent of the Association, a Unit Owner may seek a variance or special use permit and upon obtaining the same may engage in those uses of the Unit permitted by such variance or special use permit subject to the further restrictions of this Article. Upon obtaining a special use permit or variance, the Unit Owner shall file a certified copy thereof with the Secretary of the Association.
- 14.2. Additional Use Restrictions. In addition to the restrictions set forth in Section 14.1 above, the following restrictions shall also apply to the Condominium:
- 14.2.1. The Property may be used only for residential purposes.
- 14.2.2. The use of Units and Common Elements is subject to the Bylaws and the Rules and Regulations of the Association, as they may be amended from time to time.
- 14.2.3. A Unit Owner may lease his entire Unit or less than the entire Unit, but all leases and subleases must be in writing and be for a term of six (6) months or more. Any lease agreement shall be required to provide: (i) that the terms of the lease shall be subject to the provisions of this Declaration, the Bylaws and the

Rules and Regulations, and (ii) that any failure of a lessee or sub-lessee to comply with the terms of such documents shall be a condition of default under such lease. All leases and subleases must be filed with the Association, or such information from such leases or subleases as may be prescribed by the Board shall be filed with the Association. Notwithstanding the foregoing, collectively, the Units shall not be less than seventy-five percent (75%) owner-occupied, or no more than twenty-five percent 25% of the Units, collectively, may be occupied by any person(s) other than the Unit Owner. For purposes of this Declaration, a "Lease" shall be defined as the regular, exclusive occupancy of a Unit by any person(s), other than the Unit Owner, for which the Unit Owner receives any consideration or benefit, including but not limited to, a fee, service, property or gratuity.

14.2.4. Use of Common Elements. The use of the Common Elements, including the Limited Common Elements, by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be at all times subject to the Rules and Regulations.

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

15. RIGHT OF ENTRY INTO CONDOMINIUM UNITS

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

15.2. To Repair Common Elements. Whenever it may be necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration, replacement, or repair to any portion of the Common Elements, the Owner of each Condominium Unit shall permit other Owners or their representative, or the duly constituted and authorized agent of the Association, to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

16. RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS; NO RIGHT TO ALTER COMMON ELEMENTS

- 16.1. Interior Alterations. A Unit Owner may make any interior improvements or interior alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium, without permission of the Association or any other person.
- 16.2. Satellite Dishes. No satellite dish may be installed by any Unit Owner without the written permission of the Association as to size, color, screenage, and location.
- 16.3. Alteration by Owner of Adjoining Units. A Unit Owner may, after acquiring an adjoining Unit, remove or alter any intervening partition between the Units or create apertures through such partition, even if the partition is a Common Element, so long as such removal, alteration, or aperture construction does not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal or alteration of partitions or creation of apertures shall not be a change or alteration of boundaries of the Units affected. However, a Unit Owner must first obtain permission of the Association as set forth below.
- 16.4. Structural Alterations. No Owner of a Condominium Unit shall cause, or permit to be made, any alteration or removal of any part of the Condominium Unit or Common Elements which would impair the structural integrity or mechanical systems of the Condominium without first having obtained permission of the Association as set forth below.
- 16.5. Exterior Changes. No Owner shall cause any improvements or changes to be made on the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects, machines or air conditioning units which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any Building without first having obtained permission of the Association as set forth below.
- 16.6. Common Elements Changes. No Unit Owner or occupant, except Declarant during the Declarant Control Period, shall cause any object to be fixed to the Common Elements or to any Limited Common Element (including the location or construction of fences and the planting or growing of flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the Common Elements or Limited Common Elements without the prior written consent of the Association.
- 16.7. Permission of Board. The permission required of the Association in this Article 16 shall be by written consent of the Association upon approval by a majority of the Board of Directors. The Board is authorized to appoint a committee for the purpose of reviewing the proposed alterations, removals, and aperture construction and making recommendations to the Board.
- 16.8. Standards. The Board of Directors (or any committee appointed for such purpose by the Board) in approving or disapproving any proposed change or alteration in the Condominium or any addition or change in the Common Elements shall consider such standards or criteria established by regulation, but if no regulation is issued, then

shall consider that any such change or alteration shall not affect the structural or mechanical integrity of the Condominium, shall be harmonious with the appearance of the Buildings, the Common Elements, including style, color, materials, quality, texture, design, arrangement, non-obstruction of air, light, walk, or drive areas and similarity with existing plantings or proposed planting plans.

17. RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENT THEREFOR

- 17.1. The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements that do not prejudice the rights of an Owner of any Condominium Unit in the use and enjoyment of that Owner's Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations or improvements to the Common Elements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

18. MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

- 18.1. General. Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit, which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all electrical, plumbing, and sewer systems within the Condominium Unit together with the heating and air conditioning systems, heater fans and variable air volume boxes and controls serving only his Unit (whether located within or adjacent to such Unit), including any fixtures and/or their connections required to provide heat, air conditioning, water, light, power, telephone, sewage, and sanitary service that Owner's Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair, and replacement of all walls, all ceilings, and floors within that Owner's Unit, including painting, decorating, carpeting, and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit.

- 18.1.1. This description of the maintenance area shall in no way limit the definition of "Condominium Unit", and each Owner is expressly responsible for all maintenance within such User's Unit.

- 18.2. Insured Loss. Whenever the maintenance, repair, and replacement of any item for which the Owner of a Condominium Unit is obligated to maintain, replace, or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such

