DECLARATION OF INTENTION
FOR
FOUNDERS ROW CONDOMINIUM

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Plans filed in Condominium File Number 112

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TO DECLARATION OF INTENTION

TO SUBMIT PROPERTY

TO THE PROVISIONS OF THE

NORTH CAROLINA UNIT OWNERSHIP ACT

DECLARATION OF INTENTION TO SUBMIT PROPERTY TO THE PROVISIONS OF THE NORTH CAROLINA UNIT OWNERSHIP ACT

THIS DECLARATION, made this 26th day of September, 1986, by NCNB COMMUNITY DEVELOPMENT CORPORATION, a North Carolina corporation (hereinafter called the "Declarant") pursuant to the provisions of Chapter 47A of the North Carolina General Statutes entitled the "Unit Ownership Act" (the "Act");

W I T N E S S E T H:

THAT WHEREAS, the Declarant is the owner in fee simple of certain real property located in Wake County, North Carolina, and more particularly described on the attached Exhibit A; and

WHEREAS, the Declarant proposes to construct three (3) three-story multi-unit buildings each containing sixteen (16) units and certain other improvements upon the aforesaid property, and it is the desire and intention of the Declarant to divide the buildings to be constructed on said real estate into "condominium unit" or "units" as those terms are defined under the provisions of the Act and to sell and convey the same as individual units to various purchasers subject to the covenants, conditions, and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the property described on Exhibit A and all improvements to be situated thereon, together with all appurtenances thereto, to the provisions of the Act; and

WHEREAS, Declarant hereby establishes by this Declaration of Unit Ownership a plan for the individual ownership of real property estates consisting of the area or space contained in each of the individual units and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the remaining real property which is the Common areas and facilities of the property described on Exhibit A.

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property shown as 1.5494 acres in Book of Maps 1986, Page 221, Wake County Registry, and further described on the attached Exhibit A, is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations, and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into forty-eight (48) condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors, and assigns, and any person acquiring or owning any interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees, and assigns. Said Declaration is subject to the following terms and conditions:

1. DEFINITIONS. Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a meaning different therefor:

(a) "Act" shall mean Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership," as amended if amended.

(b) "Association of Unit Owners" or "Association" is as defined in the Act and shall mean a non-profit corporation formed of all of the Unit Owners acting as a group in accordance with this Declaration and the Bylaws under the name of Founders Row Condominium Association, Inc.

(c) "Board of Directors" shall mean the governing body from time to time of Founders Row Condominium Association, Inc., whose purpose is to manage, maintain, operate, care for and administer Founders Row Condominium.

(d) "Building" or "Buildings" shall mean all structures and improvements now or hereafter erected upon the Property.

(e) "Bylaws" shall mean the bylaws of Founders Row Condominium Association, Inc.

(f) "Common areas and facilities" shall have the meaning as set forth in the North Carolina Unit Ownership Act and as more fully described in paragraph 5 hereof.

(g) "Common Expenses" shall mean and include:

(i) all sums assessed against the Unit Owners by the Association;

(ii) expenses of administration, maintenance, repair or replacement of the Common areas and facilities;

(iii) expenses agreed upon as Common Expenses by the Association;

(iv) expenses declared Common Expenses by the provisions of the North Carolina Unit Ownership Act, or by this Declaration or the Bylaws;

(v) insurance premiums; and

(vi) ad valorem taxes and public assessments and liens levied against the common areas.

(h) "Common Interest" shall mean the aggregate of the undivided interest of the Unit Owners in the Common areas and facilities.

(i) "Condominium" means Founders Row Condominium, which consists of the property described in Exhibit A, all improvements thereon and appurtenances thereto, which property is submitted to the provisions of the Act.

(j) "Condominium Documents" shall mean this Declaration, the Articles of Incorporation, the Bylaws and rules and regulations governing the use of the Property, as amended from time to time and all attachments and exhibits thereto.

(k) "Limited common areas and facilities" shall mean those parts of the Common areas and facilities reserved for specific Units to the exclusion of all other Units, as more specifically described in Paragraph 6 hereof.

(l) "Mortgage" shall mean a deed of trust as well as a mortgage constituting a first lien on a Unit.

(m) "Mortgagee" shall mean a beneficiary under a Mortgage.

(n) "Owner" or "Unit Owner" shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, having an ownership interest of record in a Unit within the Property, other than a Mortgagee or a trustee of a deed of trust.

(o) "Plans" shall mean and refer to the plans and specifications of the Condominium prepared by Whelchel-Fortune Architects, recorded under the name of the Condominium in the Unit Ownership File No. 112 in the Office of the Register of Deeds of Wake County and referred to on Exhibit B attached hereto and incorporation herein by reference.

(p) "Property" shall mean the real property referred to in this Declaration to be divided into condominium units including the parcel of real estate described on Exhibit A, the Buildings, all easements, rights and appurtenances belonging thereto and all articles of personal property intended for common use in connection therewith.

(q) "Unit" shall mean those parts of the Property described in paragraph 4 hereof which are the subject of individual ownership.

The terms "Declaration," "Person," "Recordation," "Unit Designation" and "Unit Owner," unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall have the meanings set forth in North Carolina General Statutes § 47A-3.

2. NAME OF CONDOMINIUM. The name by which the Property shall be known is "FOUNDERS ROW CONDOMINIUM."

3. DESCRIPTION OF BUILDINGS. The Condominium shall consist of three (3) buildings, having three (3) stories basically of wood frame construction over a crawl space with brick and dryvit veneer. The Buildings are to be subdivided into a total of sixteen (16) Units each.

Specifics such as style, construction, material, grades, and finishes are described in the Plans, a copy of which is filed in the Condominium Plan File for Wake County and made a part hereof, showing all particulars of the Buildings, including the location, layout, ceiling and floor elevations, unit designations, and dimensions of the Units and location of the common areas and facilities affording access to each Unit. The Plans bear the verified statement of Whelchel-Fortune Architects certifying that said plans and specifications are an accurate copy of the plans of said proposed Buildings as filed with and approved by the City of Raleigh.

4. UNIT DESIGNATIONS. For purposes of identification, each of the forty-eight (48) Units is designated by street address so that identification of a Unit will be by street address. For purposes of conveyances, the Units will be identified by their street address. The percentage of interest of each Unit in the general and limited common areas and a description of each Unit, are more particularly described on Exhibit C attached hereto and made a part hereof by reference. The location of each Unit, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access and other data concerning its proper identification are further shown in the Plans.

Each Unit shall constitute a single freehold estate and means an enclosed space consisting of one or more rooms occupying all or part of one or more floors, provided always that any such Unit has direct exit to a thoroughfare or to a common element leading to a thoroughfare. The lower vertical boundary of any Unit is a horizontal plane (or planes), the elevation of which coincides with the surface of the unfinished subfloors thereof and the upper vertical boundary is a horizontal plane (or planes), the elevation of which coincides with the elevation of the exterior surface of the interior ceilings thereof, to include the drywall. The lateral or perimetrical boundaries of any Unit are the exterior surfaces of the interior perimeter or main walls, to include the drywall, windows and doors thereof, the vertical planes coincidental with the exterior surfaces of the interior perimeter or main walls thereof to intersect the upper and lower vertical boundary thereof and to intersect the other lateral or perimetrical boundaries of the Unit. 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 a part of the Unit. Where the heating and air conditioning equipment is on the roof of a Building and is serving a Unit below, said equipment shall be a part of the Unit so served.

