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DECLARATION OF CONDOMINIUM

FOR

222 GLENWOOD, A MASTER CONDOMINIUM

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This Master Declaration may be used only in connection with the
property at 222 Glenwood, a Master Condominium and the operation
of 222 Glenwood Master Condominium Association, Inc.*

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STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION OF CONDOMINIUM

FOR

222 GLENWOOD, A MASTER CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM FOR 222 GLENWOOD, A MASTER CONDOMINIUM (the "Master Declaration") is made on the date set forth below by 222 Glenwood Investments, LLC, a Delaware limited liability company (the "Declarant").

PREAMBLE:

Declarant is the fee simple title owner of record of all that parcel of land located in the City of Raleigh, Wake County, North Carolina and being more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Property"). Pursuant to this Master Declaration, Declarant is submitting the Property to a condominium regime (the "Master Condominium") in accordance with the North Carolina Condominium Act;

A plat of survey related to the Master Condominium prepared by Derward W. Baker & Associates, P.A., dated May 30, 2008, last revised May 30, 2008, was filed in Condominium File CM 2008, Page(s) 485A1. Wake County, North Carolina Public Registry;

Floor Plans relating to the Master Condominium prepared by The Preston Partnership, LLC, dated July 14, 2008, were filed in Condominium File CM2008, Page(s) 495, Wake County, North Carolina Public Registry; and A2-B4

NOW THEREFORE, in consideration of the premises and benefits to each of the Master Units provided for herein and for other good and valuable consideration, Declarant hereby declares that the Property, including the improvements located thereon, is hereby submitted and made subject to the form of ownership set forth in the North Carolina Condominium Act and is hereby subjected to all of the provisions of this Master Declaration. Declarant hereby establishes the joint and reciprocal covenants, conditions, restrictions and easements set forth herein, for the use, benefit and enjoyment of the respective owners and their successors-in-title to all or any portion of each of the Master Units, as defined herein. By virtue of the recording of this Master Declaration, the Property shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to provisions of the North Carolina Condominium Act and the covenants, conditions, restrictions, easements, assessments and liens set forth in this Master Declaration, which are for the purpose of protecting the value and desirability of and which shall run with the title to, the real property subject to this Master Declaration and shall be binding on all persons having any right, title or interest in all or any portion of the real property subject to this Master Declaration, their respective heirs, legal representatives, successors, successors-in-title and assigns and shall be for the benefit of all Owners of the Property subject to this Master Declaration.

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DECLARATION OF CONDOMINIUM

FOR

222 GLENWOOD, A MASTER CONDOMINIUM

1. **NAME**

The name of the condominium is 222 Glenwood, a Master Condominium (hereinafter referred to as the "Master Condominium," as further defined herein), which condominium is hereby submitted by Declarant to the North Carolina Condominium Act, Chapter 47C of the General Statutes of North Carolina, as amended.

2. **DEFINITIONS**

Generally, terms used in this Master Declaration, the Master Bylaws, and the Articles of Incorporation shall have their normal, generally accepted meanings or the meanings given in the Act or the North Carolina Nonprofit Corporation Code. Unless the context otherwise requires, certain terms used in this Master Declaration, the Master Bylaws, and the Articles of Incorporation shall be defined as follow:

(a) **Act** shall mean the North Carolina Condominium Act, Chapter 47C of the General Statutes of North Carolina, as such Act may be amended from time to time.

(b) **Architectural Guidelines** shall have the same meaning as more specifically set forth in subparagraph 13(b) hereof.

(c) **Area of Common Responsibility** shall mean the Common Elements, together with those areas, if any, which by the terms of this Master Declaration or by contract or agreement with any other Person become the responsibility of the Master Association.

(d) **Articles** or **Articles of Incorporation** shall mean the Articles of Incorporation of 222 Glenwood Master Condominium Association, Inc., which have been filed with the Secretary of State of the State of North Carolina.

(e) **Board of Directors** shall mean the board of directors of the Master Association, which shall be the body responsible for management and operation of the Master Association.

(f) **Building** shall mean all those improvements located on the Property, including, but not limited to, the residential building, the retail centers, the Parking Deck, and all projections or extensions of such improvements, as more particularly shown on the Floor Plans and Survey.

(g) **Building Systems** shall mean all portions of the Building that are utilized for ducts, conduits, pipes, lines, wiring and all similar components, or other utility, or similar facilities for water, air, ventilation, smoke evacuation, Life-safety Systems, emergency generator, air conditioning (including, without limitation, refrigerant lines, chilled water lines, electric lines, thermostatic control lines and related facilities), natural gas, steam, electricity, energy, drainage, sewage, communications, property monitoring, utilities and all conduit, raceways and other pathways relating to any of the foregoing (including, without limitation, closed circuit television lines, high speed internet lines and fiber optic cable lines).

(h) Common Element shall mean: (i) those portions of the Property that are not included within the boundaries of a Master Unit, and more specifically shown on the Floor Plans as "Master Common Element"; and (ii) those portions of the property subject to the Easement Agreement over which the Master Association is granted an easement, as more particularly described in said Easement Agreement.

(i) Common Expenses shall mean the expenses of the Master Association for the general benefit of the Master Condominium.

(j) Declarant shall mean 222 Glenwood Investments, LLC, a Delaware limited liability company, its successors and assigns and any other person or entity as further set forth in Section 47C-1-103(9) of the Act, provided that such successors and/or assigns are designated in writing by Declarant as a successor and/or assign of the rights of Declarant set forth herein.

(k) Easement Agreement shall mean that certain Easement Agreement by and between 518 West Jones Street Associates, LLC, a North Carolina limited liability company, and 222 Glenwood Investments, LLC, a Delaware limited liability company, dated February 21, 2006, recorded in Deed Book 11858, Page 522, Wake County, North Carolina Public Registry.

(l) Effective Date shall mean the date on which this Master Declaration is recorded in the Official Records.

(m) Electronic Document shall mean information created, transmitted, received or stored by electronic means and retrievable in human perceivable form, including, but not limited to, e-mail, web pages, electronic documents and facsimile transmissions.

(n) Electronic Signature shall mean a signature created, transmitted, received or stored by electronic means and includes, but is not limited to, a Secure Electronic Signature.

(o) Elevator Equipment Closet shall mean that certain elevator equipment closet located within the Building that exclusively serves the Residential Master Unit.

(p) Floor Plans shall mean the Floor Plans for 222 Glenwood, a Master Condominium, prepared by The Preston Partnership, LLC, dated July 14 2008, and filed in the Condominium File of the Official Records, as may be amended, and by this reference incorporated herein and made a part hereof.

(q) Insurance Trustee shall have the meaning more specifically set forth in subparagraph 11(m) hereof.

(r) Legal Requirements shall have that certain meaning as defined in subparagraph 21(k)(ii).

(s) Life-safety Systems shall mean those systems designed to protect the Building and its Occupants from emergencies, including, but not limited to, pumps, control valves, smoke alarms, horns, strobes, emergency lighting, smoke evacuation or exhaust systems, sprinklers (including stand pipes, fire pumps and control valves, foremen's control and enunciator panels and related facilities), call boxes, emergency generators and other related improvements, devices and equipment, and all ducts, conduits, pipes, lines, wiring and all similar components, and other utilities, wiring, sensors or service lines connected.

(t) Limited Common Element shall mean those portions of the Common Elements reserved for the exclusive use of less than all of the Master Units and shall include, without limitation, any licenses, easements or other contractual rights created herein, which benefit less than all of the Master Units.

(u) Maintenance Manual shall mean those certain maintenance criteria, maintenance manuals, and warranty requirements for the Building provided by Declarant to the Master Association in accordance with subparagraph 15(h) hereof.

(v) Majority shall mean more than fifty percent (50%) of the total number eligible to participate in the particular context.

(w) Master Architectural Review Committee shall mean the committee established to exercise the limited review powers set forth in Paragraph 13 hereof, which shall be the Board of Directors unless by resolution the Board of Directors appoints a separate Master Architectural Review Committee. In the event that the Board of Directors appoints a separate Master Architectural Review Committee, the Master Architectural Review Committee shall consist of at least two (2) members with one (1) member of the Master Architectural Review Committee appointed by the Owner of the Residential Master Unit, and one (1) member of the Master Architectural Review Committee appointed by the Owner of the Retail Master Unit.

(x) Master Association shall mean 222 Glenwood Master Condominium Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

(y) Master Bylaws shall mean the Bylaws of the Master Association attached hereto as Exhibit "D" and incorporated herein by this reference.

(z) Master Condominium shall mean the condominium created under and pursuant to this Master Declaration.

(aa) Master Condominium Instruments shall mean this Master Declaration, all exhibits to this Master Declaration, and the Survey and Floor Plans, all as may be supplemented or amended from time to time.

(bb) Master Unit shall mean those portions of the Property intended for separate ownership and use, and shall include the undivided ownership in the Common Elements assigned to each Master Unit by this Master Declaration. The Master Condominium shall consist of the following two (2) Master Units: the Residential Master Unit and the Retail Master Unit. The term "Master Unit" as used herein shall have the same meaning as the term "Unit" as set forth in Section 47C-1-103(25) of the Act. A Master Unit may be submitted to the Act as a separate condominium by filing an independent declaration of condominium for such Master Unit. Such declaration of condominium shall be referred to herein as a Sub-declaration and shall be subordinate to this Master Declaration. Pursuant to such Sub-declaration, a Sub-association shall operate the Master Unit.

(cc) Mortgage shall mean any deed or deeds to secure debt, mortgage or other similar instrument filed in the Official Records constituting a lien and security title on and to all or any portion of a Master Unit as reflected in the Official Records; provided, however, the term "Mortgage" shall not be construed to include any deed to secure debt or similar instrument that encumbers a particular Sub-unit.

(dd) Mortgagee or Mortgage Holder shall mean the holder of any Mortgage.

(ee) North Entrance shall mean the driveway aprons and driveways that connect Lane Street to the Parking Deck and, as more specifically shown on the Floor Plans, over which the Parking Deck Driveway Easement is granted herein.

(ff) North Stairs shall mean the "North Stairs", as more specifically shown on the Floor Plans, which constitutes a portion of the Residential Master Unit.

(gg) Occupant shall mean any Person, including any Owner, Sub-unit owner, or tenant having a right to occupy or use all or any portion of a Master Unit for any period of time.

(hh) Official Records shall mean the official land records of the Office of the Register of Deeds of Wake County, North Carolina.

(ii) Owner shall mean the record titleholder of a Master Unit, but shall not include a Person who is only a Mortgage Holder. The term "Owner" shall refer to the owner of a particular Master Unit and the term "Owners" shall refer collectively to the owners of all of the Master Units. If a Master Unit is submitted to the condominium form of ownership as a separate condominium, the term "Owner" shall for that Master Unit only thereafter refer to the Sub-association formed to operate the Sub-condominium on behalf of the individual Sub-unit owners. Unless specifically otherwise set forth herein, each such Sub-association, if any, shall act on behalf of the Sub-unit owners within the Master Unit through a representative designated by the board of directors of such Sub-association with respect to all matters set forth herein and shall for all purposes be deemed to be the "Owner" of the "Master Unit". The term "Owner" as used herein shall under no circumstances refer to a Sub-unit owner. Nothing herein shall be construed to create any obligation to submit a Master Unit to the condominium form of ownership.

(jj) Parking Deck shall mean the multi-level parking deck located on the basement level through the fifth level of the Building, as more specifically shown on the Floor Plans.

(kk) Parking Deck Driveway shall mean the driveway aprons and driveways that connect the public streets to the Parking Deck and the drive aisles of the Retail Parking Levels, as more specifically shown on the Floor Plans, over which the Parking Deck Driveway Easement is granted herein. Those portions of the Parking Deck Driveway located within the Retail Parking Levels shall be part of the Retail Master Unit and shall also include those drive aisles located within the North Entrance.

(ll) Parking Deck Driveway Easement shall mean the pedestrian and vehicular easement granted to the Owner of the Residential Master Unit and its Permittees over the Parking Deck Driveway as set forth in subparagraph 21(m)(i) hereof.

(mm) Parking Space Easement Area shall have that certain meaning as defined in subparagraph 21(m)(iv).

(nn) Patio Areas shall mean those portions of the Common Element sidewalks that have been assigned to the Retail Master Unit as Limited Common Elements, as shown on Sheet 3 of the Floor Plans.

(oo) Permittee shall mean any Occupant and any officer, agent, employee, licensee, customer, vendor, supplier, guest, invitee or contractor of an Owner or the Declarant.

(pp) Person shall mean any individual, corporation, firm, association, partnership, trust or other legal entity.

(qq) Property shall mean all that tract or parcel of land located in the City of Raleigh, Wake County, North Carolina and being more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, and shall include the Building.

(rr) Property Monitoring and Access Systems shall mean those systems designed to control access and provide surveillance of the Property, including, without limitation, all card readers, closed-circuit television cameras, alarm sensors, control panels and related equipment, devices and improvements, and other related improvements, devices and equipment, and all ducts, conduits, pipes, lines, and all similar components, and other utilities, wiring, sensors or service lines connected.

(ss) Residential Master Unit shall mean those portions of the Property more specifically shown on the Floor Plans as "Residential Master Unit".

(tt) Residential Condominium Unit shall mean any individual residential dwelling space created by the submission of the Residential Master Unit to the form of ownership set forth in the Act as a separate condominium pursuant to the recording of a Sub-declaration.

(uu) Residential Condominium Unit Owner shall mean the record titleholder of a Residential Condominium Unit, but shall not include a Person who is only a Sub-mortgagee of a Residential Condominium Unit.

(vv) Residential Electrical Room shall mean those certain electrical rooms located within the Building that exclusively serve the Residential Master Unit.

(ww) Residential Parking Levels shall mean those levels of the Parking Deck that constitute a portion of the Residential Master Unit.

(xx) Residential Telecommunications Easement shall have the same meaning as more specifically set forth in subparagraph 21(o)(i)(B) hereof.

(yy) Residential Telecommunications Easement Area shall refer to that portion of the rooftop area of the Building designated on the Floor Plans as "Residential Telecommunications Easement Area".

(zz) Residential Telecommunications Equipment shall refer collectively to telecommunications equipment, including without limitation, broadcast antennae and related equipment, cell tower equipment, or other wireless communication antennae and related equipment, cable or satellite television equipment and equipment for high-speed internet access that serve the Residential Master Unit.

(aaa) Retail Condominium Unit shall mean any individual commercial space created by the submission of the Retail Master Unit to the form of ownership set forth in the Act as a separate condominium pursuant to the recording of a Sub-declaration.

(bbb) Retail Condominium Unit Owner shall mean the record titleholder of a Retail Condominium Unit, but shall not include a Person who is only a Sub-mortgagee of a Retail Condominium Unit.

(ccc) Retail Electrical Room shall mean that certain electrical room located within the Building that exclusively serves the Retail Master Unit.

(ddd) Retail Master Unit shall mean those certain portions of the Property more specifically shown on the Floor Plans as "Retail Master Unit".

(eee) Retail Parking Deck Equipment shall collectively refer to any gate, mechanical arm, control panel and other related equipment which controls or restricts access to, over, across and through the Parking Deck Driveway, that may be installed and maintained by the Owner of the Retail Master Unit.

(fff) Retail Parking Levels shall mean those levels of the Parking Deck that constitute a portion of the Retail Master Unit.

(ggg) Retail Telecommunications Easement shall have the same meaning as more specifically set forth in subparagraph 21(o)(ii)(A) hereof.

(hhh) Retail Telecommunications Easement Area shall refer to that portion of the rooftop area of the Building designated on the Floor Plans as "Retail Telecommunications Easement Area".

(iii) Retail Telecommunications Equipment shall refer collectively to telecommunications equipment, including without limitation, broadcast antennae and related equipment, cell tower equipment, or other wireless communication antennae and related equipment, cable or satellite television equipment and equipment for high-speed internet access that serve the Retail Master Unit.

(jjj) Secure Electronic Signature shall mean an electronic or digital method executed or adopted by a Person with the intent to be bound by or to authenticate a record, which is unique to the Person using it, is capable of verification, is under the sole control of the Person using it, and is linked to data in such a manner that if the data is changed, the electronic signature is invalidated.

(kkk) South Stairs shall mean the "South Stairs", as more specifically shown on the Floor Plans, which constitutes a portion of the Residential Master Unit.

(lll) Sub-association shall mean a condominium association created to represent and authorized to act on behalf of individual owners of a separate condominium created from a Master Unit or a portion of a Master Unit.

(mmm) Sub-condominium shall mean a separate condominium created by the submission of a Master Unit or a portion of a Master Unit to the Act.

(nnn) Sub-declarant shall mean the declarant of a Sub-condominium.

(ooo) Sub-declaration shall mean an independent declaration of condominium filed to create a Sub-condominium from a Master Unit or a portion of a Master Unit. Notwithstanding the foregoing, the recording of the Sub-declaration shall not constitute a subdivision of the Property for zoning purposes.

(ppp) Sub-mortgage shall mean any deed or deeds to secure debt, mortgage or other similar instrument filed in the Official Records constituting a lien and security title on and to a particular Sub-unit as reflected in the Official Records; provided, however, the term "Sub-mortgage" shall not be construed to include any Mortgage.

(qqq) Sub-mortgagee shall mean the holder of any Sub-mortgage.

(rrr) Sub-unit shall mean a Residential Condominium Unit or a Retail Condominium Unit.

(sss) Sub-unit owner shall mean a Residential Condominium Unit Owner or a Retail Condominium Unit Owner.

(ttt) Survey or Plat shall mean the plat of survey for 222 Glenwood, a Master Condominium filed in the Condominium File of the Official Records, as may be amended and by this reference incorporated herein and made a part hereof. The various ingress and egress access ways, structures and other such facilities presently situated upon the Property and serving all or portions thereof are shown on the Survey.

(uuu) Trash Compactor Room shall mean that certain trash compactor room located within the Building that exclusively serves the Residential Master Unit.