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

19. MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

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

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

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

20. CLAIMS AGAINST OWNERS OF FIVE HUNDRED DOLLARS OR LESS

- 20.1. In cases where a claim against an Owner is Five Hundred Dollars (\$500.00) or less, the Owner or the Association may request the Board of Directors to appoint an adjudicatory panel to determine whether the Unit Owner is responsible for damages to any Common Element or whether the Association is responsible for any damages to a Unit. Within twenty (20) days of the request, the affected Owner and the Association shall each appoint a member of the Association and the Owner and the Association shall each agree upon a third member of the Association, which three people shall constitute the adjudicatory panel. Within thirty (30) days of the request, the panel shall set a date and time at which the parties may be heard and give notice thereof to the parties, such hearing to be held on no less than ten (10) days notice. At the hearing the parties may present such evidence and witnesses and provide such argument as they deem appropriate. Within ten (10) days of the hearing date, the parties shall be notified by the panel of its decision.
- 20.2. If the decision is adverse to the Unit Owner, the liability of such Owner shall be assessed against the Owner's Unit and be secured by a lien in favor of the Association as provided herein. If the decision is adverse to the Association, then any liability of the Association may be offset by the Unit Owner against sums then and later owing the Association by the Unit Owner.
21. **INSURANCE; OBLIGATED TO PURCHASE**
- 21.1. Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the managing agent or Board of Directors of the Association, as Trustees for the Condominium Unit Owners and their respective mortgagees as their interest may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Condominium Units or any of them; and, if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Condominium Unit Owners, the Association, and their respective servants, agent, and guests. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his Condominium Unit, his personal property, and for his personal liability as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.
22. **INSURANCE COVERAGE TO BE MAINTAINED; USE AND DISTRIBUTION OF INSURANCE PROCEEDS**
- 22.1. Insurance Required. The following insurance coverage, unless denoted as optional, shall be maintained in full force and effect by the Association covering the operation and management of the Condominium, meaning the Condominium Units and Common Elements, to wit:
- 22.1.1. Casualty. Casualty insurance covering the Common Elements and the Units and all permanent finishes and upfit within the Units, including the Buildings and all improvements upon the land and all personal property owned by the Association, shall be procured in an amount equal to the insurable replacement value thereof (exclusive of excavations, foundations, streets, and parking facilities and other items normally excluded from such coverage) as determined

annually by the insurance company affording such coverage; and provided that such policies may be written on a co-insurance basis of not less than eighty percent (80%). Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location, and use, including, but not limited to, vandalism and malicious mischief. This insurance shall not include improvements and betterments or personal furnishings installed by Unit Owners as their sole and separate property.

- 22.1.2. Public Liability and Property Damage. Public liability insurance in an amount of not less than Two Million Dollars (\$2,000,000.00) and property damage insurance in such amounts and in such forms as shall be required by the Association insuring against death, bodily injury, and property damage arising out of the use, ownership, or maintenance of the Common Elements. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.
- 22.1.3. Board and Officers. Fidelity coverage on each officer and each of the members of the Board of Directors of the Association shall be maintained by the Association in commercial blanket form covering each officer and director of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association in the face amount of at least the greater of (i) one and one-half (1 1/2) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all Units plus the Association's reserve funds. Such bonds or policies shall contain an appropriate endorsement to cover persons who serve without compensation. The premiums on such bonds shall be a Common Expense.
- 22.2. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses to be assessed and collected from all of the Owners of Condominium Units.
- 22.3. Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. Any loss covered under Section 22.1.1 and 22.1.2 shall be adjusted by the Association. Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the restoration or repair, or if the Condominium is terminated.
- 22.4. Non-Availability. If for any reason the Association is unable to obtain the insurance coverage required under Section 22.1.1 or 22.1.2 above, written notice of such unavailability shall be hand delivered or mailed to all Unit Owners.
- 22.5. Policy Requirements. The policies required in Section 22.1.1 and 22.1.2 shall provide that:

- 22.5.1. Each Unit Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association;
 - 22.5.2. The insurer waives its right to subrogation under the policy against any Unit Owner or members of such Owner's household (if commercially available);
 - 22.5.3. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;
 - 22.5.4. If, at any time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and
 - 22.5.5. The policy may not be cancelled, nor may the insurer refuse to renew the policy until thirty (30) days after the notice of such cancellation or non-renewal has been received to the Association, each Unit Owner, and each mortgagee or beneficiary under a mortgage or deed of trust to whom certificates have been issued at their last known address.
- 22.6. Restoration. Any portion of the Condominium that is damaged or destroyed, and for which insurance proceeds have been paid by the Association shall be repaired, replaced, or restored promptly by the Association and the insurance proceeds held by the Association used to defray the cost thereof, unless:
- 22.6.1. The Condominium is terminated as by law provided; or
 - 22.6.2. Repair, replacement, or restoration would be illegal under any State or local health or safety statute, code, or ordinance; or
 - 22.6.3. The Unit Owners decide not to rebuild by a vote of eighty percent (80%), including one hundred percent (100%) of any Unit Owners of Units not to be rebuilt or Owners assigned to Limited Common Elements not to be rebuilt.
- 22.7. Excess Cost. The cost of repair, replacement, or restoration in excess of the insurance proceeds and reserves is a Common Expense.
- 22.8. Proceeds Distribution on Unreconstructed Units or Elements. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lienholders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all the Units Owners or lienholders, as their interests may appear, in proportion to their Common Element interest.
- 22.9. Allocated Interest Reallocation on Non-Reconstruction. If the Unit Owners vote not to rebuild any Unit, the Unit's Allocated Interest is automatically reallocated upon the vote not to reconstruct as if the Unit had been condemned. In such case the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

- 22.10. Termination. Notwithstanding this Article 22, the provisions of Article 26 of this Declaration govern the distribution of insurance proceeds if the Condominium is terminated.

23. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES

- 23.1. Owner Register. The Association shall at all times maintain a register setting forth the names of the Owners of all of the Condominium Units. In the event of a sale or transfer of any Condominium Unit to a third party, the purchaser or transferee shall notify the Association in writing of said purchaser's interest in such Condominium Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired an interest in any Condominium Unit.
- 23.2. Mortgagee Register. The Owner of each Condominium Unit shall also notify the Association of the names of the parties holding any Mortgage(s) covering the Owner's Unit(s) and provide the recording information pertinent to identify the same. The holder of any Mortgage or Mortgages upon any Condominium Unit, if it so desires, may notify the Association of the existence of any Mortgage or Mortgages upon any Condominium Units, and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

24. ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

- 24.1. Authority to Assess Owners. The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Condominium Units. To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses that are sometimes herein referred to as "Common Expenses". To provide the funds necessary for such proper operation, management, and capital improvement, the Association has heretofore been granted the right to make, levy, and collect assessments against the Unit Owners and their Condominium Units. In furtherance of this grant of authority to the Association to make, levy, and collect assessments to pay the costs and expenses for the operation, management of, and capital improvements to the Condominium, the following provisions shall be operative and binding upon the Owners of all Condominium Units. Until the Association makes a Common Expense assessment, the Declarant shall pay all "Common Expenses".
- 24.2. Basis of Assessments. Except for those assessments specifically permitted herein to be assessed against a Unit Owner, all assessments levied against the Unit Owners and their Condominium Units shall be uniform and, unless specifically otherwise provided for in this Declaration of Condominium, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Condominium Units as the Allocated Interest in the Common Elements appurtenant to each Condominium Unit bears to the total Allocated Interest in the Common Elements appurtenant to all Condominium Units. Should the Association be the Owner of a Condominium Unit or Units, the

assessment that would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income that may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and the assessment therefor levied ratably among the Owners of all Units that are not owned by the Association, based upon their proportionate Allocated Interest in Common Elements exclusive of the interest therein appurtenant to any Unit or Units owned by the Association.