5. COMMON AREAS AND FACILITIES. The Common areas and facilities consist of the property other than the Units and Limited common areas and facilities described in Paragraph 4 above and Paragraph 6 below, including without limitation, the following:

(a) The land on which the Buildings are erected and all land, described on Exhibit A attached hereto;

(b) All foundation, columns, girders, beams, supports and other structural members;

(c) The roofs and all exterior walls and interior walls, ceilings, floors, and stairways, except those partitioned walls and all ceilings, floors, and stairways wholly within a Unit;

(d) All central and appurtenant installments for services, such as power, light, gas, telephone, cablevision, water (including all pipes, wires, cables, and conduits in connection therewith, whether located in common areas or in Units), and all other central mechanical equipment spaces;

(e) Steps and stairwells, parking areas, sidewalks and walkways, courtyards, storage areas in the crawl space under the Buildings, and other exterior areas of the Property, all of which are shown by legend designation on the Plans;

(f) All water lines not located in street rights-of-way which serve the Property and all sewer lines not located in street rights-of-way or City of Raleigh sanitary sewer easements which serve the Property; and

(g) All other parts of the Property and all apparatus and installations existing in the Buildings or upon the Property for common use or necessary or convenient to the existence, maintenance or safety of the Property.

6. LIMITED COMMON AREAS AND FACILITIES. Certain parts of the common areas and facilities herein called and designated as "Limited common areas and facilities" are hereby set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto an exclusive easement for the use of such Limited common areas and facilities, except as otherwise herein expressly provided. The Limited common areas and facilities for each of the Units for which their use is exclusively reserved are any deck, patio, balcony or storage room appurtenant to any Unit as are shown on the Plans, and the parking spaces assigned to each Unit if such assignment has been made.

Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy such Limited common areas and facilities as are associated with such Unit Owner's Unit. The cleanliness and orderliness of the Limited common areas and facilities shall be the responsibility of the individual Unit Owner, but the responsibility for maintenance, painting, repair and replacement, together with control over the exterior decoration, shall remain with the Association. Reference hereunder to Common areas and facilities shall include Limited common areas and facilities unless the context clearly indicates otherwise.

7. FORM OF ADMINISTRATION. The property of the Condominium and its business shall be managed, controlled, directed, and administered by the Founders Row Condominium Association, Inc. (the "Association") as provided in the Bylaws of the Association, which Bylaws are attached hereto as Exhibit E and made a part hereof.

8. USE OF COMMON AREAS AND FACILITIES. Each Unit Owner and his tenants, guests, and business invitees and licensees shall have the right to use the Common areas and facilities in accordance with the purposes for which they are intended and for all purposes incident to the use and occupancy of his Unit, and such right shall be appurtenant to and run with his Unit; provided, however, that no person shall use the Common areas and facilities or any part thereof in such manner as to interfere with or restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this Declaration, the Bylaws, and such rules and regulations as may be established from time to time by the Board of Directors.

9. PERSON TO RECEIVE SERVICE OF PROCESS. Kelley McNamara is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. The address of such person's office is NCNB National Bank, One Hannover Square, Raleigh, North Carolina 27601, which is located in Wake County, North Carolina, the county in which the Buildings are located.

10. EASEMENTS.

(a) Common Facilities. Each Unit Owner shall have an easement in common with the other Unit Owners to use all pipes, wires, cables, conduits, public utility lines, and other common facilities located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of all other Unit Owners to use the pipes, cables, wires, conduits, public utility lines, and other common facilities serving other Units and located in such Unit. The Board of Directors shall have the right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair, or replace the common facilities contained therein or elsewhere in the Buildings. Each Unit Owner shall specifically have an easement to maintain all components of the heating and air conditioning systems serving his Unit in their present or future locations.

(b) Services. An easement is hereby established over all Common areas for the benefit of applicable governmental agencies for the setting, removing, and reading of water meters, maintaining and replacing water, drainage and drainage facilities, fire fighting, law enforcement, garbage collection and the delivering of mail. Subject to the provisions of Section 10-2075(e) of the Raleigh City Code, the Declarant or the Board of Directors may hereafter grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair, and replace water lines, pipes, ducts, sewer lines, gas mains, telephone wires and equipment, and electrical conduits, over, under, along, and on any portion of the Common areas and further to establish drainage easements, and each Unit Owner hereby grants the Board of Directors 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.

(c) Encroachments. In the event that any Unit shall encroach upon any Common areas and facilities, or any other Unit or Units, for any reason not caused by the purposeful or negligent act of the Unit Owner, or agents of such Owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment upon the Common areas and facilities or upon a Unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common areas and facilities shall encroach upon any Unit, then an easement shall exist for the continuance of such encroachment of the Common areas and facilities upon any Unit for so long as such encroachment shall naturally exist. If any Unit or any portion of the Common areas and facilities 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 areas and facilities in accordance with Paragraph 17 hereof, there exist encroachments of portions of the Common areas and facilities upon any Unit, or of any Unit upon any other Unit or upon any portion of the Common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

(d) Emergencies. In case of any emergency originating in or threatening any Unit or the Common areas and facilities, regardless of whether the Unit Owner is present at the time of such emergency, the Board of Directors, or any other person authorized by it, shall have the right to enter any Unit for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Unit Owners, and such right of entry shall be immediate.

11. ASSESSMENTS.

(a) Taxes. Every Unit, together with its undivided interest in the Common areas and facilities, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit; provided, however, the Units will not be separately assessed until the calendar year following the year in which this Declaration is filed with respect to the City of Raleigh and Wake County ad valorem property taxes.

(b) Common Expenses. Each Unit Owner shall contribute, pro rata in proportion to his undivided interest as set forth in Exhibit C hereto, toward the Common Expenses, all in accordance with the attached Bylaws and the provisions of the Act. Due dates for payment of such Common Expenses shall be established by the Board of Directors and such Common Expenses shall be collected at least monthly.

(c) Special Assessments. Upon the affirmative vote of Unit Owners owning at least 51% of the Common Interest, the Association may make special assessments, from time to time, against the Units in order to meet unexpected, extraordinary or nonrecurring expenses. Each Unit Owner shall contribute, pro rata, in accordance with his undivided interest as set forth in Exhibit C hereto his share of such special assessments. Due dates and payment terms shall be established by the Board of Directors. The collection of such special assessments and their priority with respect to Mortgages are subject to the same terms and conditions as the assessments for Common Expenses.

(d) Common Surplus. Common Surplus, meaning all funds and other assets of the Association (including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source over the amount of Common Expenses), shall be owned by the Unit Owners in the same proportion that the undivided interest in Common areas and facilities appurtenant to each Unit Owner's Unit bears to the Common Interest; 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 proceeds herein provided, or upon termination of the condominium, any Common Surplus may from time to time be used to offset future assessments or set aside as a special fund for emergencies or capital improvements as the Board of Directors may determine.

(e) Liens. All assessments for Common Expenses or Special Assessments chargeable to any Unit shall constitute a lien on such Unit prior to all other liens if said assessment remains unpaid for a period of thirty (30) days after due and a lien is properly recorded in the Office of the Clerk of Superior Court in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes, except only:

(i) tax liens and special assessments on the Unit made by a lawful governmental authority;

(ii) all sums unpaid on the first mortgage of record prior to the filing of the assessment lien on such Unit; and,

(iii) other liens granted priority by statutory authority.

Such lien may be foreclosed by suit by the Board of Directors acting on behalf of the Unit Owners, in like manner as a mortgage of real property. In any such foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of the Unit Owners, shall have the power to bid in the Unit at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. As used herein, the term "mortgage" shall include "deed of trust".

(f) Purchaser at Foreclosure Sale. Where the mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit as a result of foreclosure by such acquirer. Such unpaid shares of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Units, including such acquirer, his successors and assigns.