3. LOCATION, PROPERTY DESCRIPTION, PLATS AND PLANS

The Property subject to this Master Declaration and the Act is located in the City of Raleigh, Wake County, North Carolina, being more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference. The Survey and Floor Plans relating to the Master Condominium will be filed in the Official Records at the time the real property is submitted to this Master Declaration. The Survey and Floor Plans are incorporated herein by reference as fully as if the same were set forth in their entirety herein.

4. THE MASTER UNITS AND BOUNDARIES

(a) Master Unit Description and Interests. The Master Condominium shall be initially divided into two (2) Master Units: the Residential Master Unit and the Retail Master Unit, together with an undivided percentage interest in the Common Elements appurtenant thereto as set forth on Exhibit "B". Additionally, each Master Unit shall share in the liability for Common Expenses as shown on Exhibit "B".

(b) Master Unit Boundaries. Each Master Unit shall be conveyed as a separately designated and legally described freehold estate subject to the Act and the Master Condominium Instruments. The Master Units are more specifically depicted on the Floor Plans and shall have the boundaries as more specifically set forth below. In no event shall the description of a Master Unit by Building level constitute a separation of a single Master Unit, it being intended that the description of a Master Unit be read as a seamless continuation from the lowermost level of a Master Unit to the uppermost level of a Master Unit.

(i) Residential Master Unit.

(A) Vertical Boundaries.

(1) This entire subparagraph (1) applies to those portions of the Residential Master Unit located on the basement level of the Building that is shown on the Floor Plans as "Residential Storage Area" and the perimetrical or vertical boundaries of such portions of the Residential Master Unit shall be the centerline of the walls separating that portion of the Residential Master Unit from the Common Elements and Limited Common Elements, as applicable, as more specifically depicted on the Floor Plans.

(2) This entire subparagraph (2) applies to those portions of the Residential Master Unit located on the first level of the Building, and the

perimetrical or vertical boundaries of such portions of the Residential Master Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Residential Master Unit from the exterior walls of the Building and the vertical planes formed by the outermost surface of the studs in the walls separating the Residential Master Unit from the Retail Master Unit, Common Elements, and Limited Common Elements located on the first level of the Building, as applicable, as more specifically depicted on the Floor Plans.

(3) This entire subparagraph (3) applies to those portions of the Residential Master Unit located on the second through seventh levels of the Building, and the perimetrical or vertical boundaries of the Residential Master Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Residential Master Unit from the exterior walls of the Building and the vertical planes formed by the outermost surface of the studs in the walls separating the Residential Master Unit from the Retail Master Unit, Common Elements, and Limited Common Elements located on the second through seventh levels of the Building, as more specifically depicted on the Floor Plans.

(4) This entire subparagraph (4) applies to those portions of the Residential Master Unit located on levels 1 through 5 of the Parking Deck, and the perimetrical or vertical boundaries of such portions of the Residential Master Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Residential Master Unit from the exterior walls of the Building and the vertical planes formed by the outermost surface of the studs in the walls separating such portions of the Residential Master Unit from the Retail Master Unit, Common Elements, and Limited Common Elements located on levels 1 through 5 of the Parking Deck, as more specifically depicted on the Floor Plans; provided, that there shall also be a vertical boundary located on the interior of level 1 of the Parking Deck between the Residential Master Unit and the Retail Master Unit, as more specifically depicted on the Floor Plans.

(B) Horizontal Boundaries.

(1) This entire subparagraph (1) applies to those portions of the Residential Master Unit located on the basement level of the Building, as described above and as shown on the Floor Plans, and the horizontal boundaries are as follows: The upper horizontal boundary shall be the centerline of the concrete slab located between the ceiling of those portions of the Residential Master Unit located on the basement level of the Building and those portions of the Residential Master Unit, the Retail Master Unit, Common Elements, and Limited Common Elements, as applicable, located directly above. The lower horizontal boundary shall be the uppermost surface of the concrete slab on which those portions of the Residential Master Unit located on the basement level of the Building are situated, with the flooring, if any, constituting part of the Residential Master Unit and the concrete subflooring and Building foundation not constituting part of the Residential Master Unit.

(2) This entire subparagraph (2) applies to those portions of the Residential Master Unit located on the first level of the Building, as described

above and as shown on the Floor Plans, and the horizontal boundaries are as follows: The lower horizontal boundary shall be the centerline of the concrete slab located between the flooring of those portions of the Residential Master Unit located on the first level of the Building and the ceiling of those portions of the Residential Master Unit, the Retail Master Unit, Common Elements, and Limited Common Elements, as applicable, located directly below. The upper horizontal boundary shall be the centerline of the concrete slab located between the ceiling of those portions of the Residential Master Unit located on the first level of the Building and those portions of the Residential Master Unit, the Retail Master Unit, Common Elements, and Limited Common Elements, as applicable, located directly above.

(3) This entire subparagraph (3) applies to those portions of the Residential Master Unit located on the second through seventh levels of the Building, and the horizontal boundaries are as follows: The lower horizontal boundary shall be the centerline of the concrete slab located between the flooring of those portions of the Residential Master Unit located on the second level of the Building and the ceiling of those portions of the Residential Master Unit, the Retail Master Unit, Common Elements, and Limited Common Elements, as applicable, located directly below. The upper horizontal boundary shall be the centerline of the concrete slab located between the uppermost level of the Residential Master Unit and the roof of the Building.

(4) This entire subparagraph (4) applies to those portions of the Residential Master Unit located on levels 1 through 5 of the Parking Deck, as described above and as shown on the Floor Plans, and the horizontal boundaries are as follows: The lower horizontal boundary shall be the centerline of the concrete slab located between level 1 of the Parking Deck and the basement level of the Parking Deck. The upper horizontal boundary shall be the centerline of the concrete slab that constitutes the ceiling of level 5 of the Parking Deck.

(ii) Retail Master Unit.

(A) Vertical Boundaries.

(1) This entire subparagraph (1) applies to those portions of the Retail Master Unit located on the first level of the Building, and the perimetrical or vertical boundaries of those portions of the Retail Master Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Retail Master Unit from the exterior walls of the Building and the vertical planes formed by the outermost surface of the studs in the walls separating the Retail Master Unit from the Residential Master Unit, Common Elements, and Limited Common Elements, as applicable, as more specifically depicted on the Floor Plans.

(2) This entire subparagraph (2) applies to those portions of the Retail Master Unit located the basement level and level 1 of the Parking Deck, and the perimetrical or vertical boundaries of such portions of the Retail Master Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Retail Master Unit from the exterior walls of the

Building and the vertical planes formed by the outermost surface of the studs in the walls separating such portions of the Retail Master Unit from the Residential Master Unit, Common Elements, and Limited Common Elements located on the basement level and level 1 of the Parking Deck, as more specifically depicted on the Floor Plans; provided, that there shall also be a vertical boundary located on the interior of level 1 of the Parking Deck between the Retail Master Unit and the Residential Master Unit, as more specifically depicted on the Floor Plans.

(B) Horizontal Boundaries.

(1) This entire subparagraph (1) applies to those portions of the Retail Master Unit located on the first level of the Building, as described above and as shown on the Floor Plans, and the horizontal boundaries are as follows: The lower horizontal boundary shall be the centerline of the concrete slab located between the flooring of the Retail Master Unit and the ceiling of the Residential Master Unit, Common Elements, and Limited Common Elements located directly below. The upper horizontal boundary shall be the centerline of the concrete slab located between the ceiling of the Retail Master Unit and those portions of the Residential Master Unit, the Common Elements and Limited Common Elements located directly above.

(2) This entire subparagraph (2) applies to those portions of the Retail Master Unit located on the basement level and level 1 of the Parking Deck, as described above and as shown on the Floor Plans, and the horizontal boundaries are as follows: The upper horizontal boundary shall be the centerline of the concrete slab that constitutes the ceiling of level 1 of the Parking Deck. The lower horizontal boundary shall be the uppermost surface of the concrete slab on which those portions of the Retail Master Unit located on the basement level of the Parking Deck are situated, provided that the Building foundation shall not constitute a part of the Retail Master Unit.

(c) Additional Information to Interpret Master Unit Boundaries. Except as may be otherwise provided for herein, the Master Unit boundaries shall include any and all attachments to, protrusions from and appurtenances attached to and serving such Master Unit (including any balconies and terraces intended to serve a Residential Condominium Unit) and shall exclude any portion of the Common Elements that may be located within the boundaries of a Master Unit. Entry doors and exterior glass surfaces, including, but not limited to, windows, glass doors, and glazing systems, serving a Master Unit shall be included within the boundaries of the Master Unit. Elevator systems (including, but not limited to elevators, elevator shafts, elevator lobbies, elevator pits, and all related mechanical and electrical rooms and/or systems) and stairs that serve a single Master Unit (including any portion of any such system or stairs located outside the boundaries of the Master Unit) shall be deemed part of the Master Unit. Structural columns and lateral supports that support all Master Units shall not be part of any Master Unit, but shall be Common Elements. Furthermore, if any chutes, flues, ducts, conduits, lines, wires, pipes, chases or other apparatus lies partially within and partially outside of the designated boundaries of the Master Unit, any portion thereof which serves only that Master Unit shall be deemed to be a part of that Master Unit, while any portions thereof which serve all Master Units or any portion of the Common Elements shall be deemed a part of the Common Elements. In the event the boundary of any Master Unit is not specifically described herein, the boundary lines therefore shall be the walls, floors and ceilings of the boundary of the Master Unit as provided in Section 47C-2-102(1) of the Act and as may be shown on the Floor Plans.

In the event that there is a conflict between the boundaries of a Master Unit as described in this Paragraph 4 and as shown on the Floor Plans, the Floor Plans shall control. It is the express intent of the Declarant that the property described as being part of a Master Unit shall for all purposes herein be treated as and constitute a lawfully described "Unit" as that term is defined in Section 47C-1-103(25) of the Act. In the event that there is a final judicial determination by a court of competent jurisdiction that the boundaries of a Master Unit or any portion thereof are so indefinite and vague so as to not create a legally constituted "Unit" within the meaning of the Act, then that portion of the Master Unit that has not been adequately described shall be severed from the property deemed a part of the Master Unit (if the remainder of the Master Unit, excluding the severed portion thereof, constitutes a properly described Unit under the Act) and shall thereafter be deemed to be Limited Common Elements reserved to the exclusive use of said Master Unit, subject to the rights and obligations of the other Owners with respect to said property.

5. COMMON ELEMENTS

The Common Elements consist of all portions of the Property not constituting a part of a Master Unit. Except as described as part of a Master Unit in Paragraph 4 or assigned as a Limited Common Element to a particular Master Unit in Paragraph 6 hereof, the Common Elements shall include, without limitation, the following: (a) the roof (including the roof beneath the terraces adjacent to Residential Condominium Units 218, 219 and 220) and the exterior walls of the Building; (b) the footings, foundations and sub-flooring of the Building; (c) retaining walls; (d) transformers; (e) switch gears; (f) generator room(s); (g) fire control room(s); (h) fire/domestic water pump room(s); (i) communications room; (j) electrical room(s); (k) trash dumpsters and trash compactors; (l) stairs; (m) loading dock(s); (n) common hallways and corridors; (o) exterior walkways and sidewalks, curb cuts, paved areas, tree wells, and landscaped areas on the street level; (p) Building Systems, Life-safety Systems, Property Monitoring and Access System; (q) exhaust and ventilation shafts; (r) fresh air intake valves; and (s) columns and associated exterior design elements, together with all easement rights, relating thereto and those easements created herein, which benefit all of the Master Units. Notwithstanding any provision to the contrary stated herein, any door or doors enclosing any of the above-listed rooms serving all Master Units shall be deemed a part of the Common Elements.

Ownership of the Common Elements shall be by the Owners as tenants-in-common. The percentage of undivided interest in and to the Common Elements attributable to each Master Unit is set forth on Exhibit "B". Such percentages of undivided interest may be altered only by the consent of all Owners and their respective Mortgagees (or such lesser number of Owners and Mortgagees as may hereafter be prescribed by the Act) expressed in a duly recorded amendment to this Master Declaration.

The Common Elements shall remain undivided and no Owner or any other person shall bring any action for partition or division of the whole or any portion thereof except as provided in the Act. Except as provided for Limited Common Elements or as otherwise provided herein, each Owner and the Master Association may use the Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners.

In addition, the Owners and Occupants shall be permitted to use and enjoy the "Driveway Easement Area" and the "Dumpster Easement Area" as such terms are more specifically defined in the Easement Agreement; provided, however, such easement areas shall be used and enjoyed in accordance with the terms and conditions more specifically set forth in the Easement Agreement.

6. LIMITED COMMON ELEMENTS

The Limited Common Elements located on the Property and the Master Unit to which they are assigned are as follows and more specifically shown on the Floor Plans:

(a) General.

(i) The portions of the Common Elements on which there is located any portion of the Building Systems, Life-safety Systems, or Property Monitoring and Access Systems exclusively serving a particular Master Unit are assigned as Limited Common Elements to the Master Unit so served. Notwithstanding anything to the contrary stated herein, the Declarant or the Master Association may, at its sole expense and without need for a membership vote or consent of any affected Owner, relocate any portion of the Building Systems, Life-safety Systems, or Property Monitoring and Access Systems serving a particular Master Unit, provided that (A) prior to any such relocation, the Declarant or the Master Association shall obtain the written consent of the Owner of the affected Master Unit; and (B) after any such relocation, the Building Systems, Life-safety Systems, or Property Monitoring and Access Systems serving the Master Unit functions at least as well and at no greater cost to the Owner of the affected Master Unit as existed prior to the relocation.

(ii) Any utility meter that serves only one (1) or more, but less than all, Master Unit is assigned as a Limited Common Element to the Master Unit(s) so served.

(iii) The Board of Directors, without need for a membership vote, is hereby authorized to allocate and to reallocate Limited Common Elements and Common Elements not previously allocated, provided that any such allocation or reallocation shall be made in accordance with the provisions of Section 47C-2-108 of the Act.

(b) Limited Common Elements Assigned to the Residential Master Unit.

(i) Those portions of the trash chute that are located outside of the boundaries of the Residential Master Unit;

(ii) The Trash Compactor Room and the trash compactor located therein;

(iii) The Residential Electrical Rooms;

(iv) Canopies and awnings, if any, that exclusively serve the Residential Master Unit;
and

(v) The overhead limited access gate located on the driveway ramp between level one and level two of the Parking Deck.

(c) Limited Common Elements Assigned to the Retail Master Unit.

(i) The "Dumpster Easement Area" as such term is more specifically defined in the Easement Agreement; provided, however, the trash dumpsters located on the "Dumpster Easement Area" shall be used and enjoyed in accordance with the terms and conditions more specifically set forth in the Easement Agreement);

(ii) The grease traps located on the Common Elements and in the Trash Compactor Room, which is a Limited Common Element to the Residential Master Unit;

(iii) The Retail Parking Deck Equipment located on the North Entrance and on the South Entrance;

- (iv) Patio Areas that exclusively serve the Retail Master Unit; and
- (v) Canopies and awnings, if any, that exclusively serve the Retail Master Unit.

7. ASSOCIATION MEMBERSHIP AND ALLOCATION OF VOTES.

All Owners, by virtue of their ownership of a fee or undivided fee interest in any Master Unit, excluding Persons holding such interest under a Mortgage, are members of the Master Association. All matters upon which members of the Master Association are entitled to vote pursuant to this Master Declaration and in accordance with the Master Bylaws, will be voted on by the director of the Board appointed by such Owner. The director of the Board representing the Owner or collective Owners of a Master Unit shall be entitled to the number of votes for that Master Unit shown on Exhibit "B".

8. ALLOCATION OF LIABILITY FOR COMMON EXPENSES.

(a) Except as provided below or elsewhere in the Act or Master Condominium Instruments, the amount of all Common Expenses shall be assessed against all the Master Units in accordance with the percentage of undivided interest in the Common Elements appurtenant to the Master Unit as set forth on Exhibit "B".

(b) The Board of Directors shall have the power to levy special assessments against the Master Units pursuant to this Paragraph and to Section 47C-3-115 of the Act as, in its discretion, it shall deem appropriate. Failure of the Board of Directors to exercise its authority under this Paragraph shall not be grounds for any action against the Master Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Paragraph in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Paragraph.

(c) Any Common Expenses significantly disproportionately benefiting one (1) or more Master Units shall be specially assessed equitably, in the Board's reasonable discretion, among all of the benefited Master Units according to the respective benefit received.

(d) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be specially assessed against the Master Unit(s) to which that Limited Common Element is assigned.

(e) Any Common Expenses occasioned by the misconduct of less than all of those entitled to occupy all of the Master Units or by the Permittees of any such Master Unit or Master Units may be specially assessed against such Master Unit or Master Units.