24.3. Amount of Assessment.

24.3.1. Unit Initial Maximum Assessment. To and including December 31, 2018, the maximum initial monthly assessment shall not exceed One Hundred and No/100 Dollars (\$100.00) per unit.

24.3.2. Increases. The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after the adoption of the proposed budget, the Board of Directors shall send a summary of the proposed budget to the Unit Owners and shall give written notice to the Unit Owners of a meeting of the Unit Owners to consider ratification of the budget, such meeting to be held not sooner than fourteen (14) days, nor more than thirty (30) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Unit Owners. There shall be no requirement that a quorum be present to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Unit Owners having a majority of the votes of the entire membership vote to reject the budget; provided, however, if the proposed budget provides for an annual assessment per Unit not in excess of the 110% of the prior year's adopted and ratified budget, such budget shall be deemed ratified unless Unit Owners having at least two-thirds (2/3) of the votes of the entire Association vote to reject the budget. If any proposed budget is rejected by the Unit Owners, the budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

24.3.3. Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount over the amount of the annual assessment for the prior year without the consent of members as required by Subsection 24.3.2 above.

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

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

- 24.6. Initial Sale Assessment. In addition to the regular assessments to be charged and paid hereunder, the purchasing Unit Owner shall, at the time of the initial sale of each Unit, pay to the Association an initial sum equal to Two Hundred Fifty and No/100 Dollars, as additional working capital of the Association. This working capital amount shall be paid by the first purchasing Unit Owner from Declarant, and for each subsequent transfer of title thereafter, notwithstanding the fact that Declarant may have made prior regular assessment payments to the Association on the Unit being sold pursuant to the provisions hereof. These amounts need not be segregated, but may be commingled with regular assessment funds. The working capital assessment is non-refundable and shall not substitute for, or be a credit against, the annual assessments provided for herein. The working capital amount shall be adjusted annually on each June 1st by the increase in the Consumer Price Index, All Urban Consumers (CPI-U) (found at <https://www.bls.gov/data/>) over the "Base Index." The Base Index shall be that value published immediately prior to each adjustment period.
- 24.7. Annual Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit). Such budget shall project all expenses (including *ad valorem* taxes and public improvement assessments levied against the Common Elements) for the forthcoming year that may be required for the proper operation, management, and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income that is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with Section 24.9 hereof, items related to operation and maintenance from items relating to capital improvements. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board of Directors shall provide a summary of the budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Unit Owners rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. The assessment for said year shall be established based upon such budget. Receipt of a copy of said budget by each Unit Owner shall not affect the liability of any Unit Owner for such assessment.
- 24.8. Modification of Assessment. Should the Board at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board shall have the authority to levy such additional assessment or assessments it may deem to be necessary.
- 24.9. Capital Improvement Fund. The Board of Directors of the Association, in establishing the Annual Budget for operation, management, and maintenance of the Condominium, may designate therein a sum in the minimum amount of ten percent

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

24.10. Accountability. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration of Condominium, the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid into the Association by any Owner of a Condominium Unit, the same may be commingled with monies paid to the Association by the other Owners of Condominium Units. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge, or in any manner transfer such owner's membership interest therein, except as an appurtenance to such Owner's Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association by reason of divestment of ownership of such Condominium Unit, by whatever means, the Association shall not be required to account to such Owner for any shares of the fund or assets of the Association, that may have been paid to the Association by such Owner, as all monies that any Owner has paid to the Association shall be and constitute an asset of the Association that may be used in the operation and management of the Condominium.

24.11. Default Interest. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date established by the Association for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate established by the Association not to exceed eighteen percent (18%) per annum, commencing on the date of default and continuing

until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association.

- 24.12. Late Payment Penalty. In addition to the accrual of default interest, the Association may impose a penalty for non-payment of any assessment by the due date. Such penalty shall be no greater than four percent (4%) of the delinquent installment. Such late payment penalty shall be charged only once for any delinquent payment.
- 24.13. Where Payable. All monies owing to the Association shall be due and payable at the main office of the Association, or where otherwise directed by the Association.
- 24.14. Liability of Owners for Assessments and Other Charges. The Owner of each Condominium Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit while such party or parties are Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner or Owners shall be personally liable, jointly and severally, for interest and penalty on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fees, whether suit be brought or not.
- 24.15. No Exemption. No Owner of a Condominium Unit is exempted from liability from any assessment levied against such Owner's Condominium Unit by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Condominium Unit or in any other way.
- 24.16. Assessments Against Specific Owners. Notwithstanding the requirement of Section 24.2 that assessments be levied against each Owner according to the Allocated Interest of each Owner, the Association shall assess:
 - 24.16.1. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element against the Unit or Units to which the Limited Common Element is assigned;
 - 24.16.2. Any Common Expense, or portion thereof, benefiting fewer than all of the Units exclusively against the Units benefited;
 - 24.16.3. The cost of insurance against the Units in proportion to the risk if any Unit or Units can be reasonably determined to create a greater risk than any other;
 - 24.16.4. The cost of utilities, if not separately metered to each Unit, in proportion to usage if it can be reasonably determined that any Unit or Units use an unusually disproportionate share of any utility;
 - 24.16.5. The cost of any judgment against the Association against only the Units in the Condominium at the time the judgment was entered in proportion to their Common Expense Liabilities;
 - 24.16.6. Any Common Expense caused by the misconduct of any Unit Owner exclusively against that Unit Owner;

- 24.16.7. The amount of any insurance deductible may be charged to a Unit Owner in the discretion of the Board of Directors in connection with the repair of one or more Units following a casualty created by such Unit Owner; and
- 24.16.8. Any fine or penalty or interest for any delinquent assessment installment exclusively against the Unit so charged.
- 24.17. Reallocation. If the Common Expense Liabilities are reallocated, the Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.
- 24.18. Assessment Lien Granted. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses thereof, and that such proper operation and management results in benefit to all of the Owners of Condominium Units, and that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Condominium Unit and its appurtenant Allocated Interest in Common Elements, which lien shall secure, and does secure, the monies due for all assessments now or hereafter levied against the Owner of each such Condominium Unit, which lien shall also secure penalties and interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Condominium Unit and its appurtenant Allocated Interest in Common Elements. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, pursuant to Article 2A of Chapter 45 of the General Statutes, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Owner of any Condominium Unit from the date on which the payment of any assessment or installment thereof become delinquent, and shall be entitled to the appointment of a receiver for said Condominium Unit. The lien granted to the Association shall further secure such advances for taxes, and payments of accounts of superior mortgages, liens or encumbrances that may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purpose. All Persons who shall acquire, by whatever means, any interest in the ownership of any Condominium Unit, or who may be given or acquire a mortgage, lien, or other encumbrance thereof, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.
- 24.19. Enforcement of Lien. The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a claim of lien in the office of the Clerk of Superior Court of Wake County in the manner provided therefor by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after default

and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments that are due and payable when the claim of lien is recorded, plus interest, cost, attorney's fees, advances to pay taxes and prior encumbrances, and interest thereof, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