(g) Purchaser of a Unit. The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the manager or Board of Directors, as the case may be, setting forth the amount of the unpaid assessments against the grantor, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

12. PARTITIONING. No Unit may be divided or subdivided into a smaller Unit or Units other than as shown on the Plans, nor shall any Unit or portion thereof be added to or incorporated into any other Unit. The undivided interest in the Common areas and facilities appurtenant to each Unit shall not be conveyed, devised, encumbered, partitioned, subdivided or otherwise dealt with separately from said Unit, and the undivided interest in the Common areas and facilities appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly

mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, Mortgage or other instrument which purports to grant any right, interest or lien in, to or upon a Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its appurtenant undivided interest in Common areas and facilities unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the numerical designation assigned thereto on the Plans without limitation or exception shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common areas and facilities. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the Common areas and facilities by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or in any other form permitted by law.

13. LIENS. While the property remains subject to this Declaration and the provisions of the Act, no liens of any nature shall arise or be created against the Common areas and facilities, except with the unanimous consent in writing of all of the Unit Owners and their Mortgagees, except such liens as may arise or be created against the several Units and their respective common interests pursuant to the provisions of the Act. Every agreement for the performance of labor, or the furnishing of materials to the Common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanics' lien or other similar lien by reason of labor performed or material furnished is waived.

14. NATURE OF INTEREST IN UNITS. Every Unit, together with its undivided common interest in the Common areas and facilities, shall for all purposes be, and it is hereby, declared to be and to constitute a separate parcel of real property, and the Unit Owner thereof shall be entitled to the exclusive fee ownership and possession of his Unit, subject only to the covenants, conditions, restrictions, uses, limitations, obligations, rules, regulations, resolutions, easements, and decisions adopted pursuant hereto and as may be contained herein and in the Bylaws and in the minutes of the Board of Directors.

15. INSURANCE. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the Property shall be purchased by the Board of Directors for the benefit of the Board of Directors and the Unit Owners and their Mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the Mortgagees. Unit owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage. All Buildings and improvements upon the land and all personal property included in the Common areas and facilities shall be insured in an amount equal to one hundred percent (100%) of the replacement value as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

(i) loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and

(ii) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the Buildings on the land.

Public liability insurance shall be secured by the Board of Directors in such amount and with such coverage as shall be deemed necessary by the Board of Directors, including, but not limited to, an endorsement to cover liability of the Unit Owners as a group to a single Unit Owner. There shall also be obtained such other insurance coverage as the Board of Directors shall determined from time to time to be desirable and necessary.

(c) Premiums. Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors on behalf of the Unit Owners as a Common Expense.

(d) Proceeds. All insurance policies purchased by the Board of Directors shall be for the benefit of the Board of Directors and the Unit Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustee under this Declaration. The sole duty of the Board of Directors as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the Bylaws for the benefit of the Unit Owners and their Mortgagees in the following shares:

(i) Proceeds on account of damage to Common areas and facilities shall be held in undivided shares for each Unit Owner and his Mortgagee, if any, such share being the same as each Unit Owner's undivided interest in the Common areas and facilities.

(ii) Proceeds on account of damage to Units shall be held in the following undivided shares:

(A) When the Buildings are to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Directors.

(B) When the Buildings are not to be restored, an undivided share for each Owner of damaged Units, such share being the same ratio as each such Unit Owner's undivided interest in the Common areas and facilities bears to all Unit Owners entitled to share in said proceeds.

(iii) In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the Mortgagee and the Unit Owner, as their interests may appear.

16. DISTRIBUTION OF INSURANCE PROCEEDS. Proceeds of insurance policies received by the Board of Directors as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided by Paragraph 17 hereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

(b) Failure to Reconstruct or Repair. If it is determined, as provided in Paragraph 17 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Owners and their Mortgagees if any, jointly.

17. DUTY TO REPAIR. Except as hereinafter provided, damage to or destruction of the Buildings as a result of fire or other casualty shall be promptly repaired and restored by the Board of Directors using the proceeds of insurance on the Buildings for that purpose, and the affected Unit Owners shall be liable for assessment of any deficiency. If more than two-thirds of all of the Buildings are destroyed by fire or other casualty and the Owners of three-fourths of all of the Units resolve not to proceed with reconstruction or restoration, then in that event, the Unit Owners shall own the Property as tenants in common subject to the provisions of Section 47A-25 of the Act. Any reconstruction or repair shall be in accordance with plans and specifications approved by the Board of Directors with adherence, if feasible and reasonable considering conditions then existing, to the plans and specifications of the original Buildings.

Each Unit Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans and will make no structural addition, alteration or improvement to his Unit without the prior written consent of the Board of Directors. Upon the failure of a Unit Owner to so maintain his Unit, the Board of Directors shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Unit Owner and constitute a lien on the Unit until paid.

18. CONDEMNATION.

(a) In the event all or any part of the Property shall be taken in condemnation or by eminent domain, each Unit owner hereby grants an irrevocable power of attorney to the Association to represent such Unit Owner in any and all condemnation proceedings, negotiations, settlements and agreements with the condemning authority. The award for such taking shall be payable to the Association for the use and benefit of the Unit Owners and their respective Mortgagees as their interests may appear and shall be disbursed by the Board as hereinafter provided.

(b) If the taking is confined to the Common areas and facilities, the Board of Directors shall arrange for restoration of the remaining Common areas and the Board of Directors shall disburse the proceeds of the condemnation award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common areas is to be repaired or reconstructed, as provided for in paragraphs 16 and 17 hereof.

(c) If the taking includes any part of a Unit, whether or not there is included in the taking any part of the Common areas and facilities, such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in paragraphs 16 and 17 hereof, whereupon:

(i) The Board of Directors, using the proceeds of such condemnation award, shall acquire, on behalf of the remaining Unit Owners, the Unit(s) and the appertaining interest in the Common areas and facilities of the Unit Owner(s) whose Unit(s) have been taken in whole or in part, at a price equal to the fair market value of said Unit(s) and said appertaining interest in the Common areas and facilities as of the date immediately preceding the condemnation thereof. Such price shall be determined by majority vote of three (3) appraisers, one of whom shall be selected by the Unit Owner(s) affected, one of whom shall be selected by the Board of Directors, and one of whom shall be selected by the two appraisers so selected. All appraisers so selected shall be licensed realtors who are members of the American Institute of Real Estate Appraisers, the American Society of Appraisers, the Society of Real Estate Appraisers, or a comparable professional association of appraisers.

(ii) After acquisition of the Unit(s) as aforesaid, the remaining Unit Owners shall amend this Declaration and the Bylaws to the end that the Property will continue to be subject to the Act. Such amendments, if any, shall realign the percentage interests of each remaining Unit Owner in the Common areas and facilities, establish the method of distributing the remaining of the condemnation award, if any, and include such other provisions as all of said remaining Unit Owners shall deem reasonable and appropriate. Such amendments shall have been consented to in writing by all Mortgagees and shall not prejudice creditors or other third parties who have an interest in any condemnation award with respect to their rights, if any, in such award.

19. UNITS SUBJECT TO DECLARATION, BYLAWS, RULES AND REGULATIONS. All present and future owners, tenants, and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the Bylaws and any rules and regulations as may be adopted in accordance with the Bylaws, as said Declaration, Bylaws, and rules and regulations may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, Bylaws, and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such land and Unit and shall inure to the benefit of such person in like manner as though the provisions were made a part of each and every deed of conveyance or lease. Failure to comply with any of the same shall be grounds for an action to recover for sums due for damages or injunctive relief, or both, maintainable by the manager or Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner.