9. ASSOCIATION RIGHTS AND RESTRICTIONS.

(a) In addition to and not in limitation of all other rights it may have, the Master Association, acting through its Board of Directors, shall have the right and authority:

- (i) to enter into Master Units and any Sub-units for maintenance, emergency or life-safety purposes, which right may be exercised by the Board of Directors, officers, agents, employees, managers and all police officers, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency

situation, entry shall be only during reasonable hours and after reasonable notice to the affected Owner, Sub-unit owner or Occupant. For the purposes of this subparagraph, an emergency justifying immediate entry into Master Units and the Sub-units shall include, but not be limited to, the following situations: a water or other utility leak, fire, strong foul odor, obvious insect infestation or sounds indicating that a person or animal might be injured or sick and require immediate medical attention. In the event of an occurrence of an emergency situation as described above, the Master Association, acting through its Board of Directors, shall make entry into a Master Unit or Sub-unit as promptly as practically possible, and shall undertake reasonable measures to address the emergency situation. No Person exercising the rights granted in this subparagraph shall be liable for trespass, damages or in any other manner by virtue of exercising such rights, except as provided in the Act. The failure to exercise the rights herein or to exercise said rights in a timely manner shall not create liability to any of the above-referenced parties, it being agreed that the Master Association, acting through its Board of Directors, shall have no duty or obligation to enter Master Units and the Sub-units;

- (ii) to make and to enforce reasonable rules and regulations governing the use of the Master Condominium, including the Master Units, Sub-units, Common Elements and Limited Common Elements;

- (iii) to enforce use restrictions, provisions contained within the Master Declaration and Master Bylaws, and rules and regulations promulgated and adopted by the Master Association by the imposition of reasonable monetary fines and the suspension of use and voting privileges as provided in the Act;

- (iv) to grant and accept permits, licenses, utility easements, leases and other easements;

- (v) to control, manage, operate, maintain, improve and replace all portions of the Area of Common Responsibility;

- (vi) to represent and act on behalf of the Owners in the event of damage or destruction as a result of casualty loss in accordance with the provisions of the Act and Paragraph 12 hereof;

- (vii) to represent and act on behalf of the Owners in the event of any loss resulting from condemnation or eminent domain in accordance with the provisions of the Act and Paragraph 20 hereof;

- (viii) to acquire, hold and dispose of tangible and intangible personal property and real property;

- (ix) to collect security deposits in reasonable amounts, as determined by the Board of Directors in its sole discretion, to protect against any damage to the Property, including, without limitation, damage resulting from: Occupants moving in or out of a Master Unit and the Sub-units; the transportation and use of construction materials on the Property; and the alteration, modification or addition to a Master Unit and any Limited Common Element appurtenant thereto. Costs for repair of such damage may be deductible from the security deposit and any additional expenses may be specifically assessed against the Master Unit under Paragraph 8 above;

- (x) to approve contractors or subcontractors who have access to the Property for the purpose of making repairs or improvements based on rules and regulations promulgated and

adopted by the Board, which may include, without limitation: financial stability of the contractors and/or subcontractors; history of compliance with the Master Condominium Instruments and rules and regulations promulgated and adopted by the Master Association; and other factors that may be reflective of quality and ability. The Board may also impose insurance requirements and collect other non-refundable fees for use of the loading docks and trash receptacles;

(xi) at the sole expense of the Master Association, without need for a membership vote and without the written consent of any affected Owner, to relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust, electrical or telecommunications system serving a particular Master Unit, provided that (A) prior to any such relocation, the Master Association shall obtain the written consent of the Owner of the affected Master Unit, and (B) after any such relocation, the system serving the Master Unit functions at least as well and at no greater cost to the Owner of the affected Master Unit as existed prior to the relocation; and

(xii) to enter into joint agreements and contracts with other Sub-associations for the provision of services, including, without limitation, management, landscaping, porter, utilities, concierge and property monitoring services.

In the exercise of its rights pursuant to the Master Declaration, the Master Association, acting through its Board of Directors, shall act at all times in good faith and in a commercially reasonable manner.

(b) Notwithstanding any other provision to the contrary in this Declaration, without the written consent of the Owner of Master Unit adversely affected, no action by the Master Association or the Board of Directors shall:

(i) modify, alter, or delete the permissible uses of the Master Units;

(ii) interfere with the operation of the Master Units with regard to (A) pedestrian access over sidewalks located on the Property or the Parking Deck Driveway; (B) vehicular access over the Parking Deck Driveway; (C) lights or signage located on exterior facade of the Building adjacent to a Master Unit even though such exterior facade of the Building is not part of the Master Unit; and (D) cleaning of the exterior facade of the Building located adjacent to a Master Unit even though such exterior facade of the Building is not part of the Master Unit; and

(iii) be taken to benefit the Owner of one (1) Master Unit to the detriment of the Owner of the other Master Unit.

10. ASSESSMENTS

(a) Purpose of Assessment. The Master Association shall have the power to levy assessments as provided herein and in the Act. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Master Units as may be more specifically authorized from time to time by the Board. Each Owner shall pay its share of the Common Expenses in accordance with the percentage of undivided interest in and to the Common Elements, as set forth on Exhibit "B". The Common Expenses to be funded by the annual assessments shall include, but not be limited to, the following:

(i) reasonable management fees and expense of administration, including legal and accounting fees;

(ii) charges and fees for liability and any other insurance that is required to be maintained by the Master Association as set forth in Paragraph 11 hereof; and

(iii) the expenses of maintenance, operation, repair and replacement of the Areas of Common Responsibility for which the Master Association is obligated hereunder.

(c) Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Master Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Master Association: (i) annual assessments or charges; (ii) special assessments, with such assessments to be established and collected as hereinafter provided; and (iii) specific assessments against any particular Master Unit which are established pursuant to the terms of this Master Declaration, including, but not limited to, reasonable fines imposed in accordance with the terms of this Master Declaration. All such assessments, together with charges, interest, costs and reasonable attorneys' fees actually incurred, in the maximum amount permitted by the Act, shall be a charge on the Master Unit and shall be a continuing lien upon the Master Unit against which each assessment is made, provided such lien is filed in accordance with Section 47C-3-116 of the Act. Such amounts shall also be the personal obligation of the Person who was the Owner of such Master Unit at the time when the assessment fell due. Each Owner and his or her grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. The lien provided for herein shall have priority as provided in the Act.

(d) Payment of Assessments. Unless otherwise provided by the Board of Directors, the annual assessments shall be paid in equal quarterly installments due on the first day of January, April, July and October of each calendar year. No Owner may exempt himself or herself from liability for or otherwise withhold payment of assessments for any reason whatsoever, including, but not limited to, non-use of the Common Elements, the Master Association's failure to perform its obligations required hereunder or an inconvenience or discomfort arising from the Master Association's performance of its duties. Notwithstanding anything to the contrary stated herein, Declarant shall have no obligation to fund budgetary deficits of the Master Association.

(e) Delinquent Assessments. Any assessment, any related charges or any portion thereof that is not paid when due shall be delinquent and the Owner shall be in default. If any assessment, any related charges or any portion thereof is not paid in full by the tenth (10th) day of the due date, a late charge equal to ten percent (10%) of the amount not paid (or such higher amounts as may be authorized by the Act) may be imposed without further notice or warning to the delinquent Owner and interest at the rate of ten percent (10%) per annum (or such higher rate as may be permitted by the Act) shall accrue from the due date. If part payment of the assessment and/or related charges is made, the amount received may be applied first to costs and reasonable attorneys' fees actually incurred, then to late charges, then to interest, then to delinquent assessments and then to current assessments. If any assessment, any related charges or any portion thereof remain delinquent and unpaid for a period greater than fifteen (15) days from the date due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board of Directors may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment for the then-current fiscal year and of any special assessment without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall thereby lose the privilege of paying the annual assessment in quarterly or monthly installments for that fiscal year.

(f) Action to Collect Assessments. If any assessment, any related charges or any portion thereof remain delinquent and unpaid for more than thirty (30) days after the assessment payments first become delinquent, the Master Association, acting through the Board of Directors, may institute suit to collect all amounts due pursuant to the provisions of this Master Declaration, the Master Bylaws, the Act and North Carolina law, including reasonable attorneys' fees actually incurred, and after notice and after notice and an opportunity to be heard, suspend the Owner's and/or Occupant's right to vote and the right to use the Common Elements; provided, however, the Board may not deny any Owners or Occupants access to the Unit owned or occupied nor cause any hazardous or unsanitary condition to exist. Enforcement under this subparagraph is not dependent upon or related to other restrictions and/or other actions. If any assessment, any related charges or any portion thereof remain delinquent and unpaid after sixty (60) days from the original due date, the Board may institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this subsection shall be in favor of the Master Association for the use and benefit of all Owners. Each Owner, by its acceptance of a deed to a Master Unit, vests in the Master Association or its agents the right and power to sue or otherwise proceed against such Owner for the collection of such charges and/or to foreclose such liens. The Master Association shall have the power to bid on the Master Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

(g) Computation of Operating Budget and Assessment. For each calendar year, the Board shall prepare a budget listing by category the estimated Common Expenses (including the establishment and maintenance of such reserves as the Board may consider appropriate and any expenses payable by the Master Association pursuant to the Easement Agreement) for such year. The Board shall cause the proposed annual budget and annual assessments roster based thereon to be delivered to each Owner at the last address furnished to the secretary of the Master Association by the Owners not less than sixty (60) days prior to the beginning of the year to which the proposed annual budget and annual assessments roster relate and shall become effective (subject to the terms hereof) as and when so provided. The budget and the annual assessments roster shall become effective unless the Board receives within fifteen (15) days after delivery of the annual budget and annual assessment roster written objection from the Owner of one (1) of the two (2) Master Units, which objections, in order to be considered, must state with reasonable specificity the basis for the objections. If the proposed annual budget and annual assessment roster are not approved (due to receipt of sufficient written objections), the Board shall revise the proposed annual budget and annual assessment roster and resubmit a revised budget and roster to the Owners for approval.

(h) Changes in Budget. The Board of Directors shall have the right to (i) not spend the full amount budgeted for any particular line item in the budget; (ii) spend more than what has been budgeted, and (iii) shift revenues within the budget from one line item to another.

(i) Failure to Establish Budget. Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessments roster in effect for the then current year shall continue for the succeeding year, provided, however the budget and annual assessment shall be one hundred and five percent (105%) of the preceding year's amount.

(j) Special Assessments. In addition to the annual assessment provided for in subparagraph 10(g) above, the Board may, with the unanimous vote of the members of the Board, at any time and in addition to any other rights it may have, levy a special assessment against all Owners, notice of which shall be sent to all Owners.

(k) Capital Reserve Budget and Contribution. The Board of Directors shall be required to, annually prepare a capital reserve budget, which may take into account the number and nature of replaceable assets, the expected life of each asset and the expected repair or replacement cost. The Board may set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Master Association, as shown on the capital reserve budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The annual capital reserve contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in subparagraph (f) hereof. A copy of the capital reserve budget shall be distributed to and approved by each member in the same manner as the operating budget. Six (6) months after the recordation of the Master Condominium Instruments in the Official Records and at the request of the Board of Directors, the Owner of each Master Unit shall pay a non-refundable contribution to the capital reserve fund of the Master Association in the amount of one (1) month of the annual assessment charged to such Master Unit.

(l) Statement of Account. Any Owner, Mortgagee or a Person having executed a contract for the purchase of a Master Unit or a lender considering a loan to be secured by a Master Unit, shall be entitled, upon written request, to a statement from the Master Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines or other charges against a Master Unit. The Master Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, the Master Association may require the payment of a reasonable fee as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Master Association as to the amount of assessments due on the Master Unit as of the date specified therein.

(m) Surplus Funds and Common Profits. Pursuant to Section 47C-3-114 of the Act, common profits of the Master Association from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the option of the Board of Directors, either be distributed to the Owners or credited to the next assessment chargeable to the Owners in proportion to the liability for Common Expenses attributable to each Master Unit or added to the Master Association's capital reserve account as set forth in subparagraph 10 (k) above. If the Board of Directors reasonably determines that during a fiscal year there will likely be a surplus of funds at the end of such fiscal year (excluding amounts designated for reserves), the Board may, but shall not be required to, reduce the amount of the annual assessment to be collected from the Owners for the remainder of that fiscal year. Any Owner who has already paid the entire annual assessment at the time of such reduction shall, in the discretion of the Owner, either receive a refund of the overpayment or a credit of the amount of the overpayment towards the annual assessment of the Master Association for the following fiscal year. Notwithstanding the above, the Master Association may first apply the amount of any overpayment toward any other amount the Owner may owe to the Master Association.

(n) Date of Commencement of Assessments. Assessments shall commence as to each Master Unit upon the first assessment levied by the Board. Until such time, Declarant shall pay all Common Expenses.

11. INSURANCE

(a) Maintenance of Insurance. The Master Association, acting through its Board of Directors, shall obtain and maintain at all times, as a Common Expense, insurance as required by Section 47C-3-113 of the Act, as amended, and as required herein, and as determined by the Board of Directors with regards to both limits of insurance and coverage. The property insurance shall recognize the

difference between the finished Master Unit(s) conveyed by Declarant and the unfinished shell Master Unit(s) conveyed by Declarant and shall be required to provide coverage to repair or reconstruct the Master Units according to the as-built plans and specifications for each Master Unit constructed by Declarant. Such coverage for finished Master Unit(s) shall include all of the Master Unit and the fixtures initially installed therein by Declarant and replacements thereof up to the value of those initially installed by Declarant, but shall not include, any improvements or additions (including wall coverings and fixtures) made by or on behalf of any Owner other than those made by Declarant, and also shall exclude furnishings and other personal property within a Master Unit. The coverage for the unfinished shell Master Unit(s) shall only repair or reconstruct those portions of the Master Unit constructed by Declarant. All other portions of the Master Unit shall be considered improvements or additions made by or on behalf of the Owner and may be insured by supplemental insurance coverage obtained by the Master Association on behalf of the Owner(s) of the unfinished shell Master Unit(s); provided, however, as noted below, the premiums for such supplemental insurance coverage, if any, shall be specifically assessed to that Master Unit or Sub-association of a Master Unit that is benefited by the supplemental insurance coverage.

All Owners shall be named as an additional insured on all insurance policies obtained and maintained by the Master Association in accordance with this Paragraph. In addition, all insurance policies obtained and maintained by the Master Association in accordance with this Paragraph shall be written as primary policies which do not contribute to and are not in excess of coverage which any other party may carry.

(b) Cost of Insurance. The cost and expense for such insurance obtained and maintained by the Master Association for the benefit of the Master Units in accordance with Section 47C-3-113 of the Act and as required herein shall be specifically assessed by the Board of Directors against the Master Units in relation to that portion of the overall insurance premium allocable to each Master Unit, as allocated pursuant to the following sentence. The Board of Directors shall cause the insurance company issuing the insurance policy(ies) to prepare a cost allocation to be used by the Board of Directors in levying its specific assessment in which the insurance underwriter break downs the cost of the insurance policy and allocates the relative costs to each Master Unit. Such allocation by the insurance underwriter shall be binding upon the Board of Directors and the Owners. The premiums for any supplemental insurance coverage requested by an Owner in accordance with subparagraph 11(a) above, or any increase in the basic required coverage due to the uses and activities of a Master Unit or a portion of a Master Unit, shall be specifically assessed to that Master Unit that is benefited by the supplemental insurance coverage or is the cause of the increase in the insurance premium as authorized under subparagraph 8(c) above.

(c) Property Insurance. The Board of Directors shall utilize commercially reasonable efforts to secure a blanket hazard insurance policy providing "special perils" coverage in an amount equal to full replacement costs, before application of deductibles, of all structures located on the Property as required by Section 47C-3-113(a)(1) of the Act. If "special perils" coverage is not reasonably available at reasonable cost, the Board shall obtain, at a minimum, fire and extended coverage, including coverage for vandalism and malicious mischief, in like amounts.

(d) Liability Insurance. The Master Association, acting through its Board of Directors, shall obtain and maintain at all times, as a Common Expense, commercial general liability insurance in the minimum amounts set forth in Section 47C-3-113(a)(2) of the Act, as amended, and, if greater, in the amounts as required herein. The commercial general liability insurance shall contain a cross liability endorsement, and the Board shall use commercially reasonable efforts to obtain a waiver of subrogation applying to all parties as set forth in subparagraph 11(f) below.

(e) Rights of Owners. The Board of Directors shall make available for review by Owners and Sub-owners a copy of the Master Association's insurance policies to allow Owners and Sub-owners to assess their individual insurance needs and each Owner and Sub-owner shall have the right to obtain additional coverage at its own expense.

(f) Beneficiaries. All insurance purchased by the Master Association pursuant to this Paragraph shall run to the benefit of the Master Association, the Board of Directors, officers, all agents and employees of the Master Association, the Owners, and their respective Mortgagees, as their interests may appear. The Master Association's insurance policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property. Notwithstanding the foregoing, unless all members of the Board of Directors agree, the amount of the deductible shall not be greater than Fifty Thousand Dollars (\$50,000), as adjusted annually pursuant to standard and customary inflation indexes utilized by insurance companies licensed or approved to conduct business in the State of North Carolina with a rating of A-VIII or better by The A.M. Best Company ("Best's").

(g) Annual Review. It shall be the duty of the Board of Directors at least once every year to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Master Association and to satisfy the requirements of Section 47C-3-113 of the Act and as required herein. Such responsibility may be performed, and shall be deemed reasonably performed, by the Board requesting the Master Association's insurance agent to verify that insurance policies in existence meet the needs of the Master Association and satisfy the requirements of Section 47C-3-113 of the Act and as required herein.

(h) Coverage Requirements.

(i) The Board shall use commercially reasonable efforts to obtain policies that will provide the following:

(A) the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent and the Owners;

(B) any "other insurance" clause contained in all policies obtained by the Board of Directors as required by Section 47C-3-113 of the Act and as required herein shall expressly exclude individual Owners' policies from its operation;

(C) until the expiration of ten (10) days after the insurer gives notice in writing to the Mortgagee of any Master Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Master Unit, the other Owners, the Board of Directors, or any of their agents, employees, or household members, nor be canceled for nonpayment of premiums;

(D) all policies obtained by the Board of Directors as required by Section 47C-3-113 of the Act and as required herein may not be canceled, substantially modified, or subjected to nonrenewal without at least thirty (30) days prior notice in writing to the Board of Directors, Owners, and all Mortgagees; and

(E) an agreed value endorsement.

(ii) All policies of insurance shall be written with a company licensed to do business in the State of North Carolina. The company shall agree to provide insurance certificates to each Owner, Sub-unit owner, Mortgagee and each Sub-mortgagee upon request.

(iii) Unless an Insurance Trustee is appointed by the Board of Directors pursuant to subparagraph 11(m) below, exclusive authority to adjust losses under policies obtained by the Master Association shall be vested in the Board of Directors or its duly authorized agent; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(iv) In no event shall the insurance coverage obtained and maintained by the Master Association hereunder be brought into contribution with insurance purchased by the Owners or their respective Mortgagees. Each Owner shall notify the Board of all structural improvements made by the Owner or Sub-unit owner to its Master Unit. Any Owner who obtains an individual insurance policy covering any portion of the Property, other than improvements and betterments on such Owner's Master Unit, shall file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is canceled.