- 24.20. Lien Extinguished. Except by payment, satisfaction and cancellation, a lien is extinguished only if proceedings to enforce the lien are not instituted within three (3) years after docketing in the office of the Wake County Clerk of Superior Court.
- 24.21. Other Remedies. This Article 24 does not prohibit the Association from bringing an action to recover sums due it as an assessment independent of any lien filed or claimed, nor does it prohibit the Association from taking a deed in lieu of foreclosure.
- 24.22. Judgments. Any judgment brought hereunder to enforce the lien or the collection of any assessment must include the costs and reasonable attorneys' fees for the prevailing party.
- 24.23. Lien Subordinate to Mortgage. The lien provided for herein shall be subordinate to the lien of any mortgage or deed of trust recorded before docketing the lien and the lien for real estate taxes, but shall be superior to all other liens. Any person acquiring title to any Condominium Unit and its appurtenant Allocated Interest in Common Elements by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale resulting from such prior lien, mortgage or deed of trust shall be liable and obligated only for assessments that shall accrue and become due and payable for said Condominium Unit and its appurtenant Allocated Interest in the Common Elements subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments that were in default and delinquent at the time such Owner acquired such title. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units, including such purchaser, his successors and assigns, as a part of the Common Expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.
- 24.24. Statement of Assessments Due. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.
- 24.25. Priority of Payment. In the event that a Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner and such

Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds, of such purchase, or proceeds of such mortgage, shall be applied by the lessee, purchaser, or mortgagee first to payment of any then-delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase, or proceeds of mortgage to the Owner of any Condominium Unit who is responsible for payment for such delinquent assessment.

- 24.26. Purchaser Liable for Delinquent Assessments. In any voluntary conveyance of a Condominium Unit, the purchaser thereof shall be jointly and severally liable with the seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.
- 24.27. Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association that shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. All of the rights accruing to the Association shall be deemed cumulative.

25. COMMON SURPLUS

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

26. TERMINATION

- 26.1. The Condominium shall be terminated, if at all, in the following manner:
- 26.1.1. Consent. Except in the case where the whole of the Condominium is taken by eminent domain, the termination of the Condominium may be effected only by agreement of eighty percent (80%) of the Allocated Interests of all Condominium Unit Owners expressed in an instrument to that effect specifying a date after which it will be void unless recorded prior to such date and duly recorded; and, provided, that the holders of all liens affecting any of the Condominium Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the Allocated Interest of the Condominium Unit Owner in the Property as provided in Section 26.2 below. This termination shall become effective when such agreement has been recorded

in the Wake County Registry.

- 26.2. Contract for Sale at Termination; Ownership of Property. The Association, on behalf of the Unit Owners, may contract for the sale of Property of the Condominium at termination, but such contract is not binding on the Unit Owners until approved by the Unit Owners in conformity with Section 26.1. If any property in the Condominium is to be sold following termination, title to that property, upon termination, vests in the Association, as trustee, for the holders of all interests in the Units. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to Unit Owners and lienholders as their interest may appear, in proportion to the respective interest of Unit Owners as provided in Section 26.7 below. Unless otherwise specified in the termination agreement, as long as the Association holds title to the Property, each Unit Owner and his successors in interest have an exclusive right to occupancy of the portion of the Property that formerly constituted his Unit. During the period of that occupancy each Unit Owner and such Owner's successors in interest remain liable for all assessments and other obligations imposed on Unit Owners by the Declaration.
- 26.3. No Sale at Termination; Ownership of Property. After termination of the Condominium where no sale has been agreed to, the Condominium Unit Owners shall own the Property as tenants in common in their respective interests as defined in Section 26.7, and the holders of mortgages and liens against the Condominium Unit or Units formerly owned by such Condominium Unit Owners shall have mortgages and liens upon the respective interests of the Condominium Unit Owners. All funds held by the Association and insurance proceeds, if any, shall be, and continue to be held, for the Unit Owners in the same proportion. While the tenancy in common ownership exists, each Unit Owner and its successors in interest have an exclusive right to occupancy of such Owner's portion of the Property that formerly constituted that Owner's Unit.
- 26.4. Costs a Common Expense. The costs incurred by the Association in connection with the termination shall be a Common Expense.
- 26.5. Partition or Sale Following Termination. Following termination and subject to the subdivision regulations of the City, the Property may be partitioned and sold upon the application of any former Condominium Unit Owner having an interest in the Property.
- 26.6. Association Powers Continue. The members of the Board of Directors acting collectively as agent for all Condominium Unit Owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.
- 26.7. Association as Trustee. Following termination of the Condominium, the proceeds of any sale of the Property, together with the assets of the Association, are held by the Association as trustee for Unit Owners and holders of liens on the Units as their interests may appear. Following termination, creditors of the Association holding liens on the Units that were recorded before termination, may enforce those liens in

the same manner as any lienholder. All other creditors of the Association are to be treated as if they had perfected liens on the Units immediately before termination.

26.8. Owners Respective Interests on Termination. The respective interests of Unit Owners referred to in Section 26.2, 26.3 and 26.7 are as follows:

26.8.1. Except as provided in subsection 26.8.2, the respective interest of Unit Owners are the fair market value of their Units, Limited Common Expenses, and Common Element interests immediately before termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Unit Owners and becomes final unless disapproved within 30 days after distribution by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Unit Owner's Unit and Common Elements interest by the total fair market values of all the Units and Common Elements.

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

26.9. Foreclosure of Lien on Whole Condominium Not a Termination. Except as provided in Section 26.10, foreclosure or enforcement of a lien or encumbrance against the entire Condominium does not of itself terminate the Condominium, and foreclosure or enforcement of a lien or encumbrance against a portion of the Condominium, other than withdrawable real estate, does not withdraw that portion from the Condominium. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate does not of itself withdraw that real estate from the Condominium, but the person taking title thereto has the right to require from the Association, upon request, an amendment excluding the real estate from the Condominium.