20. CONSTRUCTION. In interpreting any and all provisions of this instrument, the Exhibits attached hereto and subsequent deeds of trust covering individual Units, the actual location of the Unit shall be deemed conclusively to be the property intended to be conveyed, reserved, or encumbered notwithstanding any minor deviations, either horizontally or vertically, from the locations indicated in the Plans or in minor variations in the description of the Unit contained herein. To the extent that such minor deviations in location do or shall exist, a valid easement therefor and for the maintenance thereof does and shall exist.

21. AMENDMENT TO DECLARATION. This Declaration may be amended by the vote of Unit Owners owning at least 75% of the Common Interest, together with the prior written consent of their respective Mortgagees, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws; provided, however, that such amendment shall have been approved in writing by the Declarant in the event Declarant owns a minimum of one Unit at the time of the proposed amendment. No such amendment shall be effective until recorded in the Office of the Register of Deeds, Wake County, North Carolina; provided, however, any amendment which amends or alters the percentage of undivided interest of any Units in the Common areas and facilities, alters or amends any voting rights, or limits, alters or amends the right

of a Unit Owner to lease his Unit (subject to the Condominium Documents) shall require the written approval of all Unit Owners, together with the prior written consent of all their respective Mortgagees.

22. TERMINATION. This Declaration may be terminated and the Property removed from the provisions of the Act by an instrument to that effect executed by all of the Unit Owners and duly recorded, provided that all the Mortgagees of the Units have consented thereto or agreed, by instruments duly recorded, that their liens be transferred to the percentage of undivided interest of the Unit Owners who shall own the property as tenants-in-common following such termination, which shall be the percentage of undivided interest of such Unit Owner in the Common Interest.

In the event it is determined in the manner provided in paragraph 17 hereof that the property shall not be repaired or reconstructed after fire or other casualty, and provided Mortgagees holding Mortgages on Units having at least 51% of the Common Interest consent in writing, the Condominium will be terminated and the Condominium Documents revoked. The determination not to repair or reconstruct after fire or other casualty shall be evidenced by a certificate of the Association providing that all liens affecting all of the Units are transferred to the percentage of undivided interest of the Unit Owners as set forth hereinabove, and certifying as to facts effecting the termination, which certificate shall become effective upon being duly recorded in the Wake County Public Registry.

23. STATEMENT OF PURPOSES, USE AND RESTRICTIONS. The Units and Common areas and facilities shall be occupied and used as follows:

(a) Each Unit shall be used for a single family residence and for no other purposes. No Unit Owner may lease his Unit for less than a 30-day term or for purposes of occupancy by persons other than the lessee and his or her immediate family. No room may be rented and no transient tenants may be accommodated. Each lease shall be in writing, on forms approved from time to time by the Association, and shall provide that the terms contained therein shall be subject in all respects to the Condominium Documents and that any failure by the lessee to comply with all the terms of such instruments shall constitute a default under the lease. Provided, however, there shall be no restriction in the leasing of Unit or Units owned by the Declarant so long as Declarant owns any Units for sale in the ordinary course of business, and no leasing restriction on Units owned or possessed by Mortgagees as a result of foreclosure proceedings (or proceedings in lieu of foreclosure).

(b) There shall be no obstruction of the Common areas and facilities. Nothing may be stored in the Common areas and facilities without the prior written consent of the Board of Directors.

(c) Nothing shall be done or kept in any Unit or in the Common areas and facilities which will increase the rate of insurance on the Buildings, the Common areas and facilities or any other Unit without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common areas and facilities which would result in the cancellation of insurance on the Buildings, any Unit or any part of the Common areas and facilities, or which would be in violation of any law. No waste of the Common areas and facilities shall be permitted or committed.

(d) No sign of any kind shall be displayed to the public view from any Unit or from the Common areas and facilities without the prior written consent of the Board of Directors.

(e) No animals (including household pets), livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common areas and facilities except in accordance with the promulgated rules of the Board of Directors.

(f) No noxious, offensive, unlawful, or improper activity shall be carried on in any Unit, or in the Common areas and facilities, nor shall anything be done therein which will be an annoyance or nuisance to other Owners.

(g) Nothing shall be altered or constructed in or removed from the Common areas and facilities except with the prior written consent of the Board of Directors.

(h) The Board of Directors of the Association is authorized to adopt rules for the use of the Common areas and facilities, said rules to be furnished in writing to the Unit Owners.

(i) Notwithstanding anything to the contrary, Declarant, and such persons as it may select, shall have the right of ingress and egress over, upon and across the Common areas and facilities, the right to utilize one or more Units as a model, the right to erect signs upon the Property for the purpose of advertising availability of Units for sale or lease and similar uses, and the right to store materials in or on the Common areas and facilities and make such other use thereof as may be reasonably necessary incident to construction, development, lease or sale of the Units and the repair, maintenance and operation of the Units, the Buildings and Common areas and facilities.

(j) Except with the written consent of the Board of Directors, no natural barriers in the form of trees, bushes or shrubs, and no man-made structures in the form of fences, shall be permitted on or about the Common areas and facilities, except such natural barriers and man-made structures as are set forth on the Plans.

24. RIGHTS RESERVED UNTO MORTGAGEES. Any Mortgagee shall have the following rights, to-wit:

(a) to be furnished at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year;

(b) to be given notice by the Association of the call of any meeting of the Association's membership, and to designate a representative to attend all such meetings;

(c) to be given prompt written notice of default under any of the Condominium Documents by any Unit Owner owning a Unit encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it may designate in writing;

(d) to be given prompt written notice of any casualty loss or loss by eminent domain or other taking of the Common areas and facilities or any applicable Unit;

(e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(f) to be given prompt written notice of any action which requires the consent of all or any portion of the Mortgagees as specified herein;

(g) to have any restoration or repair of the Property, after a partial condemnation or damage due to an insurable hazard, performed substantially in accordance with this Declaration and the original plans and specifications unless other action is approved by Mortgagees holding Mortgages on Units which have at least 51% of the Common Interest; and

(h) in the event that professional management has been previously required by any Mortgagee or other entity, any decision to establish self-management by the Association shall require the prior consent of Unit Owners having at least 67% of the Common Interest and the approval of Mortgagees holding Mortgages on Units which have at least 51% of the Common Interest.

Whenever any Mortgagee desires the provisions of this paragraph to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Certified Mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Unit or Units upon which any such Mortgagee holds any Mortgage or identifying any Units owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee. Provided, however, no provision of this Declaration or the other Condominium Documents shall be construed to grant to any Unit Owner, or to any other party, any priority over any rights of the Mortgagees pursuant to their first mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units or the Common areas and facilities or to any portions thereof.

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

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

27. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit, or describe the scope of this Declaration nor the intent of any provision hereof.

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

29. LIBERAL CONSTRUCTION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as provided in the Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

30. RIGHTS AND REMEDIES. The Association and any aggrieved Unit Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration, the Bylaws and any duly authorized rules and regulations governing the Condominium against any non-complying Unit Owner. Each Unit Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Condominium against the Association. Notwithstanding the forgoing, this Declaration is subject to Raleigh City Code Provision 10-3074(b) which provides as follows:

> In no case shall the city be responsible for failing to provide any emergency or regular fire, police or other public service to such developments or their occupants when

such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, homeowners' association, or occupants.

IN WITNESS WHEREOF, the Declarant has, through its duly authorized officers and the placing of its corporate seal, executed this agreement the day and year first above written.

NCNB COMMUNITY DEVELOPMENT CORPORATION

ATTEST:

Wilhelmina L. Stern
Asst. Secretary

(CORPORATE SEAL)

By: Jane Davin Paul
President

NORTH CAROLINA

Mecklenburg COUNTY

I, the undersigned Notary Public, do hereby certify that Wilhelmina L. Stern personally appeared before me this day and acknowledged that she is Assistant Secretary of NCNB Community Development Corporation, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its ________ President, sealed with its corporate seal, and attested by her as its Assistant Secretary.