(v) Insurance carried by the Master Association in accordance with Section 47C-3-113 of the Act and as required herein shall not be required to include:

(A) any portion of a Master Unit not depicted on the Survey and Floor Plans;
or

(B) any public liability insurance for Sub-unit owners for liability arising within the Master Unit.

(vi) Nothing contained herein gives any Owner or other party a priority over any rights of Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Master Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee.

(vii) Commercial general liability insurance carried by the Master Association in accordance with Section 47C-3-113 of the Act and as required herein will not include insurance for Owners and Sub-unit owners for liability arising within a Master Unit or a Sub-unit, respectively.

(i) Other Required Insurance. In addition to the insurance required hereinabove, the Master Association shall obtain as a Common Expense:

(i) worker's compensation insurance if and to the extent necessary to meet the requirements of law;

(ii) officers' and directors' liability insurance in such amounts as the Master Association may determine;

(iii) if reasonably available, fidelity bonds or employee dishonesty insurance, covering officers, directors, employees, and other Persons who handle or are responsible for

handling Association funds. Such bonds or insurance, if reasonably available, shall be in an amount consistent with the business judgment of the Board of Directors, but in no event less than three (3) months' assessments plus a reasonable amount to cover all or a reasonable portion of reserve funds in the custody of the Master Association at any time during the term of the bond; provided, however, fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms: (A) the Master Association or management company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Master Association; (B) the management company, if any, maintains separate records and bank accounts for each association that uses its services and the management company does not have the authority to draw checks on, or to transfer funds from, the Master Association's reserve account; or (C) two (2) members of the Board of Directors must sign any checks written on the reserve account; and

(iv) such other insurance as the Master Association may determine to be necessary or desirable, including, for example, coverage of the following types of property contained within a Master Unit, regardless of ownership: fixtures, improvements and alterations that are part of the Building.

(j) Insurance Maintained by Owners.

(i) General. Every Owner shall be obligated to obtain and maintain at all times insurance covering those portions of his or her Master Unit to the extent not insured by policies maintained by the Master Association. In addition, every Owner shall cause vendors providing regular services to a Master Unit (for example, a waste removal company) to add the Master Association and the Owner of the other Master Unit as an additional insured on such vendor's general liability insurance and to maintain automobile liability and worker's compensation insurance coverage. Upon request by the Board, the Owner shall furnish a copy of such insurance policy or policies to the Master Association. In the event that any such Owner fails to obtain insurance as required by this subparagraph 11(j), the Master Association may purchase such insurance on behalf of the Owner and assess the cost thereof to the Owner, to be collected in the manner provided for collection of assessments under Paragraph 10 hereof.

(ii) Insurance Requirements for Providers of Property Monitoring Services, Restaurants and Establishments Serving Alcoholic Beverages, and Waste Removal Companies.

(A) Property Monitoring Services. The Owner or Occupant of any portion of a Master Unit who has hired a property monitoring service for part or all of such Master Unit shall require such property monitoring service to keep in force, at all times, such commercial general liability insurance policies issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the operation of such property monitoring service. Such insurance shall have limits for bodily injury to or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence/aggregate.

(B) Restaurants and Establishments Serving Alcoholic Beverages. The Owner or Occupant of any portion of a Master Unit which operates a business that serves alcoholic beverages for consumption on or off the Property to members of the public shall keep in force at all times a liquor liability insurance policy issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the operation of such business. Such insurance shall have limits for bodily injury to or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than Ten Million Dollars (\$10,000,000) combined single limit per occurrence/aggregate.

(C) Waste Service Company. The Owner or Occupant of any portion of a Master Unit who has hired a waste service company to remove trash, garbage or debris from such Master Unit shall require such company to keep in force at all times such commercial general liability insurance policies issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the operation of such waste removal services. Such insurance shall have limits for bodily injury to or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence/aggregate.

(D) Valet Services. The Owner or Occupant of any portion of a Master Unit who has hired a valet parking service company to operate a valet service on part or all such Master Unit shall require such valet parking service company to keep in force, at all times, such commercial general liability insurance policies issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the operation of such valet parking service. Such insurance shall have limits for bodily injury or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence/aggregate, and commercially reasonable "Garage Keepers" insurance.

(E) Parking Deck Operator. The Owner of a Master Unit who has hired a company to operate any portion of the Parking Deck shall require such company to keep in force, at all times, such commercial general liability insurance policies issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the operation of such portions of the Parking Deck. Such insurance shall have limits for bodily injury or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence/aggregate, and commercially reasonable "Garage Keepers" insurance.

(F) Property Manager. The Owner of a Master Unit who has hired a property management company shall require such company to keep in force, at all times, such commercial general liability insurance policies issued by responsible insurance companies licensed to do business in the State of North Carolina as will protect the Master Association, the Board of Directors and officers of the Master Association from and against claims of any and all persons for personal injury, death or property damage or loss incurring in connection with the management of the Master Unit of such Owner. Such insurance shall have limits for bodily injury or personal injury to or death of any person, or more than one (1) person, or for damage to property, in an amount of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence/aggregate.

(G) Water Damage. The Owner of the Residential Master Unit shall be required to obtain and maintain at all times, if commercially reasonably available, through the Master Association, insurance for water damage resulting from the discharge of water from the Residential Master Unit into the Retail Master Unit. The cost of such supplemental insurance coverage shall be assessed by the Master Association against the Owner of the Residential Master Unit as a specific assessment in accordance with subparagraph 8(c). In addition, the Owner of the Residential Master Unit shall indemnify and hold harmless the Owner of the Retail Master Unit from and against any and all loss, damage, liability, cost or expense arising out of or relating to water damage resulting from the discharge of water from the Residential Master Unit into the Retail Master Unit, to the extent that such loss, damage, liability, cost or expense is not paid for out of insurance proceeds received by the Owner of the Residential Master Unit or the Master Association. This indemnification obligation shall extend to any insurance deductible paid by the Owner of the Retail Master Unit as part of the adjustment of any insured claims covering any of the foregoing items.

(H) Coverage Requirements. If commercially reasonably available, the insurance required pursuant to this subparagraph 11(j) shall: (1) provide that the policy may not be canceled or reduced in amount or coverage below the requirements hereof, without at least thirty (30) days prior written notice by the insurer to the insured and to the additional insured and their respective Mortgagees; (2) provide for severability of interests; (3) provide that an act or omission of the insured or the additional insured, which would void or otherwise reduce coverage, shall not reduce or void the coverage as to the other insured or their Mortgagees; and (4) name each of the Master Association, the other Owners, and the other Persons referenced above as an additional insured. All relevant Owners to whom this subparagraph 11(j) applies shall furnish the Master Association upon request with a certificate affirming that such insurance is in full force and effect, that the premiums have been paid in full, and that each of the provisions listed herein is included in the policy.

(k) Application of Deductibles. In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the Person or Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one (1) Master Unit or a Master Unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected Owner's portion of the total cost of repair. Notwithstanding the foregoing, if the insurance policy provides that the deductible will apply to each Master Unit separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his or her Master Unit, if any. If any Owner or Owners fail to pay the deductible when

required under this Section, then the Master Association may pay the deductible and assess the cost to the Owner or Owners pursuant to subparagraph 10(c) above.

(l) Delinquency. Notwithstanding anything to the contrary stated herein, in the event of an insured loss under the Master Association's master hazard insurance policy for which the Master Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of assessments owed to the Master Association under Paragraph 10 hereof, then the Master Association may retain and apply such proceeds to the delinquency. The Master Association shall pay any surplus remaining after application of the proceeds to any delinquency to the affected Owner.

(m) Insurance Trustee. The Master Association, acting through its Board of Directors, shall have the option in its discretion, but not an obligation, to appoint an "Insurance Trustee" hereunder. Notwithstanding the foregoing, if a casualty results in damage and/or destruction to a Master Unit that is estimated to be Five Hundred Thousand Dollars (\$500,000) or more, then the Owner of such affected Master Unit shall have the option in its discretion, but not an obligation, to cause the Board of Directors to appoint an "Insurance Trustee" hereunder. Subject to the preceding sentence, if the Board of Directors fails or elects not to appoint such Insurance Trustee, the Board of Directors or its duly authorized agent will perform directly all obligations imposed upon such Insurance Trustee by this Master Declaration. The fees and expenses of any Insurance Trustee shall be assessed against the Owners of the Master Units that are affected by the casualty and/or destruction in proportion to each affected Owner's portion of the total cost of reconstruction and repair as allocated by the insurer. In the event that an Insurance Trustee is appointed by the Board of Directors, the following shall apply:

(i) All insurance policies purchased by the Master Association shall provide that payments of losses made by the insurer shall be paid to the Insurance Trustee (if appointed), and such policies and endorsements thereto shall be deposited with the Insurance Trustee (if appointed).

(ii) All insurance policies obtained by or on behalf of the Master Association shall be for the benefit of the Master Association, the Owners and their Mortgagees, as their respective interests may appear, and shall provide that all proceeds covering losses to the insured property shall be paid to the Insurance Trustee, which may be designated by the Board of Directors and which, if so appointed, shall be a bank or trust company in North Carolina with trust powers, with its principal place of business in the State of North Carolina. The Insurance Trustee shall not be liable for payment of premiums, nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Owners and their respective Mortgagees in the following shares, but shares need not be set forth on the records of the Insurance Trustee:

(A) Insured Property. Proceeds on account of damage to the insured property shall be owned by the Master Association for each Owner as tenants in common such shares being the same as the undivided shares in the Common Elements appurtenant to each Master Unit; provided, however, that prior to any distributions to the Owners, such proceeds shall first be distributed in accordance with the provisions of subparagraph 11(m)(iii) below.

(B) Mortgagees. No Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a Mortgage debt any insurance proceeds, except for actual

distributions thereof made to the Owner and Mortgagee pursuant to the provisions of this Master Declaration.

(iii) Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners thereof in the following manner:

(A) Expenses of the Trust. All expenses of the Insurance Trustee shall be first paid or provision shall be made therefor.

(B) Reconstruction or Repair. If the damaged property for which the proceeds are paid is to be repaired or reconstructed in accordance with Paragraph 12 below, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided herein. Any proceeds remaining after defraying such costs shall be distributed to each Owner, by check made payable jointly to such Owner and their respective Mortgagee(s), if any. If there is no Mortgage on the Master Unit, all distributions shall be made directly to the Owner.

(C) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damaged property for which the proceeds are paid shall not be reconstructed or repaired in accordance with Paragraph 12 below, the remaining proceeds shall be allocated among the Owners as provided in subparagraph 11(m)(ii)(A) above, and distributed to each Owner by check made payable jointly to such Owner and their respective Mortgagee(s), if any. If there is no Mortgage on the Master Unit, all distributions shall be made directly to the Owner.

(D) Certificate. In making distributions to Owners and their Mortgagees, the Insurance Trustee (if appointed) may rely upon a certificate of the Master Association made by its President and Secretary as to the names of the Owners and their Mortgagees, if any, and their respective shares of the distribution.

(n) Owner Acting as a Duly Authorized Agent of the Board of Directors. Notwithstanding anything to the contrary stated herein, to the extent allowed under the insurance policy(ies) of the Master Association, in the event of a casualty where one hundred percent (100%) of the damage and/or destruction is contained within a single Master Unit, the Board of Directors shall appoint the Owner of such affected Master Unit as the duly authorized agent of the Board of Directors to adjust the loss in accordance with subparagraph 11(h)(iii) above (the "Appointed Owner Agent"). The Appointed Owner Agent shall accept such appointment, and the Appointed Owner Agent covenants to undertake a fiduciary duty to the Master Association in connection with the adjustment of the loss with the insurance company. Moreover, the Appointed Owner Agent shall indemnify and hold the Master Association harmless from, and shall defend promptly and diligently, at the sole expense of the Appointed Owner Agent any claim, action or proceeding against the Master Association, or the officers, directors or agents of the Master Association, jointly and severally, which arises out of or in connection with the negligence, gross negligence, willful misconduct or bad faith of the Appointed Owner Agent in connection with the adjustment of the loss with the insurance company.

12. REPAIR AND RECONSTRUCTION.

(a) General. In the event of damage to or destruction of all or any part of the Property as a result of fire or other casualty, unless the Owners vote not to repair or rebuild by not less than the

minimum number of votes required by Section 47C-3-113(h) of the Act, the Board of Directors or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the Property. In the event of substantial damage or destruction, each holder of a first Mortgage shall be entitled to written notice of the damage and nothing in these documents shall be construed to afford a priority to any Owner with respect to the distribution of proceeds to any such Master Unit.

(b) Cost Estimates. Immediately after a fire or other casualty causing damage to the Property, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the Property (including any damaged Master Unit, Common Element or Limited Common Element) to substantially the condition which existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(c) Source and Allocation of Proceeds. In the event that the net insurance proceeds made available for reconstruction or repair for any reason are insufficient to satisfy all of the costs and expenses of reconstruction and repair (the "Insurance Shortfall") and the Owners have not voted to repair or replace in accordance with Section 47C-3-113(h) of the Act, each of the Owners, to the extent the Owners have an interest in the Building affected by casualty, shall pay and shall be obligated for its applicable "Insurance Shortfall Payment" (as defined below). As used herein, Insurance Shortfall Payment shall mean the amount of money payable by each of the Owners, subsequent to a casualty, which damages and/or destroys all of any portion of the Building owned by such Owners or assigned to such Owner's Master Unit as a Limited Common Element. The Insurance Shortfall Payment shall be calculated as follows:

(i) in the event that the damage and/or destruction from the casualty affects only one (1) Master Unit, the Insurance Shortfall Payment shall be assessed against the Owner of the Master Unit that is affected exclusively and solely by the casualty damage and/or destruction;

(ii) in the event that the damage and/or destruction from the casualty affects more than one (1) Master Unit, the Insurance Shortfall Payment shall be assessed against the Owners of the Master Units that are affected by the casualty damage and/or destruction in proportion to each affected Owner's portion of the total cost of reconstruction and repair as allocated by the insurer;

(iii) in the event that the damage and/or destruction from the casualty affects Limited Common Element assigned to only one (1) Master Unit, the Insurance Shortfall Payment shall be assessed against the Owner of the Master Unit to which such Limited Common Element is assigned;

(iv) in the event that the damage and/or destruction from the casualty affects Limited Common Elements assigned to more than one (1) Master Unit, the Insurance Shortfall Payment shall be assessed against the Owners of the Master Units to which the Limited Common Element is assigned in proportion to each affected Owner's portion of the total cost of reconstruction and repair as allocated by the insurer; and

(v) in the event that the damage and/or destruction from the casualty affects the Common Elements, the Insurance Shortfall Payment shall be assessed against all the Owners in accordance with the undivided interest in the Common Elements appurtenant to each Master Unit as set forth on Exhibit "B".

The Insurance Shortfall Payment shall not be considered a special assessment as discussed in subparagraph 10(j) and this subparagraph 12(c) shall govern and control over subparagraph 11(k). Aside from its obligation to pay assessments for the Master Units that it owns, Declarant shall have no obligation to fund any deficit arising from insufficiency of insurance proceeds. If there are surplus funds after repair and reconstruction is completed, such surplus funds shall be credited to the next assessment chargeable to the Owners in proportion to the liability for Common Expenses attributable to each Master Unit.

(d) Floor Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Floor Plans and specifications under which the Building and other improvements on the Property was originally constructed or later approved in accordance with this Master Declaration ("Reconstruction Specifications"). In the event that an Owner desires to modify the Reconstruction Specifications in a material manner, such modifications to the Reconstruction Specifications (other than those modifications to the Reconstruction Specifications that are needed to comply with current applicable building codes) shall be approved by all of the directors of the Board of Directors.

(e) Encroachments. Encroachments upon or in favor of the Master Units that may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the Floor Plans and specifications under which the Building and other improvements on the Property was originally constructed or later approved in accordance with this Master Declaration. Such encroachments shall be allowed to continue in existence for so long as the reconstructed Building shall stand.

(f) Construction Fund. The net proceeds of the insurance received on account of a casualty and the funds collected by the Master Association from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Paragraph to be disbursed by the Board of Directors, its duly authorized agent, or the Insurance Trustee (if appointed) in appropriate progress payments to such contractor(s), supplier(s) and personnel performing the work or supplying materials or services for the repair and reconstruction of the Property as are designated by the Board of Directors.

13. ARCHITECTURAL STANDARDS

(a) General. The architectural control provisions set forth in this Master Declaration shall be primary and superior to any architectural control provisions adopted by an Owner with respect to all or a portion of the Owner's Master Unit or the Limited Common Elements assigned to said Master Unit; provided, however, no Owner shall adopt any architectural control provisions or create any vehicle (such as an architectural control committee or group) for its enforcement without the written consent of the Master Architectural Review Committee, which may be granted or withheld in its sole and absolute discretion. Approval of an architectural modification by any party other than the Master Architectural Review Committee shall in no way eliminate the need for approval by the Master Architectural Review Committee in accordance with this Paragraph. Notwithstanding anything to the contrary stated herein, the initial improvements constructed on the Property and all architectural modifications made thereto that are made by Declarant shall not be subject to approval pursuant to this Paragraph; provided, however, any such architectural modifications made to the initial improvements that are made by the Declarant that impacts the Retail Master Unit must be approved by the Owner of the Retail Master Unit, which approval shall not be unreasonably withheld, conditioned and/or delayed.

(b) Alterations to a Master Unit. The Master Architectural Review Committee may, but shall not be required to, publish written architectural standards that address architectural changes that may be

made by an Owner without need for prior approval of the Master Architectural Review Committee (the "Architectural Guidelines"). Such Architectural Guidelines may be amended from time to time by the Master Architectural Review Committee; provided, however, any Architectural Guidelines that are adopted by the initial Master Architectural Review Committee may not be amended without the approval of the Owner of the Retail Master Unit which approval, shall not be unreasonably withheld, conditioned and/or delayed. Current copies of the Architectural Guidelines shall be kept with the books and records of the Master Association. Architectural changes which are sought by an Owner, but are not addressed in the Architectural Guidelines, shall be approved by the Master Architectural Review Committee. The standard for approval of alterations of or improvements to the exterior of a Master Unit shall include, but not be limited to, aesthetic considerations, materials to be used, harmony with the external design of the existing buildings and structures, sounds to be generated as a result of the alteration or improvement, and the location in relation to surrounding structures and topography.