26.10. If a lien or encumbrance against a portion of the Condominium has priority over this Declaration, and the lien or encumbrance has not been released, the parties foreclosing that lien or encumbrance may, upon foreclosure, record an instrument excluding the real estate subject to that lien or encumbrance from the Condominium.

27. AMENDMENT OF DECLARATION OF CONDOMINIUM

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

27.1.1. General Procedure for Amendment. Except as provided otherwise in this Article 27, an amendment or amendments to this Declaration of Condominium may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Board's Allocated Interest, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration of Condominium being proposed by the Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the

Association for a date not sooner than ten (10) days nor later than thirty (30) days from receipt by the President of the proposed amendment or amendments.

It shall be the duty of the Secretary to give to each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at one member's post office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments proposed must be approved by an affirmative vote of the voting members having at least sixty-seven percent (67%) of the Allocated Interest in the Common Elements, in order for such amendment or amendments to become effective. Thereupon such amendment or amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a Deed, shall be recorded in the Wake County Registry within ten (10) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording data identifying the Declaration of Condominium. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to the Owners of all Condominium Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments.

27.1.2. Certain Amendments Requiring Unanimous Consent. Except as permitted herein and as provided in Section 27.1.4, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of a Unit, change the Allocated Interest in Common Elements of a Unit, or the uses to which any Unit is restricted, without prior written consent of all the Owners of all Condominium Units.

27.1.3. Amendments Permitted Other Than By Action Under Section 27.1.1 and Section 27.1.2. Notwithstanding the provisions of Section 27.1.1 and Section 27.1.2, amendments to the Declaration, including reallocation of the Allocated Interest, may be prepared, executed, and filed without a vote of the Unit Owners, or their consent, in the following cases:

27.1.3.1. Nominal Amendments. By the Declarant, during the period of Declarant Control, and thereafter, the Board:

27.1.3.1.1. To correct any obvious error or inconsistency in drafting, typing, or reproduction; and

- 27.1.3.1.2. To conform to the requirements of any law or governmental agency having legal jurisdiction over the Condominium or to qualify the Condominium or any Units therein for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any governmental corporation or agency regarding purchase or mortgage interests in Units by such agency.
 - 27.1.3.2. Amendments Prior to Sale. By the Declarant at any time prior to recording of the sale of the first Unit to an Owner by filing an Amendment in the office of the Wake County Register of Deeds with a Certificate certifying the fact that no sale has previously occurred.
 - 27.1.3.3. Declarant Development Rights. By Declarant upon exercising any Development right or Special Declarant Right hereunder or by law provided.
 - 27.1.3.4. Eminent Domain. By the Association if a portion of the Condominium is taken by the proceedings in eminent domain as by law provided.
 - 27.1.3.5. Unit Boundary Changes. By the Association and affected Unit Owners upon relocation of Unit boundaries as by law provided.
 - 27.1.3.6. Unit Partition. By the Association and affected Unit Owners upon recombining or partitioning a Unit, if herein permitted, as by law provided.
 - 27.1.3.7. Limited Common Elements. By the Association and affected Unit Owners upon reallocation of a Limited Common Element, as by law provided.
 - 27.1.3.8. Termination of Condominium. By the Association upon termination of the Condominium, as by law provided.
 - 27.1.4. Declarant Rights. No alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of Declarant being first had and obtained.
28. REMEDIES IN EVENT OF DEFAULT
- 28.1. The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association, and any rules or regulations issued pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of other Condominium Units to the following relief:
 - 28.1.1. Actions at Law and Equity. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Articles of Incorporation or Bylaws of the Association or any rules and regulations issued pursuant thereto, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due to damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

- 28.1.2. Liabilities of Owners. Each Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by such Owner's act, neglect, or carelessness, or by that of such Owner's his or their guests, employees, servants, agents, invitees, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Condominium Unit, or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.
- 28.1.3. Collection or Enforcement Costs and Expenses. In any proceeding arising because of alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.
- 28.1.4. No Waiver. The failure of the Association or any Unit Owner to enforce any right, provision, covenant, or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant, or condition in the future.
- 28.1.5. Cumulative Remedies. All rights, remedies, and privileges granted to the Association or the Owner or Owners of a Condominium Unit pursuant to any terms, provisions, covenants or conditions of the Declaration or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.
- 28.1.6. No Waiver by Declarant. The failure of Declarant to enforce any right, provision, privilege, covenant, or condition that may be granted to it by this Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party to thereafter enforce such right, privilege, covenant or condition in the future.
- 28.1.7. Fines and Penalties. Notwithstanding the foregoing, and in addition thereto, any Unit Owner may be fined by the Association for failure to comply with the terms of this Declaration, the Bylaws, Articles of Incorporation, or published Rules and Regulations in an amount or amounts set forth in the Rules and Regulations. Any fine given to any Owner shall be assessed against the Owner and said Owner's Unit as a Common Element and, if unpaid, shall be a lien on the Unit as provided herein.
29. **RIGHT OF DECLARANT TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION**
- 29.1. During the period of Declarant Control, Declarant shall be entitled to designate and select persons to serve on the Board of Directors of the Association and the manner in which such person or persons shall be designated and the number thereof, and the

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

30. SEVERABILITY

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

31. CONSTRUCTION

- 31.1. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender the feminine or neuter. The headings are for convenience of reference only and shall not be considered terms of this Declaration. This Declaration is intended to comply with the provisions of the North Carolina Condominium Act. In the event of any conflict between this Declaration and the provisions of the North Carolina Condominium Act, the provisions of the North Carolina Condominium Act shall control.