Witness my hand and notarial seal, this 26th day of September, 1986.

Sandra S. Culp
Notary Public

My Commission Expires:

February 6, 1989

EXHIBIT A

DECLARATION FOR

FOUNDERS ROW CONDOMINIUM

Legal Description

That certain parcel of land situated in the City of Raleigh, Raleigh Township, County of Wake, State of North Carolina, being more particularly described as follows:

> BEGINNING at an existing iron pipe marking the intersection of the southern right-of-way line of East Davie Street (66' right-of-way) with the eastern right-of-way line of South Blount Street (66' right-of-way); runs thence with the southern right-of-way line of East Davie Street South 83° 15' 00" East 420 feet to an iron pipe in the western right-of-way line of South Person Street (66' right-of-way); runs thence with the western right-of-way line of South Person Street South 06° 41' 16" West 160.50 feet to a concrete monument; runs thence North 83° 15' 54" West 88.54 feet to a concrete monument; runs thence North 83° 16' 54" West 331.58 feet to an existing iron pipe in the eastern right-of-way line of South Blount Street; runs thence with said line of South Blount Street North 06° 12' 54" East 50.08 feet to a point; thence continuing with said line of South Blount Street North 06° 57' 57" East 110.62 feet to the point and place of beginning; containing 1.5494 acres (or 67,493 square feet), all according to a plat of survey entitled "Recombination of the Property of NCNB Community Development Corporation" prepared by Robert T. Newcomb III, Registered Land Surveyor, dated February, 1986, and recorded in Book of Maps 1986, page 221, Wake County Registry.

EXHIBIT B

DECLARATION FOR

FOUNDERS ROW CONDOMINIUM

Plans of Founders Row Condominium

[See the Plans of Founders Row Condominium dated February 17, 1986, prepared by Whelchel-Fortune Architects, and survey entitled "Founders Row" prepared by Robert T. Newcomb, III, Registered Land Surveyor, dated September, 1986, which were filed for registration simultaneously with the filing of the Declaration or shall be filed for registration in the Unit Ownership File located in the Office of the Register of Deeds for Wake County, North Carolina, under the name of Founders Row Condominium.]

EXHIBIT C

DECLARATION FOR

FOUNDERS ROW CONDOMINIUM

Fractional Undivided Interest in the Common Areas and Facilities Appurtenant to Each Unit

Unit Designation	Fractional Interest	Unit Designation	Fractional Interest
200 E. Davie St.	1/48	250 E. Davie St.	1/48
202 E. Davie St.	1/48	252 E. Davie St.	1/48
204 E. Davie St.	1/48	254 E. Davie St.	1/48
206 E. Davie St.	1/48	256 E. Davie St.	1/48
208 E. Davie St.	1/48	258 E. Davie St.	1/48
210 E. Davie St.	1/48	260 E. Davie St.	1/48
212 E. Davie St.	1/48	262 E. Davie St.	1/48
214 E. Davie St.	1/48	264 E. Davie St.	1/48
216 E. Davie St.	1/48	268 E. Davie St.	1/48
218 E. Davie St.	1/48	270 E. Davie St.	1/48
220 E. Davie St.	1/48	272 E. Davie St.	1/48
222 E. Davie St.	1/48	274 E. Davie St.	1/48
224 E. Davie St.	1/48	276 E. Davie St.	1/48
226 E. Davie St.	1/48	278 E. Davie St.	1/48
228 E. Davie St.	1/48	280 E. Davie St.	1/48
230 E. Davie St.	1/48	282 E. Davie St.	1/48
234 E. Davie St.	1/48	284 E. Davie St.	1/48
236 E. Davie St.	1/48	286 E. Davie St.	1/48
238 E. Davie St.	1/48	288 E. Davie St.	1/48
240 E. Davie St.	1/48	290 E. Davie St.	1/48
242 E. Davie St.	1/48	292 E. Davie St.	1/48
244 E. Davie St.	1/48	294 E. Davie St.	1/48
246 E. Davie St.	1/48	296 E. Davie St.	1/48
248 E. Davie St.	1/48	298 E. Davie St.	1/48

EXHIBIT D

DECLARATION FOR

FOUNDERS ROW CONDOMINIUM

True Copy of Articles of
Incorporation for Founders Row Condominium
Association, Inc.

See Rider #1 Attached

ARTICLES OF INCORPORATION

OF

FOUNDERS ROW CONDOMINIUM ASSOCIATION, INC.

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

ARTICLE I

The name of the corporation is FOUNDERS ROW CONDOMINIUM ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II

The principal and registered office of the Association is located at One Hannover Square, Raleigh, Wake County, North Carolina 27601.

ARTICLE III

Kelley McNamara, whose address is NCNB National Bank, One Hannover Square, Raleigh, North Carolina 27601, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Association shall be to administer the operation and management of Founders Row Condominium (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Raleigh Township, Wake County, North Carolina, and more particularly described in Schedule "A" attached hereto and incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Condominium which will be recorded in the Public Records of Wake County, North Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium Ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V

The Association shall have the following powers:

1. The Association shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which the Association is chartered, and all of the powers and privileges which may be granted unto said Association under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.

2. The Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Property in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To levy and collect assessments against members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the Bylaws of the Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

(c) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium to have approval of the Board of Directors or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis courts, and other recreation facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the owners of Condominium Units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Incorporation, the Bylaws of the Association which may be hereafter adopted, and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration of Condominium aforementioned.

ARTICLE VI

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Condominium Units in the Condominium shall be members of the Association, and no other person or entities shall be entitled to membership, except as provided in item (5) of this Article VI.

2. Membership shall be established by the acquisition of fee title to the Condominium Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium Units, or who may own a fee ownership interest in two or more Condominium Units, so long as such party shall retain title to or a fee ownership interest in any Condominium Unit.

3. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Condominium Unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration of Condominium and in the Bylaws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, each Condominium Unit shall have a vote equal to its appurtenant undivided interest in the Common Area as set forth in Exhibit C of the Declaration of Condominium. The vote of each Unit may be cast or exercised by the Owner or Owners of each Condominium Unit in such manner as may be provided in the Bylaws hereafter adopted by the Association. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Units owned in the manner provided by said Bylaws.

5. Until such time as the property described in Schedule "A" hereof, and the improvements constructed thereon, are submitted to a Plan of Condominium Ownership by the recordation of the Declaration of Condominium, the membership of the Association shall be comprised of the three (3) individuals named in Article XI hereof as the initial Board of Directors of the Association, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII

The Association shall have perpetual existence.

ARTICLE VIII

The affairs of the Association shall be managed by the President of the Association, assisted by the Secretary and Treasurer and, if any, the Vice President, Assistant Secretaries, and Assistant Treasurers, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, may employ a Managing Agent and/or such other managerial and supervisory personnel or entitles to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a Director or Officer of the Association, as the case may be.

ARTICLE IX

The number of members of the first Board of Directors of the Association shall be three (3). The number of members of succeeding Boards of Directors shall be as provided from time to time by the Bylaws of the Association. The members of the Board of Directors shall be elected by the members of the Association at the Annual Meeting of the membership as provided by the Bylaws of the Association. All members of the Board of Directors shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Notwithstanding the foregoing, so long as NCNB Community Development Corporation, a North Carolina corporation, owns twelve (12) or more Condominium Units in the Condominium, said NCNB Community Development Corporation shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the Association. NCNB Community Development Corporation may designate and select the person or persons to serve as a member or members of each said Board of Directors in the manner provided in the Bylaws of the Association, and such person or persons so designated and selected need not be a resident of the Condominium.

ARTICLE X

The Board of Directors shall elect a President, a Secretary, and a Treasurer, and as many Vice-Presidents, Assistant Secretaries, and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Secretary shall not be held by the same person.