With respect to the Retail Master Unit, it is understood that there will be multiple commercial uses within the Retail Master Unit that will result in on-going architectural changes to the exterior of the Building. It is not the intent of this Paragraph to prohibit or unduly regulate or burden the process of effectuating such architectural changes. Rather, the purpose of this Paragraph is to ensure that such architectural changes are compatible with the existing architectural style of the Building and the then existing uses within the Building, and that such changes do not negatively impact the value of the Property. Furthermore, it shall be expressly permissible for the Owners to make and/or permit architectural changes, alterations and improvements to be made to the interior portions of their respective Master Units (including changes which are visible from the exterior of the Master Units) without the approval of the Master Architectural Review Committee, provided that the same do not (i) adversely affect the structural integrity of any portion of the Building; (ii) adversely affect the Building Systems, Life-safety Systems, or the Property Monitoring and Access Systems; or (iii) violate this Master Declaration or any rules and regulations adopted by the Board of Directors from time to time.

Notwithstanding anything to the contrary stated herein, without first making a complete application to the Master Architectural Review Committee and obtaining the prior written approval of the Master Architectural Review Committee, no Owner or Occupant may make any alteration to or within a Master Unit that: (i) makes any alteration to, place any thing on, make any encroachment onto or across any portion of the Common Elements (excluding the Limited Common Elements unless otherwise provided herein); (ii) makes any change, addition, alteration or construction (including painting and landscaping) to the exterior of any Master Unit; (iii) erects or places a fence, partition, wall or other form of barrier that exclusively serves a Master Unit or any portion thereof; (iv) involves connecting to or relocating Common Element pipes, lines, conduits and/or other apparatus for access to common utilities that are located outside of the Master Unit boundaries (provided, however, an Owner shall not relocate or make any connection to a Common Element pipe, line, conduit and/or other apparatus for access to common utilities if such connection will impair or have an adverse effect to the utilities or service of utilities to the other Master Unit or any portion of the other Master Unit); (v) places an excessive load on any structural or load bearing portions of a Master Unit; or (vi) requires penetration of any concrete floor or ceiling slab without first obtaining the written approval of the Master Architectural Review Committee.

Such approval shall not be granted by the Master Architectural Review Committee unless the Owner or Occupant of the Master Unit or that portion of the Master Unit for which the change is being requested has presented to the Master Architectural Review Committee such information as the Master Architectural Review Committee may reasonably require, including, but not limited to, the following documentation: (A) a report or drawing prepared and certified by a structural engineer licensed in the State of North Carolina, which report or drawing shall demonstrate that such proposed interior modifications will not in any way affect or impair the structural soundness or integrity of the Building or any of the Master

Units; (B) plans for the proposed modifications; (C) all necessary permits or approvals required by governmental authorities for the proposed modifications; and (D) a certificate of insurance from applicant's contractor, which names the Master Association and the Owner of Master Unit as an additional insured. In addition, within thirty (30) days of completion of the interior modifications, the Master Architectural Review Committee shall be provided with a copy of the certificate of occupancy, and an inspection report prepared and certified by a structural engineer licensed in the State of North Carolina.

Furthermore, if alterations to the interior of a Master Unit requires the penetration of the concrete floor or ceiling slab located between the Master Units or between the Master Unit(s) and the Common Elements, the Owner shall also provide the Master Architectural Review Committee with a report prepared and certified by a structural engineer licensed in the State of North Carolina confirming that an x-ray analysis has been performed for the purposes of verifying that such penetration of the concrete floor or ceiling slab will not impair the structural integrity of such concrete floor or ceiling slab or result in the severing of any structural post-tension system. In addition, all building code requirements must be complied with and necessary permits and approvals secured for any such interior modifications.

(c) Encroachments onto Common Elements. The Board of Directors, subject to this Paragraph, may permit Owners to make encroachments onto the Common Elements and enclosures of same as it deems acceptable, provided that such encroachments made by an Owner are located within portions of the Common Elements specifically assigned to such Owner's Master Unit as a Limited Common Element and further provided such encroachments are made in compliance with all applicable zoning regulations and setback requirements.

(d) Encroachments onto Limited Common Elements. Subject to this Paragraph, the Owner of the Retail Master Unit and their respective Permittees shall have the right to make encroachments on the Patio Areas assigned to the Retail Master Unit as Limited Common Elements for the purposes of allowing outdoor seating and/or dining. Notwithstanding anything to the contrary stated herein, use of such Patio Areas for outdoor seating and/or dining shall be permissible only if such outdoor seating and/or dining: (i) is permitted by the zoning ordinances promulgated by the City of Raleigh; and (ii) does not adversely affect the zoning of the other Master Unit or any portion thereof. Furthermore, notwithstanding anything to the contrary stated herein, the use of such Patio Areas shall not be deemed a change in the boundaries of the Retail Master Unit or an alteration of the character of such reconfigured areas as Limited Common Elements.

(e) Subdivision of a Master Unit. A Master Unit shall not be subdivided; provided, however, an Owner of a Master Unit shall be permitted to submit Owner's Master Unit to the Act as a Sub-condominium by filing a Sub-declaration for such Master Unit, which Sub-declaration must be reviewed and approved by the Master Association, acting through its Board of Directors. The Board of Directors shall also be authorized to retain an attorney to review a Sub-declaration presented by an Owner for the Board's review and approval, and all costs and expenses related to such review shall be borne solely by the requesting Owner. Pursuant to any such Sub-declaration, a Sub-association shall operate the Master Unit. Notwithstanding the foregoing, the recording of the Sub-declaration shall not constitute a subdivision of the Property for zoning purposes.

14. USE RESTRICTIONS

(a) Use of the Retail Master Unit. All portions of the Retail Master Unit, including any Retail Condominium Unit, shall be used only for such commercial, office or business purposes that are lawful and permitted by applicable zoning ordinances. Notwithstanding the foregoing, no activity shall be conducted on any portion of the Retail Master Unit that constitutes a public or private nuisance or

hazardous or offensive use or threatens the life-safety of other Owners or Occupants of the Master Condominium. Permitted uses of the Retail Master Unit shall not be deemed a nuisance and shall not cause the Owner of Occupant or its respective Permittees of the Retail Master Unit to be deemed in violation of any provision of this Master Declaration or any other Sub-declaration or governing rules and regulations of a Sub-association created from a Master Unit.

Except as otherwise specifically provided for herein, no Owner or Occupant of the Retail Master Unit or their respective Permittees shall have any right of access to or through any portion of the Residential Master Unit or the right to use any of the facilities located thereon.

Without limiting the generality of the foregoing, except as otherwise specifically provided in this Paragraph 14(a), no part of the Retail Master Unit may be used for any of the following purposes:

- (i) residential uses; living quarters, sleeping apartments, hotel, motel, hostel or lodging rooms;
- (ii) tattoo or piercing shop (other than ear piercing as an ancillary function of a permitted retail establishment);
- (iii) establishment where the primary business is obscene, pornographic or "adult" materials or paraphernalia, including, but not limited to, movies, videotapes, DVDs, devices, novelties, books, magazines, or other related items are the primary business;
- (iv) "head shops" or other facilities used for the sale, display or advertisement of any paraphernalia used in the preparation or consumption of controlled substances; or primarily for adult entertainment, film, book or similar adult enterprise;
- (v) pet store;
- (vi) pool hall, video game room, amusement gallery, shooting gallery, carnival, or amusement arcade (it being understood, however, that retail establishments, including restaurants or cocktail lounges, are permitted and may have, as an ancillary portion of their business, pool tables and video games);
- (vii) automotive supplies and parts shop, automotive repair shop, gas station;
- (viii) automobile and/or service station or car wash, or any automobile, truck, van, trailer, mobile home or recreational vehicle sales, leasing, display or repair facility, including without limitation any tire, battery and accessory facility;
- (ix) mortuary, funeral home or store selling caskets;
- (x) warehouse operation (not including storage incidental to the operation of any otherwise permissible business);
- (xi) manufacturing or industrial operation;
- (xii) processing or rendering plant;

(xiii) central laundry, dry cleaning plant, or laundromat (except this prohibition shall not include any dry cleaning service only providing for pick-up and drop-off and not performing any cleaning on premises);

(xiv) thrift store, pawn shop, liquidation outlet, flea market, or similar establishment;

(xv) betting or other gaming establishment, facility or operation, including, but not limited to, off-track or sports betting parlor, table games such as black-jack or poker, slot machines, video poker/black-jack/keno machines or similar devices (this prohibition shall not apply to governmental sponsored gambling activities, or charitable gambling activities so long as such governmental and/or charitable activities are incidental (i.e., less than ten percent (10%) of gross sales) to a permitted business operation being conducted in the Master Unit);

(xvi) auditorium (other than assembly-type spaces for otherwise permitted uses), meeting hall, church, or other house of worship; and

(xvii) dance club or establishment with loud music, including loud outdoor music (it being understood, however, that retail establishments, including restaurants, may have live or piped music).

In addition, no establishment in the Retail Master Unit shall remain open for business after 2:00 A.M. Furthermore, the Owner of the Retail Master Unit shall: (xx) cover the windows of all unoccupied tenant spaces with decorative material, pictures, advertising displays, directional signs, mirrors, and/or other similar types of products or materials designed to give such areas an attractive appearance; (yy) prohibit the use of bars on windows of any portion of a Retail Master Unit during hours of operation; and (zz) prohibit the storage of Hazardous Substances (as such term is defined in subparagraph 18(b) hereof) on any portion of the Retail Master Unit.

(b) Use of the Residential Master Unit.

(i) General. Unless otherwise provided in this Master Declaration, all portions of the Residential Master Unit shall be used only for those purposes more specifically set forth in the Sub-declaration created for the Residential Master Unit. Notwithstanding the foregoing, no activity shall be conducted on any portion of the Residential Master Unit that constitutes a public or private nuisance or hazardous or offensive use or threatens the life-safety of other Owners or Occupants of the Master Condominium.

(ii) Balconies and Terraces of a Residential Condominium Unit. A balcony or terrace (as such terms are used in the Sub-declaration for the Residential Master Unit) of a Residential Condominium Unit shall be used only for the purposes intended and shall not be used for hanging garments, towels, flags, signs, or other objects, or for cleaning rugs or other household items. Attaching flags, flagpoles, banners, other items (including, but not limited to, holiday decorations) to balcony or terrace railings is prohibited. Astroturf is prohibited on balconies and terraces. Balconies and terraces shall be kept in a clean and neat condition at all times.

The board of directors of the Sub-association of the Residential Master Unit (hereinafter referred to as the "Residential Board of Directors") may enact reasonable rules (which may include limitations on the hours of use) governing the use of television and stereos, telephones, cooking facilities, and other things on balconies and terraces. All furniture, furnishings, umbrellas, and other materials to be kept on a balcony or terrace shall be of neutral colors that are harmonious with

the external colors of the Building. The Residential Board of Directors may establish additional guidelines relating to furnishings and other things on balconies and terraces.

The enclosure of a balcony or terrace is prohibited. As used herein, "enclosure" shall mean the permanent enclosure of a balcony or terrace into the heated and cooled space within the boundaries of a Residential Condominium Unit or any portion thereof. Furthermore, notwithstanding anything to the contrary stated herein, it shall be the sole responsibility of the owner or occupant of a Residential Condominium Unit to remove all permitted objects from a balcony or terrace during periods of high winds to prevent permitted objects from being blown from a balcony or terrace and to refrain from engaging in any activity on a balcony or terrace that may cause any object to fall or ejected from a balcony or terrace.

(c) Prohibition of Damage, Nuisance and Noise. All Owners, Occupants and Permittees acknowledge that the Property contains a variety of land uses. While such uses are intended to be a convenience to all Owners, Occupants and Permittees and foster a sense of community and vibrancy, it is acknowledged that the close proximity of such uses and the urban setting in which the Property is located may, at times, result in greater amounts of noise, light, sounds and smells than would exist in other types of communities. Therefore, it is agreed that neither the permitted use of a Master Unit, in and of itself, nor the foreseeable attributes of such a use (i.e., food odors and noise from a restaurant) shall be deemed a nuisance.

Without the prior written consent of the Board of Directors, nothing shall be done or kept on the Master Condominium, or any portion thereof (other than those activities or things reasonably expected to be associated with a permitted use) which would increase the rate of insurance on the Master Condominium or any Master Unit or part thereof, that would be in violation of any statute, rule, ordinance, regulation or permit of any governmental body, or increase the Common Expenses.

Furthermore, except to the extent permitted above: (i) noxious, destructive or offensive activity shall not be carried on within any portion of the Master Condominium; (ii) no Owner or Occupant of a Master Unit may use or allow the use of the Master Unit or any portion of the Master Condominium at any time, in any way or for any purpose which may endanger the health, unreasonably annoy or disturb or cause embarrassment, or discomfort to other Owners or Occupants, or in such a way as to constitute, in the reasonable discretion of the Board of Directors, a public or private nuisance; and (iii) no Owner or Occupant of a Master Unit may use or allow the use of a Master Unit or the Common Elements in any manner which creates disturbing noises, including, without limitation, the use of stereo speakers or equipment that will in the reasonable discretion of the Board of Directors materially interfere with the rights, comfort or convenience of other Owners or Occupants.

Except as provided for above, no Owner, Occupant or agent of such Owner or Occupant shall conduct any business which, in the reasonable opinion of the Board of Directors or its designee, would jeopardize the soundness or safety of the Master Condominium or any structure created thereon, reduce the value thereof, or impair any easement or other interest in real property thereto, without obtaining, in every such case, the unanimous, prior written consent of all Owners and their respective Mortgagees.

No damage to or waste of the Common Elements, or any portion thereof, shall be permitted by any Owner or Occupant. Each Owner shall indemnify and hold the Master Association and the other Owners harmless against any loss to the Master Association or other Owners resulting from any such damage or waste caused by such Owner or Occupant of a Master Unit.

(d) Signs. The Owner of a Master Unit shall be permitted to affix signage to its Master Unit, provided that such signage complies with the following guidelines:

- (i) All signage shall comply with all applicable City of Raleigh ordinances;
- (ii) All signage pertaining to the Retail Master Unit shall pertain to the businesses conducted within the Retail Master Unit;
- (iii) No signage shall contain or consist of flashing lights, lights with moving parts, or noise (other than noise attendant to the operation of such sign); and
- (iv) Notwithstanding anything to the contrary stated herein, the following types of signage shall be prohibited on the Property: projecting signs, internally lit walls signs, back lit signs, off-premise signs, internally illuminated awning signs and internally illuminated signs that do not have an opaque background.

(e) Rubbish, Trash, and Garbage. All rubbish, trash, and garbage shall be regularly removed from the Property and shall not be allowed to accumulate therein; provided, however, all pick up and removal from the Retail Master Unit shall occur between the hours of 9:00 a.m. and 4:00 p.m. No garbage or trash shall be placed on the Property, temporarily or otherwise, except in trash chutes or trash compactors. Rubbish, trash, and garbage shall be disposed of in sealed bags and either placed in the trash chutes, or trash compactors designed for collection or removed from the Property.

(f) Ventilation of Cooking Apparatus. All venting of cooking apparatus must include the use of a commercial air filtration system designed to remove all solid particles, smoke and odor from the cooking exhaust. This system, often referred to as a "scrubber," must be of sufficient capacity and properly sized to match the air volume required by the cooking apparatus venting system.

(g) Pest Control. Owners of a Master Unit shall have monthly extermination of insects, pests, and vermin performed in the Master Unit and its assigned Limited Common Elements by an individual or company licensed by the State of North Carolina to conduct such exterminations.

(h) Parking Deck.

(i) Operation and Administration.

(A) The Owners shall be required to open and operate their respective levels of the Parking Deck seven (7) days a week and twenty-four (24) hours a day; provided, however, the Owner of the Retail Master Unit may temporarily close a portion of the Retail Parking Levels to perform maintenance and repair with seven (7) days prior written notice to the Owner of the Residential Master Unit, except that, in emergency situations requiring a temporary closing, prior written notice shall not be required so long as written notice is given within three (3) days after the closing explaining the reason for the closing. Such repairs and maintenance shall be performed at a time and in a manner reasonably calculated to minimize disruption and inconvenience to the Owner of the Residential Master Unit and it Permittees benefited by the Parking Deck Driveway Easement. In the event that any portion of the Retail Parking Levels are temporarily closed, the Owner of the Retail Master Unit shall keep open at least one (1) entrance into the Parking Deck and one (1) lane of the Parking Deck Driveway to allow for vehicular

ingress to and egress from the Residential Parking Levels by the Owners and Occupants of the Residential Master Unit.

(B) The speed limit in the Parking Deck shall be no greater than ten (10) miles per hour, and the speed limit shall be conspicuously posted on the interior walls of the Parking Deck. The Owners shall have the right, but not the obligation, to install speed bumps on their respective levels of the Parking Deck to help prevent violations of the posted speed limit; provided, however, the Owners shall have no responsibility for any damage to any vehicle caused by the placement of such speed bumps.

(C) The lighting features that serve the Parking Deck shall be properly maintained (as more specifically set forth in subparagraph 15(e)(i)(E) below) to ensure that the illumination of their respective levels of the Parking Deck complies with all codes and ordinances of any municipal or governmental authority having jurisdiction over the Property.

(D) The Owner of the Retail Master Unit shall have the right, but not the obligation to employ, at its sole expense, parking attendants to administer and monitor the use of parking on the Retail Parking Levels. The Owner of the Retail Master Unit may also issue identifying cards, stickers, tokens or the like as reasonably necessary to monitor, enforce, and regulate parking in the Retail Parking Levels and to charge a fee to offset the actual cost of such items. In the event that the Owner of the Retail Master Unit elects to install Retail Parking Deck Equipment, such equipment shall be initially installed by the Owner of the Retail Master Unit at its sole expense; provided, however, the Retail Parking Deck Equipment shall be compatible at all times with the access control system for the Residential Parking Levels used by the Owner of the Residential Master Unit. The maintenance, repair and replacement of the Retail Parking Deck Equipment shall be performed by the Owners of the Retail Master Unit; provided, however, the costs for the maintenance, repair and replacement of the Retail Parking Deck Equipment shall be equally allocated between the Owners.