32. DECLARATION OF CONDOMINIUM BINDING ON ASSIGNS AND SUBSEQUENT OWNERS

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

33. EASEMENTS

- 33.1. Utilities. The Board of Directors may hereafter grant easements in the name of the Association for utility purposes for the benefit of the Condominium and for the benefit of any Unit, including the right to install, lay, maintain, repair, and replace waterlines, pipes, sewer lines, storm drainage facilities, telephone wires, cable television wires, and electrical conduits, wires over, under, and along any portion of

the Property, and the Owners of any Unit hereby grant to the Association an irrevocable power of attorney to execute, acknowledge, and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

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

34. LIMITATIONS OF GOVERNMENTAL RESPONSIBILITY

- 34.1. The City of Raleigh refuses to be responsible for failing to provide any emergency or regular fire, police, or other public services to any unit ownership (condominium) development when such failure is due to lack of access to such areas due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of the Declarant, Association, occupants, or Unit Owners. Accordingly, the Board of Directors is hereby empowered to make all efforts to assure that there is adequate access to all Units and shall not allow any blocking of access or defects in access to remain uncorrected.
- 34.2. In no case shall the City of Raleigh or State of North Carolina be responsible for maintaining any private street located on the Property. Such responsibility shall rest with the Association and Unit Owners to such extent that such private streets are not constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

35. PARTY WALLS

- 35.1. It is contemplated that some Owners of Condominium Units may erect party walls between Units that are under separate ownership, and it is therefore necessary to provide for the equitable sharing of the cost of construction and maintenance of such party walls as well as wall specifications. The Board shall have the authority to formulate, and from to time amend, rules and regulations governing all specifications of party walls, the sharing of costs between the Owners of adjacent Units and the arbitration of disputes relating to party walls.
- 35.2. The center of each party wall shall be the dividing line between adjacent Condominium Units that are under separate ownership. Such party wall shall be constructed of materials and design mutually agreeable to the adjacent Unit Owners, provided that these do not violate the rules and regulations adopted by the Board. If adjacent Unit Owners cannot mutually agree, the Board shall designate the materials and design of the party wall between Units owned by disagreeing Unit Owners and such designation shall be binding on all parties. The cost of each such party wall shall be shared equally by those served by it and shall be paid promptly when the wall is constructed, provided however, that the cost of utility installations within the party wall (such as plumbing and electrical) shall be borne only by the Owner of the Unit served by such installations.

36. SIGNS

- 36.1. Unit Signs. Except for Declarant's signs permitted under Section 6.1.3.3 hereof, all signs and numbers on entrance doors to Condominium Units shall conform in all respects to the Rules and Regulations that may be adopted by the Board.

37. CONDEMNATION

- 37.1. If all or part of the Condominium is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with North Carolina General Statute § 47C-1-107.

38. RIGHTS OF INSTITUTIONAL LENDERS

- 38.1. Institutional Lenders shall have the following rights:

- 38.1.1. To approve the company or companies with whom casualty insurance is placed, said approval not to be unreasonably withheld.
- 38.1.2. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by a certified public accountant, the cost of preparation of said financial statement to be born by the unit owner whose mortgagee or lender requires same.
- 38.1.3. To be given notice by the Association of the calling of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration, or the Bylaws of the Association, which notice shall state the nature of the amendment being proposed.
- 38.1.4. To be given notice of default by any owner owning a unit encumbered by a deed of trust or mortgage held by the institutional lender or institutional lenders, such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders or to the place which it or they may designate in writing. Whenever any institutional lender or institutional lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association and sent to its address stated herein, identifying the unit or units upon which any such institutional lender or institutional lenders hold any deed of trust or mortgage, or identifying any units owned by them, or any of them, together with sufficient pertinent facts to identify any deed of trust or mortgage which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such institutional lender or institutional lenders.

***REMAINDER OF PAGE INTENTIONALLY BLANK
SIGNATURE PAGES FOLLOW***

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed as of the date first above written.

GTK Investments, LLC,
a North Carolina limited liability company

By: [Signature]

Name: GEOFFREY K. KRUMMEL

Title: MANAGER

State of North Carolina

County of Wake

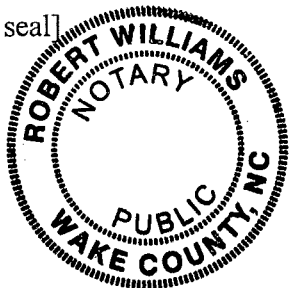
I certify that the following persons personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Geoffrey Karl Krummel

Date: 02/13/2018

[Signature]
Notary Public

Robert Williams
Printed Name

[official seal]



My commission expires: 03/13/2022

CONSENT OF MORTGAGEE
THE VILLAS AT STATE STREET

Fidelity Bank, being the Beneficiary under that certain Deed of Trust from Declarant to David E. Royal, Trustee, recorded in Book 16058, Page 2105, Wake County Registry, and (ii) that certain Assignment of Rents from Declarant recorded in Book 16058, Page 2117, Wake County Registry (collectively, the "Encumbering Documents"), all conveying and encumbering that certain real property described in **Exhibit A** attached to this Declaration, hereby: (a) consents to the recordation of this Declaration and the imposition of the provisions hereof and the provisions of the North Carolina Condominium Act upon the Property; and (b) subordinates the lien and operation of the Encumbering Documents to this Declaration and the provisions contained herein. In the event of a foreclosure of the Deed of Trust, or a transfer of any portion of the Property in lieu of foreclosure, Beneficiary hereby agrees that the purchaser at any such foreclosure or the transferee under any such deed in lieu of foreclosure shall take title to the Property together with and subject to all of the terms and conditions of this Declaration. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between the Beneficiary and Declarant the relationship of partnership or of joint venture, nor shall it be deemed to impose upon the Beneficiary any of the liabilities, duties or obligations of the Declarant under this Declaration. Beneficiary executes this Consent of Mortgagee solely for the purposes set forth above.

Fidelity Bank,
a North Carolina banking corporation

By: [Signature]
Name: David J. Forrest
Title: VICE PRESIDENT / SENIOR ADO

STATE OF NORTH CAROLINA
COUNTY OF Wake

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: David J. Forrest, Vice
President of Fidelity Bank, a North Carolina banking corporation.

Date: 01.12.18

[Signature]
Notary Public
Leslie M Inscore
Printed Name

[SEAL]

My commission expires: 10-04-2021

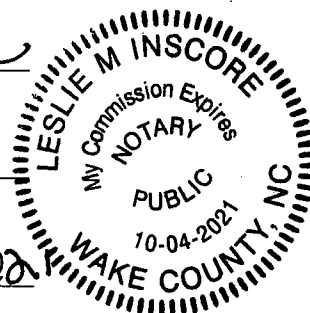


EXHIBIT A – PROPERTY

Being all of Lot 3A as shown on map entitled” Subdivision of Lots 3 of the Property of Claude E. Cooke and wife Mary B. Cooke” prepared by John Y. Phelps, Jr. dated July 7, 1981 and recorded in Book of Maps 1981, Page 612, Wake County Registry. The street address for the real property is **1328 S. State Street, Raleigh, NC 27610.**

EXHIBIT B
INTENTIONALLY DELETED

EXHIBIT C - ALLOCATED INTERESTS

Building Number	Unit Number	Percentage of Undivided Interest in Common Elements and Percentage of Common Expenses*	Votes in Association
1328	A	25%	1
	B	25%	1
	C	25%	1
	D	25%	1
Totals	--	100%	4

*The percentage shown reflects the percentage of undivided interest in the Common Elements and the percentage of Common Expenses. To the extent additional Units are added to the Condominium by the Declarant pursuant to the rights granted to Declarant herein, the undivided interest in Common Elements of the applicable units shall be re-allocated in accordance with the terms of this Declaration.