ARTICLE XI

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

James Dennis Rash
NCNB Community Development Corporation
1 NCNB Plaza
Charlotte, North Carolina 28255

Amy C. Thomas
NCNB Community Development Corporation
1 NCNB Plaza
Charlotte, North Carolina 28255

Ellis Vance Perry, III
NCNB Community Development Corporation
1 NCNB Plaza
Charlotte, North Carolina 28255

ARTICLE XII

The original Bylaws of the Association shall be adopted by a majority vote of the members of the Association present at a meeting of members at which a majority of the membership is present, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws may provide.

ARTICLE XIII

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of seventy-five percent (75%) of the membership.

No amendment to these Articles of Incorporation may be adopted or become effective without the prior written consent of NCNB Community Development Corporation so long as it owns a minimum of one (1) Unit in the Condominium.

ARTICLE XV

The name and address of the incorporator is as follows: Ann Hogue Pappas, 200 West Morgan Street, Raleigh, Wake County, North Carolina 27601.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 30th day of September, 1986.

Ann Hogue Pappas (SEAL)

NORTH CAROLINA

WAKE COUNTY

This is to certify that on this 30th day of September, 1986, before me, M. Sue Neuhoff (Deitch) a Notary Public of said County and State, personally appeared Ann Hogue Pappas, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of Founders Row Condominium Association, Inc., and I having first made known to her the contents thereof, she did acknowledge that she signed, sealed and delivered the same as her voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 30th day of September, 1986.

M. Sue Neuhoff (Deitch)
Notary Public

My Commission Expires:

1/16-9-89

<u>EXHIBIT E</u>

DECLARATION FOR

FOUNDERS ROW CONDOMINIUM

<u>True Copy of Bylaws for
Founders Row Condominium Association, Inc.</u>

See Rider #1 Attached.

EXHIBIT E

RIDER #1

BYLAWS
OF
FOUNDERS ROW CONDOMINIUM ASSOCIATION, INC.

A corporation not for profit under the laws of the State of North Carolina

ARTICLE I - PURPOSE, APPLICABILITY, OFFICES

1.1 Identity. These are the Bylaws of FOUNDERS ROW CONDOMINIUM ASSOCIATION, INC. (herein "Association"), a non-profit corporation organized and existing under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State of North Carolina. It has been organized for the purpose of administering the operation and management of FOUNDERS ROW CONDOMINIUM (herein "Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Wake County, North Carolina, and described in Exhibit "A" of the Declaration of Condominium and incorporated herein by reference.

1.2 Applicability of Bylaws. The provisions of these Bylaws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and in the Declaration of Condominium which will be recorded in the Wake County Public Registry (herein "the Public Registry"), at the time said property and the improvements now situated and proposed to be constructed thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration of Condominium to be controlling wherever they may be in conflict herewith. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the Condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these Bylaws and in said Articles of Incorporation and Declaration of Condominium and the provisions of Chapter 47A of the North Carolina General Statutes.

1.3 Principal Office. The principal office of the Association shall be at such place in Wake County, North Carolina, as the Board of Directors shall designate from time to time. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

1.4 Fiscal Year. The fiscal year of the Association shall be 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 and except that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America at such time as the Board of Directors deems it advisable.

1.5 Definitions. All terms as defined in the Declaration shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE II - UNIT OWNERS

2.1 Membership. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in Article VI of the Articles of Incorporation of the Association, the provisions of which said Article VI of the Articles of Incorporation are incorporated herein by reference.

2.2 Quorum. A quorum at any meeting of the members shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

2.3 Voting Rights. Each Unit Owner shall be entitled to one vote equal to his undivided interest in each Unit owned by him, but there shall be only one vote allowed per Unit. There shall be one person with respect to each Unit ownership who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known as the "voting member". The voting member shall be selected by agreement of the Owners of the Unit voting, or by the Association if no agreement is reached among the Owners of the individual Unit. Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.

2.4 Voting. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

2.5 Binding Votes. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these Bylaws, or the Declaration of Condominium, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

2.6 Annual Meetings. The Annual Meeting of the members shall be held at a time and place designated by the Board of Directors, on the first Tuesday in March of each year that is not a legal holiday for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.7. A meeting so called shall be designated and treated for all purposes as the annual meeting.

2.7 Special Meetings. Special Meetings of the members shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such Officers upon receipt of a written request from members of the Association owning a majority of the Condominium Units.

2.8 Notice. Notice of all members' meetings, regular or special, shall be given by the Secretary of the Association or other Officer of the Association in the absence of the Secretary, to each member, unless waived in writing. Such notice shall be written and state the time and place and purpose for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than thirty (30) days prior to the date set for such meeting, which notice shall be mailed or delivered personally to each member within said time. If delivered personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his post office address as it appears on the Register of Owners of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If a quorum or the required percentage of attendance, if greater than a quorum, is not present at any members' meeting, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum or the required percentage of attendance is present. A percentage of attendance greater than a quorum being that which is required as set forth in the Articles of Incorporation, these Bylaws, or the Declaration of Condominium for particular purposes.

2.9 Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of meetings when not in conflict with the Articles of Incorporation and these Bylaws or with the statutes of the State of North Carolina.

2.10 Informal Action. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting (that is, the Voting members) and filed with the Secretary to be kept in the Association's minute book.

ARTICLE III - BOARD OF DIRECTORS

3.1 Directors. The number of Directors shall be three (3); provided, however, the number may be increased or decreased from time to time upon the affirmative vote of Unit Owners owing a majority interest in the Common Areas and Facilities, provides further that said Board shall not be less than 3 nor greater than 7 in number.

3.2 Selection. The Directors named in the Articles of Incorporation shall serve until the first annual meeting of the members, at which time the members shall elect the Board of Directors by ballot. Cumulative voting shall be allowed. Directors shall hold office for two (2) years (except for initial directors) and may be re-elected. Nominations shall be opened from the floor and may supplement any list of candidates prepared by any nominating committee. All members of the Board of Directors shall be members of the Association or shall be authorized representatives, officers, or employees of a corporate member of the Association.

3.3 Removal and Vacancies. After the first annual meeting, an officer or director may be removed from office upon the affirmative vote of a majority of the Units for any reason deemed by the Unit Owners to be in the best interest of the Condominium. In the event of any removal, resignation, or vacancy in any of the offices, the remaining members of the Board of Directors shall elect a person to serve as a successor to the removed, resigned, or vacant office, who shall hold office for the balance of the unexpired term and shall succeed to a membership in the Board of Directors for the same term. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

3.4 Developer Rights. Notwithstanding the foregoing paragraphs, until the earlier to occur of (a) NCNB Community Development Corporation, a North Carolina corporation, owns less than twelve (12) Condominium Units in the Condominium, or (b) May 31, 1987, said NCNB Community Development Corporation shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association. NCNB Community Development Corporation shall have the right to remove and replace any Directors that it selects and designates. NCNB Community Development Corporation may designate and select the person or persons to serve as a member or members of each said Board of Directors, and such person or persons so designated and selected need not be a resident of the Condominium.

3.5 Regular Meetings. A regular meeting of the Board of Directors shall be held immediately following and at the same place as the annual meeting of the Owners. The Board of Directors may also establish a schedule of regular meetings to be held at such place as the Board of Directors may designate, in which event, no notice shall be required to be sent to the said Board of Directors of said regular meetings once said schedule has been adopted.