(E) Except as otherwise provided in subparagraph (A) above, the Parking Deck Driveway shall not be blocked in a manner that impedes or prohibits access to the Residential Parking Levels.

(F) In addition to the foregoing restrictions, the Parking Deck shall not:

- (1) be used for special event parking; and
- (2) be used for any other uses other than a parking deck (i.e., craft shows, flea markets, antique sales).

(G) Notwithstanding anything to the contrary stated herein, the Owners shall be permitted to enter into agreements separate from this Master Declaration to provide for the sharing of all or part of the responsibility and costs of operation, administration, and maintenance of the Parking Deck.

(H) Notwithstanding anything to the contrary stated herein, the Owners shall be permitted to enter into agreements separate from this Master Declaration to provide for the management or leasing of their respective levels of the Parking Deck with a third party

parking deck operator.

(ii) Limitations of Vehicular Access Within the Retail Parking Levels. The Parking Deck Driveway Easement set forth in subparagraph 21(m)(i)(B) hereof shall (unless expressly provided herein to the contrary) be perpetual in duration and shall, both as to the benefits and the burdens thereof, run with the title to, and burden the title to, the Master Units. Said Parking Deck Driveway Easement is subject to the following rights, obligations and restrictions, all of which must be exercised in a commercially reasonable manner:

(A) The right, but not the obligation, of the Owner of the Retail Master Unit to: (1) reasonably regulate and control access to, over, across and through the Parking Deck Driveway (but subject to the easement rights of the Owner of the Residential Master Unit and its Permittees to have access to, over, across and through the Retail Parking Levels); (2) modify from time to time the configuration of the vehicular traffic flow within the Parking Deck Driveway and the Retail Parking Levels; and (3) require Persons exercising their easement rights to: (x) post an identifying decal at a particular location on their vehicles; (y) show identification to an attendant, if any; and/or (z) enter a code or swipe card or depress an automatic gate opener to raise a gate, mechanical arm, or other device which controls or restricts access to, over, across and through the Parking Deck Driveway, if any, provided that such code, swipe card, or other device shall be compatible with the access control system for the Residential Parking Levels used at that time by the Owner of the Residential Master Unit.

(B) It shall be the responsibility of the Owner of the Residential Master Unit to provide to and maintain with the Owner of the Retail Master Unit a current list of all of the Owners and Occupants of the Residential Master Unit and others having a right to park in the Residential Parking Levels (hereinafter sometimes referred to as the "List"). The Owner of the Retail Master Unit shall have the right to rely on the List, and the changes thereto, to control access to, over, across and through the Parking Deck Driveway. The Owner of the Residential Master Unit shall indemnify and hold harmless the Owner of the Retail Master Unit from and against any and all loss, damage, liability, cost or expense arising out of or relating to any inaccuracies on the List or in the event that the List is not kept current by the Owner of the Residential Master Unit.

(C) The Owner of the Retail Master Unit shall have the right to charge the Owner of the Residential Master Unit with the actual costs, if any, of the decals, swipe cards, identification cards, automatic gate openers and similar equipment kept in a vehicle or by any Person on the List to obtain access, to, over, across and through the Parking Deck Driveway.

(D) The Owner of the Retail Master Unit shall have the authority to make, modify, repeal and enforce reasonable rules and regulations on a nondiscriminatory basis to the Owner of the Residential Master Unit and its Permittees governing the conduct, use, and enjoyment of the Parking Deck Driveway and the Retail Parking Levels, including without limitation, the right of the Owner of the Retail Master Unit to authorize the towing or booting of vehicles illegally or improperly parked in the Parking Deck Driveway and the Retail Parking Levels; provided, however, copies of all such rules and regulations shall be furnished to the Owner of the Residential Master Unit and its Permittees or conspicuously displayed on the interior walls of the Retail Parking Levels. The Owner of the Residential Master Unit and its Permittees shall comply with the

provisions set forth in this subparagraph and/or the rules and regulations adopted by the Owner of the Retail Master Unit, and any lack of compliance therewith shall entitle the Owner of the Retail Master Unit to take action to enforce the provisions set forth in this subparagraph and/or the rules and regulations adopted by the Owner of the Retail Master Unit.

(E) Notwithstanding anything to the contrary stated herein, the Residential Condominium Unit Owners and the Occupants, guests, invitees and customers of the Residential Master Unit shall have no right to park vehicles in the Retail Parking Levels (except for the Parking Space Easement Area) unless such parties pay commercially reasonable parking fees related to the use of parking spaces on the Retail Parking Levels.

(F) If a Permittee of the Residential Master Unit violates the speed limit or the parking restrictions set forth in subparagraphs 14(h)(i)(B) and 14(h)(ii)(D), respectively, and/or as set forth in the rules and regulations adopted by the Owner of Retail Master Unit, the Owner of the Retail Master Unit shall be permitted to fine the Owner of the Residential Master Unit and the violating Permittee. If a fine is imposed, written notice of such violation and fine, in accordance with this subparagraph shall be sent to the Owner of the Residential Master Unit and violating Permittee, and the fine shall first be assessed by the Owner of the Retail Master Unit against such violating Permittee; provided, however, if the fine is not paid by the violating Permittee within the time period established by the Owner of the Retail Master Unit, the Owner of the Residential Master Unit shall pay the fine upon written notice from the Owner of the Retail Master Unit, and the fine shall be an assessment and a lien against the Residential Master Unit. The failure of the Owner of the Retail Master Unit to enforce any of the provisions set forth in this subparagraph and/or the rules and regulations adopted by the Owner of the Retail Master Unit shall not be deemed a waiver of the right of the Owner of the Retail Master Unit to do so thereafter.

The Owner of the Retail Master Unit shall not impose a fine for a violation of the speed limit or the parking restrictions set forth in subparagraphs 14(h)(i)(B) and 14(h)(ii)(D), respectively, and/or as set forth in the rules and regulations adopted by the Owner of Retail Master Unit unless and until written notice of the violation is given as provided in subparagraph 14(h)(ii)(F)(1) below. Any such fine or fines may be effective or commence upon the sending of such written notice or such later date as may be set forth in such written notice, notwithstanding the violating Permittee's right to request a hearing before the Owner of the Retail Master Unit to challenge such fine under subparagraph 14(h)(ii)(F)(2) below.

(1) If there is a violation of the speed limit or the parking restrictions set forth in subparagraphs 14(h)(i)(B) and 14(h)(ii)(D), respectively, and/or as set forth in the rules and regulations adopted by the Owner of Retail Master Unit, the Owner of the Retail Master Unit shall serve written notice, sent certified mail, return receipt requested, to the required recipient(s) as set forth in this subparagraph, which written notice shall state: the date and nature of the alleged violation; any information that would assist in the identification of the violating Permittee (such as the license plate number of the violating Permittee's vehicle); the proposed sanction to be imposed; a statement that the violating Permittee may challenge the fact of the occurrence of a violation, the proposed sanction, or both, by written challenge and written request for a hearing before the Owner of the Retail Master Unit, which request must be received by the Owner of the Retail

Master Unit within ten (10) days of the date of the written notice; and the name, address, and telephone number of a person to contact to challenge the proposed action. If a timely challenge is made and the violation is cured within ten (10) days of the date of the written notice, the Owner of the Retail Master Unit, in its discretion, may, but is not obligated to, waive any sanction or portion thereof. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further written notice to the violating Permittee.

(2) If the alleged violating Permittee timely challenges the proposed action, a hearing before the Owner of the Retail Master Unit shall be held in executive session affording the violating Permittee a reasonable opportunity to be heard. The hearing shall be set at a reasonable time and date by the Owner of the Retail Master Unit, and written notice of the time, date (which shall be not less than ten (10) days from the giving of written notice without the consent of the violating Permittee), and place of the hearing and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violating Permittee. Proof of such written notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the written notice, together with a statement of the date and manner of delivery, is entered by the person who delivered such written notice. The written notice requirement shall be deemed satisfied if the violating Permittee appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. This subparagraph 14(h)(ii)(E)(2) shall be deemed complied with if a hearing is held and the violating Permittee attends and is provided an opportunity to be heard, notwithstanding the fact that the written notice requirements contained herein are not technically followed.

(3) The remedies set forth in this subparagraph for violation of the speed limit or the parking restrictions set forth in subparagraphs 14(h)(i)(B) and 14(h)(ii)(D), respectively, and/or as set forth in the rules and regulations adopted by the Owner of Retail Master Unit shall be in addition to and not in substitution for any other remedies available to the Owner of the Retail Master Unit at law, in equity or otherwise, all of which are intended to be cumulative. Moreover, the Owner of the Retail Master Unit may in its discretion delegate its rights to enforce the parking restrictions set forth in subparagraph 14(h), and to pursue on behalf of the Owner of the Retail Master Unit all remedies against the Owner of the Residential Master Unit and its violating Permittee for violation of the speed limit or the parking restrictions set forth in subparagraphs 14(h)(i)(B) and 14(h)(ii)(D), respectively, and/or as set forth in the rules and regulations adopted by the Owner of Retail Master Unit.

(i) Loading Docks. Use of the loading docks shall be governed by the rules and regulations adopted by the Board of Directors from time to time.

15. MAINTENANCE RESPONSIBILITY

(a) By the Owner. Except in the event of casualty or condemnation or as otherwise expressly provided in this Master Declaration, each Owner shall operate and fully maintain, repair and,

when necessary, replace, at its cost and expense, all portions of such Owner's Master Unit, all Limited Common Elements exclusively assigned to such Master Unit, and all areas that Owner has agreed to operate, maintain, repair and replace elsewhere in this Master Declaration, and all items, equipment, facilities, utilities and other items with respect to which it has exclusive rights (regardless of who actually owns the Master Unit on which such items are located), so that the same are at all times in good order, condition and repair, consistent with property of similar stature to that of the Master Unit in the Raleigh, North Carolina metropolitan area. The foregoing obligation by each Owner to operate, maintain, repair and, when necessary, replace, shall include, without limitation: (i) keeping all portions of the Master Unit and any Limited Common Element serving such Master Unit in a clean, unlittered orderly and sanitary condition; (ii) removing, to the extent practicable, snow, ice and surface waters; and (iii) keeping all marking and directional signs, if any, on the Master Unit clear, distinct and legible; and (iv) periodic cleaning of the exterior window surfaces on a schedule to be determined by each Owner. Without limiting the foregoing, but in supplementation thereof, unless otherwise provided herein, any and all decorative fascia, balconies, canopies, awnings, roof projections, signage, flags, banners and similar items that are located on a Master Unit shall be maintained, repaired and replaced at the sole cost of the Owner of such Master Unit. An Owner shall perform his or her responsibility in such manner so as not to unreasonably disturb the other Owners and Occupants. Notwithstanding anything to the contrary stated herein, the Owners shall be permitted to enter into an agreement separate from this Master Declaration to provide for the sharing of all or part of the responsibility and costs of operation, administration, and maintenance of the Owners' Master Units and Limited Common Elements assigned to such Master Units.

(b) By the Master Association. The Master Association shall operate and fully maintain, repair and, when necessary, replace, the Area of Common Responsibility, which includes the following:

- (i) all Common Elements, but excluding those Limited Common Elements that are exclusively assigned to one (1) Master Unit (unless otherwise provided below);
- (ii) all Building Systems (subject to the limitations more specifically set forth in subparagraph (c) below);
- (iii) all Life-safety Systems (subject to the limitations more specifically set forth in subparagraph (d) below);
- (iv) all exterior sidewalks located on the Property (including the Patio Areas assigned as Limited Common Elements to the Retail Master Unit);
- (v) the Parking Deck Driveway, as more specifically set forth in subparagraph 15(e)(ii) below; and
- (vi) all Limited Common Elements that are assigned to more than one (1), but less than all, Master Units.

Subject to the maintenance responsibilities herein provided, and except as provided to the contrary herein, including without limitation, the provisions provided to the contrary of subparagraph 17(c) below dealing with self-help, any maintenance or repair performed on or to the Common Elements by an Owner or Occupant that is the responsibility of the Master Association hereunder shall be performed at the sole expense of such Owner or Occupant and the Owner and Occupant shall not be entitled to reimbursement from the Master Association even if the Master Association accepts the maintenance or repair.

The Master Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner or Occupant of any Master Unit or any other person or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment which the Master Association is responsible to maintain hereunder, except for injuries or damages arising after the Owner or Occupant of a Master Unit has put the Master Association on written notice of a specific leak or flow from any portion of the Common Elements and the Master Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter. The Master Association shall not be liable to any Owner of any Master Unit or such Owner's Occupant or Permittee for loss or damage, by theft or otherwise, of any property, which may be stored in or upon any of the Common Elements or any Master Unit. The Master Association shall not be liable to any Owner or any Owner's Occupant or Permittee, for any damage or injury caused in whole or in part by the Master Association's failure to discharge its responsibilities under this Paragraph where such damage or injury is not a foreseeable, natural result of the Master Association's failure to discharge its responsibilities. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Master Association to take some action or perform some function required to be taken or performed by the Master Association under this Master Declaration or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Master Association or from any action taken by the Master Association to comply with any law ordinance or with any order or directive of any municipal or other governmental authority.

(c) Building Systems. As to the Building Systems (excluding Life-safety Systems, which are covered under subparagraph (d) below), to the extent portions thereof service solely an individual Master Unit, the Owner of Master Unit being so served shall be solely responsible for maintaining, repairing and replacing those portions of such Building Systems at its expense, regardless of who owns the Master Unit upon which same are located. To the extent portions thereof service all Master Units, such Building Systems shall be maintained, repaired and replaced by the Master Association provided the expense of same shall be allocated to the Owners of the Master Units so served as a Common Expense, in proportion to each Owner's percentage interest as set forth on Exhibit "B".

(d) Life-safety Systems. As to the Life-safety Systems, to the extent portions thereof service solely an individual Master Unit, the Owner of Master Unit being so served shall be solely responsible for maintaining, repairing and replacing those portions of such facilities at its expense, regardless of who owns the Master Unit upon which same are located. To the extent portions thereof service all Master Units, such facilities shall be maintained, repaired and replaced by the Master Association provided the expense of same shall be allocated to the Owners of the Master Units so served as a Common Expense, in proportion to each Owner's percentage interest as set forth on Exhibit "B". Notwithstanding anything to the contrary herein, each Owner, at its cost and without reimbursement from the other Owners, shall be responsible for the maintenance, repair and replacement of (i) sprinkler heads located in its Master Unit, as well as all branch and feed lines that support such heads, wherever located; provided, however, that such portion of such branch and feed lines located within party walls, levels and ceilings, if any, shall be maintained, repaired and replaced by the Owners of the adjoining Master Units; and (ii) all fire control devices (such as smoke detectors and call boxes) located in its Master Unit. The Master Association shall, as frequently as reasonably appropriate for similar facilities (but in no event less frequently than annually) and at its cost (but subject to reimbursement as a Common Expense), engage a firm to thoroughly test the Life-safety Systems and issue reports respecting same, copies of which shall be promptly furnished to all Owners. The Owners agree to cooperate and communicate with each other in respect of the testing, reconfiguration, disengagement (while repairs or reconfiguration are on-going) and alarms of the Life-safety Systems, with a view toward minimizing interruption and disruption to the Occupants of the Building, and maximizing the prompt dissemination of information regarding emergency situations.

(e) Parking Deck.

(i) By the Owners. Subject to the provisions of subparagraph 15(e)(ii) below, the Owners shall have the following obligations with respect to the Parking Deck:

(A) To maintain and keep in a neat, clean and sanitary condition their respective levels of the Parking Deck;

(B) To conduct periodic inspections of their respective levels of the Parking Deck to observe for cracks in the support columns located in the Parking Deck and other indications of deterioration of the structural integrity of the Parking Deck;

(C) To re-surface, water-proof, paint, re-stripe and seal (only if previously sealed) their respective levels of the Parking Deck;

(D) To maintain, repair, replace and rebuild any structural or load bearing areas located within their respective levels of the Parking Deck; provided, however, no Owner shall be permitted to remove any columns or any structural or load bearing areas located within their respective levels of the Parking Deck. Notwithstanding anything to the contrary stated herein, the Owners shall be permitted to enter into an agreement separate from this Master Declaration to provide for the sharing of all or part of the responsibility and costs of operation, administration, and maintenance of the Parking Deck;

(E) To maintain, repair, replace and supplement any lighting features that serve their respective levels of the Parking Deck to ensure that the illumination of their respective levels of the Parking Deck complies with all codes and ordinances of any municipal or governmental authority having jurisdiction over the Property; and

(F) To pay all expenses related to the lighting of their respective levels of the Parking Deck.

(ii) By the Master Association. The Master Association shall have the following obligations with respect to the Parking Deck Driveway, and the costs of such maintenance shall be equally allocated between the Owners:

(A) To maintain and keep in a neat, clean and sanitary condition the Parking Deck Driveway; and

(B) To re-surface, water-proof, paint, re-stripe and seal (only if previously sealed) the Parking Deck Driveway.

(f) Failure to Maintain. Notwithstanding the foregoing obligations to maintain, repair and replace, if any Owner or those claiming by, through or under it, abuses, misuses or fails to operate, maintain, repair or replace in the manner provided in this Master Declaration any item for which it is responsible hereunder or otherwise creates a situation in any portion of the Property with respect to which non-exclusive easements and licenses have been granted by this Master Declaration such that said areas require maintenance, repair or replacement in excess of what would be required by normal use of said areas for their intended purposes, the Owner causing the excess use shall be responsible for the excess costs of operating, maintaining, repairing and replacing said areas. Each Owner shall maintain

and promptly upon request, from time to time, make available to any other Owners complete maintenance records for its Master Unit with respect to which easement rights exist under this Master Declaration. As to any items (such as exterior painting) that require coordination or cooperation as to timing, materials, payment or the like, the parties shall be reasonable in so cooperating and coordinating.