EXHIBIT D - RULES AND REGULATIONS**a) GENERAL ISSUES**

- i. The Building and each of the Units shall be used for residential purposes or may be used for limited business purposes provided that the business conducted within the Unit does not result in increased pedestrian or vehicular traffic or excessive commercial deliveries beyond that of normal residential use. The use of the Building and Units are further restricted by the Bylaws of the Association.
- ii. 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 (30) consecutive days in any one calendar year. No room(s) within a Unit may be rented nor shall any transient tenants be accommodated.
- iii. 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.
- iv. A move fee to cover the cost of wear and tear and damages to the Building, including but not limited to exterior lighting, landscape, common walkways, stairwells, and parking lots occasioned by moves from and to a Unit upon the transfer or lease thereof will be payable upon each move. A fee of \$100.00 shall be payable to the Association by the Unit Owner for each party moving either in or out as a result of such transfer or lease.
- v. A Unit Owner must notify the Board (or any management company engaged by the Board from time to time):
 1. When the transfer of ownership of his/her Unit has occurred,
 2. Of the name of the new Unit Owner
 3. Of the date on which ownership is transferred, and
 4. Such notice shall be accompanied by payment of the move fees set forth above with respect to such transfer
- vi. All occupants, Owners, tenants, their families, and guests are subject to and responsible for abiding by all Rules and Regulations for The Villas at State Street.

b) LEASING OF A UNIT

- i. Any Unit Owner who plans to lease a Unit, must notify the Board prior to leasing the Unit to ensure that occupancy restrictions will not be exceeded. Pursuant to the Declarations, no more than twenty-five percent (25%) of the Units may be occupied by person(s) other than the Unit Owner.
- ii. A Unit may be leased as a single-family residence and for that purpose only. Any use of a Unit for a temporary or short-term lodging such as Airbnb or similar arrangement or service is specifically prohibited.
- iii. Any Unit Owner who plans to lease a Unit must notify the Board of the name of the lessee and the effective date of occupancy at least ten (10) days prior to occupancy, and such notice shall be accompanied by payment of the move fees set forth above.
- iv. Each lease shall be in writing on forms approved by the Board and a copy of the finalized lease agreement shall be filed with the Board.
- v. A copy of these Rules and Regulations shall be furnished to the lessee by the Board upon notification by the Unit Owner of the lessee's name and effective date of occupancy.
- vi. No Unit Owner shall lease a Unit for less than a six (6) month term.
- vii. Violations of the Rules and Regulations as set forth in this Declaration by any tenant(s), their families, or guests will result in enforcement action against the owner(s) of the Unit.

c) PARKING AREAS

- i. Parking at The Villas at State Street is restricted to passenger automobiles, sport utility vehicles, motorcycles, vans and 2 ton or less pick-up trucks no greater in area than a full-size passenger vehicle.
- ii. Parking of vehicles such as, but not limited to, jet skis, trailers, motor homes, and boats is prohibited.
- iii. No washing or waxing of vehicles is allowed within the Villas at State Street except for servicing the vehicle(s) of a Unit Owner or tenant.

- iv. Storage of items of any kind and for any duration is not allowed in any parking area, reserved or common.
 - v. There shall be no parking of vehicles in any areas, including but not limited to, the entry driveways to the Villas at State Street, that are not designated as a parking space. Unit owners and occupants are responsible for ensuring that all guests, visitors, and service personnel abide by this rule.
 - vi. Trucks weighing 2 tons or more are not allowed to park at The Villas at State Street. Moving vans and service vehicles may park on a day-by-day basis.
 - vii. Unlicensed vehicles, vehicles considered not “road worthy” (e.g. inoperable, flat tire, etc.) or vehicles parked illegally in “handicapped” or “no parking” areas should be reported to the Board. Vehicles parked in reserved or handicapped spaces will be towed immediately at the vehicle owner’s expense. Others will be tagged and given a three (3) day notice before being towed.
 - viii. Vehicles leaking oil or other unsightly or hazardous fluids must be removed and repaired off site.
- d) **COMMON ELEMENTS:** The Common Elements 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. Nothing shall be altered, constructed in or removed from Common Elements and facilities without prior written consent of the Board.
- i. No Common Element shall be used for personal storage. Storage of items of any kind and for any duration is not allowed in any common or reserved parking area.
 - ii. No storage area shall contain flammable, corrosive, or toxic materials. No food, seed, or any like materials that attract rodents or pests are allowed in storage areas.
 - iii. No storage is allowed in areas outside the confines of a storage unit, including the hallways serving storage compartments, stairwells, or Common Elements; provided, however, that the Board of Directors may designate one or more areas for wood storage in connection with any wood-burning fireplaces in a Unit.
- e) **GENERAL APPEARANCE**
- i. 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.

- ii. No signs shall be displayed from any Unit, Building or Common Elements, except for those that are part of the signage system for the Villas at Stat Street community, such as entrance, building, or street signs. In accordance with North Carolina General Statute Section 47C-3-121, "For Sale/Rent" signs and political signs (signs attempting to influence the outcome of an election) are allowed, but not in any Common Elements. Such signs may be placed in no more than 2 windows of a private Unit at any one time. Each such sign shall not exceed a size of 24 inches by 24 inches. Political signs may be displayed no sooner than 45 days prior to an election and must be removed no later than 7 days after the election is decided.
- iii. No flags or banners shall be flown on or from any Common Elements or facility or any porch or patio of any Unit, except the United States and State of North Carolina flag, as allowed by North Carolina General Statute Section 47C-3-121. Nor shall windsocks or chimes be affixed to porches, patios, or any Common Elements.
- iv. All window coverings (i.e., curtains, blinds, draperies, shades, etc.) shall be installed and maintained in accordance with provisions of the Association.
- v. Outdoor wall lights in Common Elements, decks, doorways, or stairwells may not be disconnected, nor may any light bulbs be temporarily removed or unscrewed to reduce safety lighting in such areas.
- vi. At no time shall any trash, trash bags, or recyclable materials be left in the hallways, doorways, or balconies outside a Unit. No trash, trash bags, or recyclable materials may be stored outside a Unit, on a deck, in a walkway, in any Common Elements, or on any private porches or patios.
- vii. No rugs, clothing, towels, or other household linens shall be draped over any open porch, patio railing or wall of any Unit regardless of the length of time. No clotheslines shall be visible on any open porch or patio in any Unit, regardless of length of time.
- viii. All exterior door surfaces, window frames, panes, and screens on each Unit shall be of uniform style and color consistent with the exterior door surfaces, window frames, panes and screens for all units. Any variance from the foregoing in the form of storm windows and screens is allowable only in style and material approved by the Board.
- ix. Per local Fire Codes and in order to accommodate emergency personnel, no items, including but not limited to, potted plants, furniture, decorative objects, bicycles, baby strollers, or boxes are permitted in or near stairways and elevators or along common passageways, and in no event shall any

obstruction be permitted in any stairway or passageway which would impair maintenance of a 36 inch wide footpath through such area.