3.6 Special Meetings. Special meetings of the Board of Directors may be called by the President and, in his absence, by the Vice-President, or by a majority of the members of the Board of Directors by giving two (2) days notice, by hand delivery or by telephone call, to all of the members of the Board of Directors of the time and place of said meeting, said notice to be served on each member of the Board of Directors by the Secretary. By unanimous consent of the Board of Directors, a special meeting of the Board of Directors may be held without notice at any time or place. All notices of special meeting shall state the purpose of the meeting.

3.7 Quorum. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the number of Directors fixed by these Bylaws, but a majority of those present at any annual, regular, or special meeting shall have the power to adjourn the meeting to a future time. Written notice of any new time, date, and place shall be mailed to or personally served on each member of the Board of Directors by the Secretary at least ten (10) days prior to the time fixed for said meeting.

3.8 Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.9 Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

3.10 Organization. Each meeting of the Board of Directors shall be presided over by the President or in his absence, the Vice President, or in the absence of both the President and the Vice President, by any person selecte.. to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary any person designated by the President of the meeting, shall act as Secretary of the meeting.

3.11 Informal Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

3.12 Minutes. The Board shall keep minutes of its proceedings.

3.13 Liability of the Board. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common areas and facilities bears to the interests of all the Unit Owners in the Common areas and facilities. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common areas and facilities bears to the interest of all Unit Owners in the Common areas and facilities.

3.14 Compensation. The Directors shall serve without compensation solely for holding such office; however, the Owners may elect to compensate the Directors.

3.15 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts, except such acts as by law or by the Articles of Incorporation of the Association, these Bylaws, and the Declaration of Condominium may not be delegated to the Board of Directors. Such powers and duties shall include, without limiting the generality of the foregoing, the following:

(1) To determine the Common Expenses required for the affairs of the Condominium and to collect the Common Expenses from the Unit Owners.

(2) To maintain, repair, replace, operate, and manage the Common areas and facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for said purpose.

(3) To reconstruct any part of the Common Property after casualty in accordance with Paragraph 17 of the Declaration of Condominium, to make further improvement to the Common areas and facilities; and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(4) To make, amend, and enforce rules and regulations governing the use of the Common areas and facilities and Condominium Units so long as such rules and regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration of Condominium. Written notice of such rules and regulations shall be given to all Unit Owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations.

(5) To acquire, operate, lease, manage, mortgage, sell and otherwise trade and deal with property, real and personal, including Condominium Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration of Condominium, provided that the acquisition of real property other than Condominium Units shall require the approval of the Association.

(6) To Vote any votes appurtenant to any Units acquired by the Board on behalf of the Association.

(7) To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis and other recreational facilities, whether or not contiguous to the lands of the

Condominium, to provide enjoyment, recreation, or other use or benefit to the Owners of the Condominium Units.

(8) To contract for the management of the Condominium and to delegate to such manager all of the powers and duties of the Association, except those which may be required by the Declaration of Condominium or the Act to have approval of the Board of Directors or membership of the Association, provided, however, the term of any such agreement shall not exceed one (1) year initially, shall only be renewable by agreement of the parties for successive one (1) year periods and shall be terminable by the Association with or without cause upon thirty days prior written notice to the manager and without payment of a termination fee.

(9) To enforce by legal means or proceedings the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration of Condominium, and the rules and regulations hereinafter promulgated governing use of the Common areas and facilities of the Condominium.

(10) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units and the appurtenances thereto, and to assess the same against the Unit Owners and their respective Condominium Units.

(11) To purchase insurance for the protection of the members, Directors, and the Association against casualty and liability in accordance with Paragraph 15 of the Declaration of Condominium.

(12) To maintain and repair any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common areas and facilities or any other Unit, or if the Unit Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by the Board to said Unit Owner; provided that the Board shall levy a special assessment against such Unit Owner for the costs of said maintenance or repair.

(13) To enter any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the

Board and such expenses shall be treated as a Common Expense; and to enter any Unit for the purpose of correcting or abating any condition or situation deemed by the Board of Directors to be an emergency.

(14) To sign all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by either the President or Vice-President and countersigned by the Secretary, or the Assistant Secretary, of the Association.

(15) To pay all costs of power, water, sewer, and other utility services supplied to the Condominium and not billed to the Owners of the separate Condominium Units.

(16) To designate and remove personnel necessary for the maintenance, repair, replacement, and operation of the Condominium, including the Common areas and facilities.

(17) To promulgate and enforce rules and regulations concerning use of and changes in any patios, decks, or porches of individual Units for purposes of creating and maintaining harmonious and aesthetic decor. The use and physical appearance of each patio, deck, or porch is deemed material to the preservation of property value.

(18) To open bank accounts on behalf of the Association and designate the signatories required therefor.

(19) To adopt a seal for the Association.

(20) To hire accountants, attorneys, and other professionals.

3.16 Initial Board of Directors. The undertaking and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the Declaration of Condominium has been recorded, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable condominium documents.

ARTICLE IV - OFFICERS

4.1 Number. The executive officers of the Association shall be a President, who shall be a Director, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors. Any persons may hold two or more offices, except that the President shall not also be Secretary. The Board of Directors shall, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

4.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties incident to the office of the president and such other duties as may be prescribed from time to time by the Board. He shall preside over all meetings of the members and the Board.

4.3 Secretary. The Secretary shall keep the minutes of all meetings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law or these Bylaws. He shall be responsible for including resolutions in the Association minute book. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall sign such instruments as may require his signature. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary and as may be required by the Directors or the President.

4.4 Treasurer. The Treasurer shall have custody of all Association funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Association in books especially provided for the purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Directors within ninety (90) days following the end of each fiscal year. The statement shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also prepare and file all reports and returns required by Federal, state or local law and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board of Directors. All books and records shall be kept in accordance with good and accepted accounting practices and an outside audit shall be made at least once a year.

4.5 Vice-Presidents, Assistant Secretaries and Treasurers. The Vice-Presidents Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the President, Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the President, Secretary or the Treasurer, respectively, or by the Board of Directors.

4.6 Compensation. The compensation, if any, of all officers and employees of the Association shall be fixed by the Unit Owners. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Condominium.

4.7 Removal. All Officers shall serve at the pleasure of the Board of Directors, and any Officer may be removed from office at any time, with or without cause, by a majority vote of the Board of Directors.

ARTICLE V - FISCAL MANAGEMENT

5.1 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Condominium Unit. Such account shall designate the name and address of the Unit Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which assessments come due, the amounts paid upon the account, and the balance due upon assessments.

5.2 Budget. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the function of the Association, including, but not limited to, the following:

(1) Common Expense Budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of and capital improvements to the Common areas and facilities, including landscaping, street and walkways, office expenses, utility services, casualty insurance, liability insurance, administration expenses, reserves (operating and Capital Improvement Replacement), management fees, costs of maintaining leasehold memberships and other possessory or use interests in land or facilities including Units, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation, or other use or benefit to the Units Owners, ad valorem taxes and assessments levied against the Common areas and facilities and sums necessary to make up any deficit in the Common Expenses for any prior year; and

(2) Proposed assessments against each Owner and his Unit.

Copies of the proposed budget and proposed assessments shall be transmitted to each Owner prior to January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each Owner concerned. Non-delivery of a copy of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in their sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, in the event of emergencies, or in the event of a purchase by the Board on behalf of the Unit Owners of a Unit which is to be sold at a foreclosure or other judicial sale.

5.3 Banking. The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

5.4 Examination of Records. The books, vouchers, records, and all supporting documentation required by N.C.G.S. Section 47A-20 shall be available for examination by all Unit Owners, their Mortgagees, or their agents and attorneys during normal business hours.

5.5 Audit. An audit of the accounts of the Association shall be made annually by an independent Certified Public Accountant, and a copy of the report shall be furnished to each Owner not later than March 31 of the year following the year for which the report is made.