(g) Mold and/or Mildew. Mold and/or mildew can grow in any portion of the Building that is exposed to elevated levels of moisture including, but not limited to, the Parking Deck and those portions of the Building in which HVAC condenser units are located. The Master Association and each Owner agree, with respect to their defined areas of maintenance responsibility to: (i) regularly inspect the parts of the Building that they respectively maintain and which are visible and accessible without having to first conduct invasive testing, for the existence of mold, mildew and/or water intrusion (except when the water intrusion is part of the normal functioning of improvements and appliances such as showers, sinks, dishwashers and other similar appliances and improvements) and/or water damage; (ii) upon discovery, immediately repair in a good and workman-like condition the source of any water intrusion in the parts of the Building that they respectively maintain; (iii) remediate or replace, in accordance with current industry accepted methods, any building material located in the parts of the Building that they respectively maintain that has absorbed water or moisture as a result of water intrusion; and (iv) promptly and regularly remediate, in accordance with current industry accepted methods, all mold and/or mildew discovered in the parts of the Building that they respectively maintain. In addition, the Master Association agrees to notify the Owners, and each Owner agrees to notify the Master Association of the discovery of mold, mildew and/or water intrusion and/or damage in the parts of the Building that they respectively maintain. Each Owner further agrees not to block or cover or permit anyone to block or cover any of the heating, ventilation or air-conditioning ducts located in its Master Unit.

Notwithstanding anything to the contrary herein, Declarant shall have no obligation to perform any invasive testing or inspections, maintenance or repairs in accordance with this subparagraph and shall not be held liable for any loss or damage caused by the failure of the Master Association or an Owner to perform their obligations herein.

(h) Inspection Obligations.

(i) Contract for Services. In addition to the Master Association's general maintenance obligations set forth in this Master Declaration, the Master Association shall, at all times, contract with (subject to the limitations otherwise set forth in this Master Declaration) or otherwise retain the services of independent, qualified, licensed individuals or entities to provide the Master Association with inspection services relative to the maintenance, repair and physical condition of the Master Condominium.

(ii) Inspection Responsibilities. Declarant shall provide the Master Association with maintenance criteria, maintenance manuals, and warranty requirements for the Building (collectively, the "Maintenance Manual"). The inspectors shall inspect Master Unit parts of the Building in accordance with the Maintenance Manual. The Master Association shall update the Maintenance Manual on a regular basis. The Master Association shall be responsible for meeting all requirements under such Maintenance Manual.

(iii) Schedule of Inspections. Such inspections shall take place at least annually or as recommended in the Maintenance Manual. The inspectors shall provide written reports of their inspections to the Master Association promptly following completion thereof. The written reports shall identify any items of maintenance or repair that either require current action by the Master Association or will need further review and analysis. The Board shall report the contents

of such written reports to the members of the Master Association at the next meeting of the members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the Master Association. Subject to the provisions of the Master Declaration below, the Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors.

(iv) Notice to Declarant. For a period of ten (10) years after the conveyance of the last Master Unit in the Master Condominium, or any portion thereof, to an Owner other than Declarant, the Master Association shall, if requested by Declarant, deliver to the Declarant ten (10) days advance written notice of all such inspections (and an opportunity to be present during such inspection, personally or through an agent) and shall provide the Declarant (or its designee) with a copy of all written reports prepared by the inspectors.

16. MORTGAGEE RIGHTS

(a) Unless at least two-thirds (2/3) of the Mortgagees and Owners of both Master Units give their consent, the Master Association or the membership shall not:

(i) By act or omission seek to abandon or terminate the Master Condominium;

(ii) Change the pro rata interest or obligations of any individual Master Unit for the purpose of (A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (B) determining the pro rata share of ownership of each Master Unit in the Common Elements;

(iii) Partition or subdivide any Master Unit in any manner inconsistent with the provisions of this Master Declaration;

(iv) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (the granting of easements or licenses, as authorized herein, shall not be deemed a transfer within the meaning of this clause); or

(v) Use hazard insurance proceeds for losses to any portion of the Property (whether to the Master Units or to Common Elements) for other than the repair, replacement or reconstruction of such portion of the improvements on the Property.

(b) The provisions of this Paragraph shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required by the Act or the Master Condominium Instruments for any of the actions contained in this Paragraph.

(c) Where a Mortgage Holder obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable for the share of the Common Expenses or assessments by the Master Association chargeable to such Master Unit that became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Master Units, including such Mortgage Holder, its successors and assigns. Additionally, such Mortgage Holder shall be responsible for all charges accruing subsequent to the passage of title, including, but not limited to, all charges for the month in which title is passed.

(d) Upon written request to the Master Association, identifying the name and address of the Mortgage Holder and the Master Unit, any Mortgage Holder will be entitled to timely written notice of the following and shall have the right to cure violations of the following subsections:

(i) any condemnation loss or any casualty loss which affects a material portion of the Property or any Master Unit on which there is a Mortgage held by such Mortgage Holder;

(ii) any delinquency in the payment of assessments or charges owed by an Owner of a Master Unit subject to a Mortgage held by such Mortgage Holder which remains unsatisfied for a period of thirty (30) days and any default in the performance by an individual Owner of any other obligation under the Master Condominium Instruments which is not cured within thirty (30) days;

(iii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association; or

(iv) any proposed action that would require the consent of a specified percentage of Mortgage Holders, as specified herein.

(e) Upon written request to the Master Association, identifying the name and address of the Mortgage Holder and the Master Unit, a Mortgage Holder or insurer or guarantor of a Mortgage on a Master Unit, will be entitled to timely written notice of the following and shall have the right to cure violations of the following subsections:

(i) any proposed amendment of the Master Condominium Instruments effecting a change in (A) the boundaries of any Master Unit or the exclusive easement rights appertaining thereto; (B) the interests in the Common Elements or Limited Common Elements appertaining to any Master Unit or the liability for Common Expenses appertaining thereto; (C) the number of votes in the Master Association appertaining to any Master Unit; or (D) the purposes to which any Master Unit or the Common Elements are restricted;

(ii) any proposed termination of the Master Condominium;

(iii) any condemnation loss or any casualty loss which affects a material portion of the Property or any Master Unit on which there is a Mortgage held by such Mortgage Holder;

(iv) any delinquency in the payment of assessments or charges owed by an Owner of a Master Unit subject to a Mortgage held by such Mortgage Holder which remains unsatisfied for a period of sixty (60) days and any default in the performance by an individual Owner of any other obligation under the Master Condominium Instruments which is not cured within thirty (30) days; and

(v) any lapse or material modification of any insurance policy or fidelity bond maintained by the Master Association.

(f) Upon written request to the Master Association, identifying the name and address of the Mortgage Holder and the Master Unit, a Mortgage Holder shall be entitled to receive any and all written notices that are sent by the Master Association to the Owner of Master Unit to which the Mortgage Holder has a secured interest.

(g) No Priority. No provision of this Master Declaration or the Master Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgage Holder of any Master Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.

(h) Notice to Master Association. Upon request, each Owner shall be obligated to furnish to the secretary of the Master Association the name and address of any Mortgagee encumbering such Owner's Master Unit.

(i) Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to any action shall be deemed to have approved such action if the Master Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Master Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

(j) Construction of this Paragraph. Nothing contained in this Paragraph shall be construed to reduce the percentage vote that must otherwise be obtained under the Master Condominium Instruments or North Carolina law for any of the actions set forth in this Paragraph.

17. DEFAULT AND REMEDIES

(a) Remedies Cumulative. The remedies set forth in this Paragraph for breach of the provisions set forth in this Master Declaration shall be in addition to and not in substitution for any other remedies available to any Owner for breach of this Master Declaration set forth in this Master Declaration or available at law, in equity or otherwise, all of which are intended to be cumulative.

(b) Authority and Enforcement. The Property shall be used only for those uses and purposes set out in this Master Declaration. Every Owner and Occupant shall comply with this Master Declaration, Master Bylaws and rules and regulations promulgated and adopted by the Master Association and any lack of compliance therewith shall entitle the Master Association and, in an appropriate case, one (1) or more aggrieved Owners, to take action to enforce the terms of this Master Declaration, the Master Bylaws or rules and regulations promulgated and adopted by the Master Association.

(c) Self-Help Rights. Notwithstanding anything to the contrary herein contained, the Board or an aggrieved Owner may elect to enforce any provision of this Master Declaration, the Master Bylaws or the rules and regulations promulgated and adopted by the Master Association by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both with the obligation to comply with the procedures set forth in this subparagraph (c) and in subparagraph 17(d) below. In any such action, to the maximum extent permissible, if the other party prevails, the violating Owner shall pay all costs, including reasonable attorney's fees actually incurred.

If self-help is going to be undertaken, the Master Association, its duly authorized agent or the aggrieved Owner shall send the violating Owner a written notice that describes the violation and the violating Owner's obligations under this Master Declaration in reasonable detail and request that the violating Owner thereafter diligently commence and continue the actions necessary to cure such violation within thirty (30) days of the date of receipt of the written notice ("Notice To Cure"); provided, however, that (1) in the case of an emergency involving either imminent danger of personal injury or imminent danger of material damage to property or the interruption of utility services or other critical services to any Master Unit, the cure period shall be three (3) business days after receipt of such Notice To Cure by the failing Owner, and (2) except in the case of such an emergency, if the nature of the failure is such that it is not

subject to cure or remedy solely by the payment of money and if the failing Owner has commenced appropriate curative action prior to the expiration of the cure period and thereafter has diligently pursued the completion of such cure and is continuing to do so, then the cure period shall be extended for such additional period of time, but not more than sixty (60) days, as shall be required to cure such failure with appropriate, diligent and continuous action. If the violating Owner does not comply with such Notice to Cure, the Master Association, its duly authorized agent or the aggrieved Owner shall have the right, but not the obligation, to enter upon the violating Owner's Master Unit and perform such work as is necessary to cure such violation.

(d) Conditions of Self-Help Rights. The right of the Master Association, its duly authorized agent or any other Owners to perform any work under the foregoing subparagraph 17(c) shall be subject to the following conditions and requirements:

- (i) A Notice to Cure shall be given to the violating Owner in accordance with subparagraph 17(c) above;
- (ii) Such work shall be performed in such a manner as not to cause any unnecessary interruption of or undue interference with the business of the violating Owner and/or its Occupants;
- (iii) Such work shall be diligently pursued to completion and, upon completion, the Master Association, its duly authorized agent or the other Owners shall, subject to the work described in subparagraph 17(c) above, restore the relevant portion of the violating Owner's Master Unit as closely as is practicable to the condition that existed immediately before the commencement of such work;
- (iv) The Master Association or the other Owners, as applicable, shall indemnify and hold the violating Owner harmless from and against any and all expenses, liabilities, obligations, damages, penalties, claims, actions, costs and expenses, including reasonable attorneys' fees actually incurred, in connection with loss of life, bodily injury and/or damage to property caused by the Master Association or the other Owners, its employees or agents in connection with the performance of such work, except to the extent the same was caused by the negligence or misconduct on the violating Owner, its employees, licensees or invitees; and
- (v) If the Master Association or its duly authorized agent is performing this self-help work, the Master Association shall pay for all costs and expenses as and when it incurs them in connection with any such work performed, but shall be permitted to collect all such amounts from the violating Owner pursuant to subparagraph 17(c) above. If another Owner is performing this self-help work, such other Owners shall pay for all costs and expenses as and when it incurs them in connection with any work performed pursuant to this subparagraph 17(d), but shall be entitled to assert and file, pursuant to North Carolina law or otherwise, a lien against the violating Owner's Master Unit in the amount of such costs and expenses, as and when paid.

18. COMPLIANCE WITH LAWS AND ZONING

(a) Compliance with Laws. Each Owner shall each be responsible for complying with all laws, statutes, codes, rules, orders, decrees, ordinances, regulations and requirements now or hereafter enacted or promulgated by the United States of America, State of North Carolina, Wake County, City of Raleigh and any other governmental entity or agency now or hereafter having jurisdiction over the Property.

(b) Environmental.

(i) No Owner, lessee, tenant or other Occupant of a Master Unit or any portion thereof, including without limitation, any Owner exercising rights to use portions of a Master Unit other than the Master Unit owned by such Owner, shall handle, store, deposit, use, process, manufacture, dispose of or release or allow any of its agents, employees, contractors or invitees to handle, store, deposit, use, process, manufacture, dispose of or release any Hazardous Substance (hereinafter defined in this subparagraph) of any kind from, on, in, under or in the air above any portion of such Master Unit, including, but not limited to, any surface waters or groundwater located thereon or into public sanitary sewer systems serving the Master Unit without complying with all Environmental Laws (hereinafter defined in this subparagraph), including, but not limited to performing pre-treatment, obtaining permits and giving notices as required by Environmental Laws. "Hazardous Substances" shall mean those substances now or hereafter included within (whether as a result of such substance's inclusion on a list, physical characteristics or otherwise) any of the definitions of "hazardous substances", "hazardous waste", "hazardous materials", "pollutant", "contaminant" or "toxic substance" under or otherwise regulated by, any Environmental Laws; including, but not limited to (A) mixtures containing listed Hazardous Substances and waste generated from the treatment, storage or disposal of Hazardous Substances, (B) asbestos, (C) polychlorinated biphenyls, (D) radioactive materials and (E) petroleum (including crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas and synthetic gas. "Environmental Laws" shall mean and include all present and future federal, state or local laws, rules orders ordinances and regulations pertaining to environmental regulation or the use, processing, storage disposal, generation or transportation of Hazardous Substances or any contamination, cleanup or disclosure related thereto, including, but not limited to, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 *et seq.*, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.* and such regulations as may be promulgated with respect thereto, including, but not limited to the regulations contained in 40 CFR Part 280. Notwithstanding the above, this prohibition shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential, retail and restaurant uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

(ii) Each Owner and Occupant of a Master Unit, including, without limitation, any Owner exercising rights to use portions of a Master Unit other than the Master Unit owned by such Owner, shall be responsible for and shall pay all costs and expenses related to the disposal or release by such Owner, lessee, tenant, Occupant or other user of such Master Unit of any Hazardous Substances, sewage or wastes of any kind in, on, under or in the air above such Master Unit, which costs and expenses shall include, but not be limited to, closure, removal, remediation, cleanup, containment and other response costs, injuries to persons, damages to property, legal expenses and interest paid to any governmental entity.

(iii) No Owner, lessee, tenant, or other Occupant of a Master Unit or any portion thereof, including without limitation, any Owner exercising rights to use portions of a Master Unit other than the Master Unit owned by such Owner, shall handle, store, deposit, use, process, manufacture, dispose of or release or allow any of its agents, employees, contractors or invitees to handle, store, deposit, use, process, manufacture, dispose of or release any explosives, or any flammable, odorous, noxious, corrosive, or pollutant materials or any other goods that would cause danger or nuisance to a Master Unit or any portion of the Building. Furthermore, areas located

within a Master Unit or the Building shall not be used for any purposes unlawful or contrary to any ordinance, regulation, fire code, or health code.

(iv) The provisions of this subparagraph do not affect the rights, liabilities or obligations of any Person under Environmental Laws or other applicable laws, except as may otherwise be expressly provided herein.

(c) Owner's Indemnity. Each Owner and the Master Association (hereinafter referred to in this subparagraph as the "Indemnifying Owner") covenants and agrees, at its sole cost and expense, to indemnify and hold harmless the other Owners and the Master Association (hereinafter referred to in this subparagraph as the "Indemnatee") from and against any and all actions or proceedings arising therefrom, by or on behalf of any Person, firm, corporation or governmental authority, other than the Indemnatee, to the extent arising from the Indemnifying Owner's use, possession or management of the Indemnifying Owner's Master Unit or activities therein or to the extent arising out of the Indemnifying Owner's use, exercise or enjoyment of the easements and licenses granted hereunder and from and against all costs, reasonable attorney's fees actually incurred, expenses and liabilities incurred with respect to any such claim, action or proceeding arising therefrom. In case any action or proceeding is brought against the Indemnatee by reason of any such claim, Indemnifying Owner, upon written notice from Indemnatee, covenants to resist or defend such action or proceeding with attorneys reasonably satisfactory to Indemnatee. Any counsel for the insurance company providing insurance against such claim, action or proceeding shall be presumed reasonably satisfactory to Indemnatee.

19. GENERAL PROVISIONS

(a) Dispute Resolution. Prior to filing a lawsuit against the Master Association, the Board of Directors, or any officer, director, or property manager of the Master Association, an Owner or Occupant must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the property manager, if any, of the Master Association. The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give written notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than seven (7) or more than twenty-one (21) days from the date of receipt of the request.

(b) Enforcement. A breach by an Owner of agreements set forth herein would cause irreparable and continuing injury to the other Owners and, in the event of such breach, monetary damages may be insufficient to compensate such other Owners for its injury. Accordingly, in the event of any breach or threatened breach of this Master Declaration by an Owner, each affected other Owners shall have the right (without the necessity of posting bond) to injunctive relief or to the issuance of an order to compel performance to enforce the provisions set forth herein; provided, however, such right shall be cumulative of any other rights and remedies under this Master Declaration, at law or in equity.

(c) No Third Party Beneficiaries. Except as expressly provided herein, nothing contained in this Master Declaration shall be deemed to create any rights or benefit in favor of any Person other than the Owners, their successors, successors-in-title and assigns.

(d) Successor-in-Title. The provisions of this Master Declaration shall apply to, inure to the benefit of and be binding upon the entirety of the Property, as applicable, and the Owner from time to time of any portion of the Property including, without limitation, any Mortgagee acquiring an interest in

any portion of the Property or any improvements thereon by reason foreclosure, deed or assignment in lieu of foreclosure or purchase at foreclosure sale; provided, however, Mortgagee shall not incur or be required to assume any obligation under this Master Declaration unless and until such Mortgagee has so acquired an interest in any portion of the Property or any improvements thereon. The failure or default by an Owner to comply with any provision hereof shall not affect the validity of any Mortgage, lien or other similar security instrument that may then be existing on such Owner's Master Unit. Whenever in this Master Declaration a reference to an Owner is made, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of such owner or party.