- x. Owners and residents may make use of fire extinguishers mounted in Common Elements, but they must notify the Board and nearby residents immediately afterward. Unauthorized use of fire extinguishers or tampering with extinguishers in Common Elements is strictly prohibited.
- xi. No major alterations of a Unit shall be undertaken without the approval of the Board of Directors, and its authorized architect. Major alterations include, but are not limited to, the enclosure of porches, changes in the configuration of walls, plumbing, wiring, ventilation system, or anything that may violate structural or esthetic integrity or create a potential hazard. Failure to gain the necessary approvals of the Board can result in additional modifications or restoration of the Unit to its original condition---all at the Owner's expense.
- xii. No residents shall plant flowers, shrubs, or trees or erect ornamental objects or signs without the written approval of the Board.
- xiii. No potted plants/hanging baskets may be located in /along passageways/stairs. Plants in hanging baskets shall be limited to two (2) baskets per opening in any open porch or patio in any Unit.
- xiv. No trash shall be placed on the ground around the household trash collection area. At no time shall any trash, trash bags, or recyclable materials be left in the hallways, doorways, porches or balconies outside a Unit. No trash, trash bags, or recyclable materials may be stored outside a Unit, in a walkway, in any Common Element, or on any private porch or balcony.

f) PETS

- i. No animals, livestock or poultry of any kind shall be kept or maintained in any Unit except that dogs, cats or other household pets may be kept or maintained, provided that they are not kept or maintained for commercial purposes, and provided that in no event shall more than two (2) pets be kept in any one Unit.
- ii. Household pets must be of a domestic variety (i.e cats, dogs, fish, birds). No exotic animals are allowed.
- iii. All household pets shall be kept on a leash at all times when outside the Units as set forth in the Wake County leash law. No animal may be leashed to any stationary object in Common Elements.

- iv. The Board shall have the authority to prohibit the keeping of pets by Unit Owners or occupants in the event the Board determines that a recurring problem has occurred with a pet.
- v. Any person owning, or in charge of, any animal at the Villas at State Street shall remove all feces deposited by such animal as set forth in the Raleigh City Code, Section 12-3011.
- vi. All rules concerning the retention of pets by residents of the Villas at State Street apply fully to the pets of guests or visitors of residents.
- vii. There shall be no feeding or housing of birds, squirrels, or any other non-domesticated or stray animals at the Villas at State Street.

g) SAFETY

- i. Nothing shall be done or kept in any Unit, storage area, parking lot or Common Element that creates a potential hazard, that could increase premiums or cause the cancellation of the Condominium's insurance or that constitutes a violation of the law.
- ii. No smoking is allowed in any Unit or any Building Common Element within the Villas at State Street, including the elevators, patios, terraces and balconies.
- iii. The discharge of fireworks or the carrying or discharge of firearms is prohibited.
- iv. Each Unit must be equipped with and maintain a fire extinguisher and smoke alarm approved by Underwriters Laboratory.
- v. No alterations to the electrical wiring shall be done except by a licensed electrician.

h) PERSONAL CONDUCT AND CONSIDERATION OF OTHERS

- i. Consistent with the City of Raleigh's Noise Ordinance, found in the Raleigh City Code, Section 12, residents and their guests must minimize noise between the hours of 11:00 p.m. and 7:00 a.m. Raleigh City Police will respond to calls regarding noise ordinance violations.
- ii. Noisy construction, maintenance, and all commercial activities must be confined to the hours of 7:30 a.m. to 5:30 p.m. on weekdays, with the exception of emergency repairs or deliveries. All Owners engaging in

remodeling projects must make these guidelines known to their contractors. As a courtesy, Owners are encouraged to notify their surrounding neighbors about the schedule of impending repairs.

- iii. In accordance with the Declaration, no one shall engage in activities that are considered dangerous, offensive or a nuisance (such as, but not limited to noxious fumes, bad language, obscene behavior) in any Unit or in the Common Elements.
- iv. Yard sales are not permitted within the confines of the Villas at State Street premises.

i) ENFORCEMENT OF RULES AND REGULATIONS

- i. Violations of these Rules and Regulations should be reported immediately to the Board.
- ii. After verification of each violation, the person(s) reported to be in violation of the Rules and Regulations will be issued a warning that the violation must be corrected with a specified time. Violations of City ordinances or that pose imminent danger to people or property will require immediate action without warning or grace period.
- iii. If the violation for which the citation was issued is not corrected within the specified time, the Board will proceed with the hearing and fining in accordance with this Declaration, including the following section.
- iv. Initial Set Fines:
 - 1. Failure to remove animal waste: \$50.00 per occurrence
 - 2. Trash dumping outside of garbage cans: \$100.00 per occurrence.
 - 3. On-site automotive repairs or maintenance work: \$100.00 per occurrence following warning notice.
 - 4. Failure to provide full tenant contract and updated renter information/documentation: \$100 per occurrence following warning notice.
 - 5. Failure to provide signed Tenant Declaration: \$100 per occurrence following warning notice.
 - 6. Failure to update and provide emergency Owner contact information: \$100 per occurrence following warning notice.
 - 7. Failure to address warning of non-compliance:
 - 1. At 30 days: \$50.00 fee
 - 2. At 60 days: \$100.00 fee
 - 3. At 90 days: \$200 per month until addressed.



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Please retain yellow trailer page

It is part of the recorded document and must be submitted with the original for re-recording.

Charles P. Gilliam

Register of Deeds

Wake County Justice Center
300 South Salisbury Street, Suite 1700
Raleigh, NC 27601

☐ New Time Stamp

☐ \$25 Non-Standard Fee

☐ Additional Document Fee

☐ Additional Reference Fee

This Customer Group

_____ # of Excessive Entities

_____ # of Time Stamps Needed

This Document

_____ 49 # of Pages 5