5.6 Bonds. Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but in no event less than an amount equal to the current annual budget. The premiums on such bonds shall be paid by the Association and assessed against the Owners as a Common Expense.

5.7 Increased Assessment. Should the Board of Directors determine that the estimated aggregate amount of the Common Expenses to be assessed for any fiscal year requires aggregate assessments payable by the Unit Owners which exceed 110% of those levied in the preceding fiscal year, the proposed budget requiring such increased charges shall be submitted to the Unit Owners for approval at the annual meeting or a special meeting called for such purpose. If, at such meeting, the majority of the votes cast approve such budget, the charges shall be made in accordance with such proposed budget. If the proposed budget is not approved by the majority of the votes cast at such meeting, the Board of Directors shall make reductions in the proposed budget until either (a) the proposed budget is approved by the majority of the votes cast in a meeting called for such purpose or (b) the required increased charges do not exceed 110% of those levied in the preceding year.

ARTICLE VI - ASSESSMENTS: LIABILITY, LIEN, AND ENFORCEMENT

6.1 Assessments. The Association is given the authority to administer the operation and management of the Condominium as being 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, Common Expenses. To provide the funds necessary for such Common Expenses, the Association has the right to make, levy, and collect assessments against the Unit Owners and their Condominium Units. All assessments levied against the Unit Owners and their Condominium Units shall be uniform, and unless specifically otherwise provided for herein, all assessments made by the Association shall be allocated and assessed among the Unit Owners according to their respective undivided interests in the Common areas and facilities as set forth in the Declaration of Condominium. Should the Association be the owner of a Condominium Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of net income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned, and the assessment therefor levied ratably among the Owners of all Units which are not owned by the Association, based upon their undivided interests in the Common areas and facilities, exclusive of the interest therein appurtenant to any Unit or Units owned by the Association.

6.2 Special Assessments. Upon the affirmative vote of Unit Owners owning at least 51% of the Common Interest, the Association may make special assessments, from time to time, against the Units in order to meet unexpected, extraordinary or nonrecurring expenses. Each Unit Owner shall contribute, pro rata, in accordance with his undivided interest in the Common areas and facilities, his share of such special assessments. Due dates and payment terms shall be established by the Board of Directors. The collection of such special assessments and their priority with respect to Mortgages are subject to the same terms and conditions as the assessments for Common Expenses.

6.3 Payment. Assessments provided for herein shall be payable in monthly installments, or in such other manner as the Board of Directors of the Association shall determine. The Board of Directors shall take prompt action to collect any assessments which remain unpaid for more than thirty (30) days from the due date for payment thereof. Such failure to pay shall be an event of default. The Board shall further notify any Mortgagee (of which it has notice) for which any assessments remains unpaid for more that thirty (30) days from the due date for payment thereof. No Unit Owner may exempt himself from contributing toward such expenses by waiver of the use and enjoyment of the Common areas or facilities or by abandonment or sale of the Unit belonging to him.

6.4 Default in Payment. In the event of default by any Unit Owner in paying to the Board of Directors his share of the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the highest rate the law allows; together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Unit Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. The Board of Directors shall also have the right to impose uniform late payment charges for delinquent Common Expense payments, which charges shall also be recoverable by the proceedings specified above.

6.5 Lien and Personal Obligation. All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made if such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due, which such lien shall be prior to all other liens excepting only (i) tax liens and special assessments on the Unit made by a lawful governmental authority and charges for real estate taxes due and unpaid on the Unit, (ii) all sums unpaid on the first mortgage of record against the Unit prior to the docketing of such lien and (iii) other liens granted priority by statutory authority. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Wake County, North Carolina, in the manner provided in Article 8 of Chapter 44 of the North Carolina General Statutes. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be personally liable for any assessment against his Unit. Such lien may be foreclosed by suit by the Board of Directors acting on behalf of the owners of the Units, in like manner as a deed of trust or mortgage of real property. In any such foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of the owners of the Units, shall have the power to bid in the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

6.6 Purchaser at Foreclosure Sale. Where the mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit as a result of foreclosure by such acquirer. Such unpaid shares of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Units, including such acquirer, his successors and assigns.

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

ARTICLE VII - MAINTENANCE AND USE OF THE PROPERTY

Section 7.1 Maintenance and Repair. (a) All maintenance and any repairs to any Unit, whether ordinary or extraordinary (other than maintenance of and repairs to any Common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Unit or his guests, employee, tenants or member of his family) shall be made by the Unit Owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units or to the Common areas and facilities that his failure to do so may engender; and (b) all maintenance, repairs and replacements to the Common areas and facilities (unless necessitated by the negligence, misuse or neglect of a Unit Owner or his guests, employees, tenants or members of his family, in which case such expense shall be charged to and paid by such Unit Owner), shall be made by the Board and be charged to all the Unit Owners as a Common Expense; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs.

Section 7.2 Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any change in the exterior appearance thereof or to any Limited common areas and facilities, unless such addition, alteration or improvement is in harmony with the other structures on the Property as determined by the Board of Directors. The Board shall have the obligation to answer any such written request by a Unit Owner within thirty (30) days after such request, but failure to do so within the stipulated time shall not constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change.

Section 7.3 Use of Common Areas and Facilities. A Unit Owner shall not interfere with the use of the Common areas and facilities by the remaining Unit Owners and their families and guests.

Section 7.4 Right of Access. A Unit Owner shall grant a right of access to his Unit to the managing agent or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common areas and facilities, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common areas and facilities in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate whether or not the Unit Owner is present at the time.

Section 7.5 Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board or the breach of any Bylaw contained herein, or the breach of and provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws or at law or in equity: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner.

Section 7.6 Attorneys Fees. In no event shall NCNB Community Development Corporation or its Agents be liable for attorneys fees in any action brought against it by the Association, the Board of Directors, or any Unit Owner. In no event shall the Association or the Board of Directors or their agents be liable for attorneys fees in any action brought against it by any Unit Owner.

ARTICLE VIII - AMENDMENTS TO BYLAWS

8.1 Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association owning a majority of the aggregate undivided interest in the Common areas and facilities of the Condominium, whether meeting as members or by instrument in writing.

8.2 Meeting. Upon any amendment to these Bylaws being proposed by said Board of Directors or Owners, such proposed amendment 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 Board of Directors and the Owners for a date not less than ten (10) days nor more than thirty (30) days from receipt by such Officer of the proposed amendment, and it shall be the duty of the Secretary to give to each Owner written notice of such meeting in the same form and in the same manner as notice of the call of a meeting of the Owners is required as set forth in Section 2.8.

8.3 Approval. In order for such amendment to become effective, it must be approved by an affirmative vote of a majority of the entire membership of the Board of Directors and by an affirmative vote of members owning at least seventy-five percent (75%) of the aggregate undivided interest in the Common areas and facilities of the Condominium together with their respective Mortgagees. (If a larger vote is required to take or refrain from taking a specific action, no amendment shall be valid until the members owning such larger percentage execute the amending instrument.) Thereupon, such amendment or amendments to these Bylaws shall be transcribed, certified by the President and Secretary, and a copy thereof shall be recorded in the Public Registry within ten (10) days from the date on which the amendment has been approved by the Directors and members. No amendment shall be valid unless set forth in an amendment to the Declaration of Condominium and duly recorded in the Wake County Public Registry. At any meeting held to consider any amendment to the Bylaws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

8.4 Binding Effect. Upon the approval and proper recording of any amendment, it shall become binding upon all Unit Owners.

8.5 Developer Rights. Notwithstanding the foregoing provisions of this Article VIII, no amendment to these Bylaws may be adopted or become effective without the prior written consent of the Developer so long as the Developer owns a minimum of one (1) Unit.

ARTICLE IX - COMPLIANCE

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