(e) Notices. Each notice concerning the subject matter of this Master Declaration shall be in writing and shall be deemed to have been properly given or served by (i) the deposit of the same with the United States Postal Service or any official successor thereto, designated as certified mail, return receipt requested, bearing adequate postage and addressed to the addressee at the last known address or (ii) delivery by a reputable overnight commercial courier with receipt for delivery obtained by courier properly addressed to the last known address of the addressee of such notice. Each notice may also be served by a commercial courier service addressed as hereinafter provided. Each notice shall be effective upon being deposited with the U.S. Mail or any authorized courier service as aforesaid, but any time frames for responding to any such notice shall run from the date of actual receipt of such notice as indicated by the return receipt of the records of any courier service used. Refusal to accept a notice or communication or the inability to deliver a notice or communication hereunder due to a changed address of which a party has not been notified shall be deemed actual receipt of such notice or communication. For the purposes of this subparagraph, the address of each Owner shall be reflected in the books and records of the Master Association. Furthermore, in the event a Master Unit is submitted to the condominium form of ownership, the registered agent of the condominium Sub-association shall become the notice party hereunder.

(f) Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Master Declaration shall be cumulative with those of any Sub-declaration, and the Master Association may, but shall not be required to, enforce any provisions of the latter; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Sub-declaration or Sub-association shall be subject and subordinate to those of this Master Declaration and the Master Association. In the event of a conflict between the provisions of this Master Declaration and the provisions of North Carolina law, then to the extent that the provisions of North Carolina law cannot be waived by agreement, North Carolina law shall control.

(g) Substantial Compliance With the Act. Each Owner, on behalf of itself and its successors and assigns in title, acknowledges and agrees that the Master Condominium Instruments recorded pursuant to the Act substantially comply with the requirements of the Act and covenants and agrees not to file any type of suit or arbitration challenging the Master Condominium Instruments on the grounds that they do not strictly comply with the requirements of the Act.

(h) Disclosures. Each Owner and Occupant acknowledges and understands the following:

(i) The Property is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

(ii) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future.

(iii) Since in every community there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Property that an Owner or Occupant may find objectionable, and it shall be the sole responsibility of an Owner or Occupant to become acquainted with neighborhood conditions that could affect the Property.

(iv) Concrete surfaces are subject to cracking.

(v) Plumbing, concrete, tile, and hardwood surfaces and other uncovered surfaces within a Master Unit may transmit noise, and such noise shall not be deemed to constitute a use of a Master Unit that interferes with or causes disruption to the use and quiet enjoyment of the other Master Unit or any portion thereof by its respective Owner and/or Occupant.

(vi) The Building may trap humidity created by general use and occupation of such space. As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior facade of the windows and glass. If left unattended and not properly maintained by Owners and Occupants, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold (see subparagraph 15(g) hereof).

(vii) Portions of the exterior skin of the Building are constructed with a hard-coat stucco material.

(viii) The Building is constructed with a flat roof system. Rain water and refuse may accumulate on various portions of the Building's roof system and should be anticipated by the Owners. Minimizing water intrusion and water penetrations may be possible if the Building's roof systems are properly maintained by the parties responsible for providing such maintenance, as more specifically set forth in Paragraph 15 hereof.

(ix) No representation or warranty is made by Declarant with respect to the presence or continued existence of any view, scene or natural light from any portion of a Master Unit. Depending upon development of neighboring properties and the removal or addition of landscaping, an existing view or scene may change, be blocked or interfered with. Similarly, the development of neighboring properties may result in improvements that cast shadows on the Building or block natural light.

(x) The views from a Master Unit may vary depending upon the elevation and location of the Master Unit within the Building.

(xi) The Building and Parking Deck was constructed pursuant to plans and specifications prepared by licensed professionals and permits issued by the City of Raleigh and Wake County. During the course of the construction of any building, including the Building and Parking Deck, variations from the original plans and specifications, some of which add scope, some of which reduce scope, and some of which alter scope, are inevitable and can, do, and did occur as a matter of intention and/or as a matter of necessity. While the Building and Parking Deck was constructed according to standard building practices and building codes existing at the time of the submission of the plans and specifications for the Building and Parking Deck for permit, some code requirements may have changed during the interim period which was not incorporated into the design of the Building and Parking Deck.

(xii) Declarant shall not be responsible for responding to or taking any affirmative action on behalf of the Master Association or an individual member of the Master Association to mitigate, alleviate, remedy or cure any off-site conditions that may directly impact the Condominium or any portion thereof, and such inaction by Declarant shall not constitute a breach of fiduciary duty by the directors and officers of the Master Association that are appointed by Declarant.

(xiii) While the drainage system for surface water runoff on the Property will be constructed in accordance with applicable governmental standards, the Property may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain.

(xiv) The name "222 Glenwood" may have been used by third parties in connection with many different types of real estate properties. As a result, there is a risk that one or more third parties may assert that the name "222 Glenwood" has trademark significance and may assert claims for trademark infringement against the Declarant claiming a likelihood of confusion, and may attempt to force Declarant to change the name or recover for damages for trademark infringement. Declarant believes that it has reasonable defenses to such claims on the grounds, *inter alia*, that the term is merely descriptive, primarily geographically descriptive, and/or dilute, to the extent that no third party can claim exclusive rights in use of the term in connection with real estate development projects, including but not limited to the Master Condominium or a Sub-condominium, or that the overall circumstances of use of the term by Declarant is in different channels of commerce, such that there is no likelihood of confusion with any third party's use of the term. It is believed that due to the common usage of the name "222 Glenwood" in naming developments, and the fact that the name is not known to be in common usage in Raleigh, North Carolina, or more generally in connection with a mixed use retail and multifamily community, the name "222 Glenwood" cannot be lawfully appropriated as a trademark by any third party and is not protectable as a trademark under federal or state law; provided, however, that: (A) Declarant shall have no liability should the Master Condominium or the Sub-condominium be forced to change its name; (B) Declarant shall have no duty to contest any claim asserting that the name should be changed; and (C) each Owner shall, by taking title to a Master Unit, acknowledge that the name "222 Glenwood" was in no way an inducement to purchase, to not sell after purchase, or to expend funds in detrimental reliance on the name remaining "222 Glenwood".

(xv) Unless otherwise provided in this Master Declaration or a separate instrument recorded in the Official Records, the Owners and Occupants of the Retail Master Unit shall have no rights to use and enjoy the facilities of the Residential Master Unit.

(xvi) 222 Glenwood, LLC d/b/a Blue Ridge Realty, the initial Owner of the Retail Master Unit, may provide property management services to the Master Condominium pursuant to a service agreement between Blue Ridge Realty (or an affiliated entity of Blue Ridge Realty) and the Master Association. 222 Glenwood, LLC is not affiliated with the Declarant in any way.

(xvii) Each Owner and Occupant acknowledges that the Master Condominium is located in an urban environment and is part of a mixed-use development containing both residential and commercial uses. Therefore, each Owner and Occupant should expect that there will therefore be sound and vibrations from such things as sirens, whistles, horns, the playing of music, people speaking loudly, trash being picked up, deliveries being made, equipment being operated, dogs barking, construction activity, building and grounds maintenance being performed, automobiles, buses, trucks, ambulances, airplanes, trains and other generators of

sound and vibrations typically found in an urban area. In addition to sound and vibration, each Owner and Occupant should expect that there will be odors (from restaurants, food being prepared in other Units, food stores and dumpsters) and light (from signs, streetlights, other buildings, car headlights and other similar items) in urban areas and that these things are part of the reality and vibrancy of urban living.

In particular, each Owner and Occupant specifically acknowledges that there are active train lines running approximately one hundred (100) feet to the east of the Property, and that such trains produce vibrations from the weight of the train moving on a track and sound from train horns and whistles which sound when a train passes close to the Property. As such, sound and vibrations from trains and other sources may be heard and felt within the Master Units (which contain Residential Condominium Units and may contain Retail Condominium Units).

While some steps have been taken to mitigate sound in the design and construction of Residential Condominium Units, each Owner and Occupant acknowledges that the Residential Condominium Units are not constructed to be soundproof or free from vibrations. In addition, sound and vibration may be heard between Residential Condominium Units, between Residential Condominium Units and some portion of the common elements of the residential Sub-condominium and between Residential Condominium Units and other portions of the Master Condominium. Sounds and vibrations can also be generated from sources located within the residential Sub-condominium or the Master Condominium, including elevator motors, heating and air conditioning equipment, pump rooms, other mechanical equipment, dogs barking and the playing of certain kinds of music.

(xviii) As provided in Section 47C-1-104(c), Declarant has attempted to comply with the requirements of the Act in good faith and has substantially complied with the Act.

(xix) The Property is subject to the following:

(A) Easement(s) to Carolina Power and Light Company recorded in Deed Book 3086, Page 892, Public Records, Wake County, North Carolina.

(B) Easement(s) to Carolina Power and Light Company recorded in Book 9969, Page 1753, Public Records, Wake County, North Carolina.

(C) Notice of Residual Petroleum recorded in Book 11357, Page 1379, Public Records, Wake County, North Carolina.

(D) Rights of others in and to the sidewalk as shown on survey by John A. Edwards, Jr., Professional Land Surveyor, dated January 19, 2005 and last revised February 23, 2006.

(E) Electric meter, telephone pedestal, fiber optic lines, overhead power lines, power poles, gas lines, gas meter, transformer, monitor well, 4" pvc, 18" rcp, 4" drop inlet, 15" rcp, old railroad, sidewalk easement, Progress Energy Carolinas easement, proposed five (5) foot sidewalk easement and construction easement located on the insured land as shown on survey by John A. Edwards, Jr., Professional Land Surveyor, dated January 19, 2005 and last revised February 23, 2006.

(F) Easement Agreement by and between 518 West Jones Street Associates, LLC and 222 Glenwood Investments, LLC, dated February 21, 2006 and recorded in Book 011858, Page 00522, et. seq., Public Records, Wake County, North Carolina.

(G) Memorandum of Lease to 518 West LLC recorded in Book 7155, Page 469, Public Records, Wake County, North Carolina.

(H) Building restriction lines and easement shown in the map recorded in Book of Maps 1995, Page 1473 Public Records, Wake County, North Carolina.

20. EMINENT DOMAIN

In the event of a taking by condemnation or by eminent domain, the provisions of the Act shall prevail and govern. Each holder of a first Mortgage shall be entitled to written notice of any such condemnation proceedings, and nothing in the Master Condominium Instruments shall be construed to give a priority to any Owner in the distribution of proceeds to such Master Unit.

21. GRANT, CREATION AND GENERAL CONDITION OF EASEMENTS

Declarant does hereby establish and create perpetual, non-exclusive (except as and to the extent provided to the contrary herein) easements in, to, over, across, under and through portions of Property for the purposes contemplated in this Paragraph for the use and benefit of the respective Owner of the Residential Master Unit and the Retail Master Unit and each of their respective Permittees, Mortgagees and successors and assigns. The scope, nature and extent of the easements described in this Paragraph shall be as follows:

(a) Utilities - Blanket Easement. Subject to the other provisions of this Master Declaration relating to specific existing or future utilities and the general conditions established in this Paragraph, Declarant hereby declares, grants, creates, imposes and establishes for the benefit of each Master Unit with respect to the other Master Unit, a perpetual, non-exclusive easement for access, ingress, egress to, from, under, through, over and across any portion of such other Master Unit and the Common Elements upon which any existing or future utilities and related improvements are located and the portion of such other Master Unit and the Common Elements reasonably necessary to access (which access shall not be unreasonably withheld, conditioned and/or delayed) those areas where existing or future utilities and related improvements are located, including, but not limited to, electric power, water, fuel, storm drainage, sewer, natural gas, telephone, HVAC refrigerant lines, property monitoring and other telecommunications systems such as closed-circuit cable television and high-speed internet, parking control systems and controlled access systems and all conduit, raceways and other pathways relating to any of the foregoing which benefit the other Master Unit as of the date of this Master Declaration, for the purpose of maintaining, repairing, replacing and using such utilities, subject to the right of the Owner of Master Unit (or, in the case of the Common Elements, the Master Association) upon which such utilities may be located to relocate such utilities at its own cost and expense in a manner reasonably satisfactory to the Owner of benefited property at any time.

(b) Surface Water Drainage and Runoff. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of each Master Unit with respect to the other Master Unit, a perpetual, non-exclusive easement over and across any portion of such other Master Unit (but only that portion) upon which any surface water drainage and runoff flow, which benefits the other Master Unit as of the date of this Master Declaration, subject to the right of the Owner of Master Unit on which such surface water drainage and runoff flow to collect and discharge same at its own cost and expense in a manner

reasonably satisfactory to the Owner of benefited property at any time; and provided that no Owner benefited by such drainage may construct any new improvements or alter any existing or future improvements upon such Owner's property or otherwise divert the flow of water from such Owner's property onto the other Master Unit such that the rate of flow of such drainage or runoff would materially adversely increase over the rate of flow presently existing as of the date hereof, without the prior consent of the affected Owner which consent shall not be unreasonably withheld, conditioned and/or delayed.

(c) Life-Safety - Blanket Easement. Declarant hereby grants for the benefit of the Master Association and each Master Unit a perpetual, non-exclusive easement over and across any portion of the Building upon which any Life-safety Systems are located for the purpose of maintaining, repairing, replacing and using the Life-safety Systems, subject to: (i) the specific maintenance obligations and assessment provisions set forth elsewhere in this Master Declaration; (ii) the right of the Owner of Master Unit on which such systems may be located to relocate the same at its own cost and expense in a manner reasonably satisfactory to the benefited Owner at any time; and (iii) the right of the Owner of Master Unit upon which a Life-safety System is located to modify or relate the systems to meet with requirements of governmental authorities.

(d) Property Monitoring and Access System - Blanket Easement. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of each Master Unit with respect to the other Master Unit, a perpetual, non-exclusive easement over and across any portion of such other Master Unit (but only that portion) upon which the existing or future Property Monitoring and Access Systems and related improvements which serve the Master Units are located for the purpose of maintaining, repairing, replacing and using such Property Monitoring and Access System, subject to: (i) the specific maintenance obligations and assessment provisions set forth elsewhere in this Master Declaration; and (ii) the right of the Owner of Master Unit on which such systems or a portion thereof may be located to relocate same at its own cost and expense in a manner reasonably satisfactory to the benefited Owner at any time. The Owner of any Master Unit benefited by such easement shall not unreasonably refuse to approve the modification or relocation of the easement granted herein by the Owners of the Master Unit upon which they are located to the extent required to comply with any requirements that may from time-to-time be imposed by any governmental entity having jurisdiction over such matters.

THE MASTER ASSOCIATION OR THE DECLARANT MAY, BUT SHALL NOT BE REQUIRED TO, FROM TIME TO TIME, PROVIDE MEASURES OR TAKE ACTIONS THAT DIRECTLY OR INDIRECTLY IMPROVE SECURITY ON THE PROPERTY; HOWEVER, EACH OWNER AND OCCUPANT, FOR HIMSELF OR HERSELF AND HIS OR HER TENANTS, GUESTS, LICENSEES, INVITEES, AND OTHER PERMITTEES, ACKNOWLEDGES AND AGREES THAT NEITHER THE MASTER ASSOCIATION NOR THE DECLARANT IS A PROVIDER OF SECURITY AND NEITHER PARTY SHALL HAVE A DUTY TO PROVIDE SECURITY ON THE PROPERTY. FURTHERMORE, THE MASTER ASSOCIATION DOES NOT GUARANTEE THAT NON-OWNERS AND NON-OCCUPANTS WILL NOT GAIN ACCESS TO THE PROPERTY AND COMMIT CRIMINAL ACTS ON THE PROPERTY NOR DOES THE MASTER ASSOCIATION GUARANTEE THAT CRIMINAL ACTS ON THE PROPERTY WILL NOT BE COMMITTED BY OTHER OWNERS OR OCCUPANTS. IT SHALL BE THE RESPONSIBILITY OF EACH OWNER AND OCCUPANT TO PROTECT HIS OR HER PERSON AND PROPERTY AND ALL RESPONSIBILITY TO PROVIDE SUCH SECURITY SHALL LIE SOLELY WITH EACH OWNER AND OCCUPANT. NEITHER DECLARANT NOR THE MASTER ASSOCIATION SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF MEASURES UNDERTAKEN.

(e) Blanket Easement for Lateral and Subjacent Support; Building Systems; Party Walls and Encroachments. Subject to the other provisions of this Master Declaration relating to specific, existing or future utilities and the general conditions established in this Paragraph, Declarant hereby declares, grants, creates, imposes and establishes for the benefit of each Master Unit with respect to the other Master Unit, a perpetual, non-exclusive easement over and across any portion of such other Master Unit (but only that portion) as follows:

(i) All portions of the Property that are presently utilized for lateral and subjacent support of any portion of the Master Units (including, without limitation, footings and foundations), to the extent located within any such Master Units and benefiting the other Master Unit, as same may from time to time be relocated, constructed or reconstructed in accordance with the terms of this Master Declaration.

(ii) All portions of the Property as may be reasonably required for access to support columns (including, without limitation, footings and foundations), beams, slabs, shear walls, vent and other shafts, mechanical rooms, party walls, ceilings and levels, utility, fire safety, communications, Property Monitoring and Access System, and similar facilities, emergency generator, sump pumps and lift stations, discharge wells, grease traps, HVAC equipment and other Building components from time to time located within a Master Unit or all Master Units and benefiting the other Master Unit, together with the right to inspect, maintain, repair, reconfigure, shore, construct, reconstruct and replace same in accordance with the terms hereof. The foregoing easement for access shall also exist for the purposes of: (A) permitting each of the respective Owners of the Master Units reasonable access to portions of such Owner's Master Unit that abut portions of a Master Unit owned by another Owners as may reasonably be required for such access; and (B) permitting the Owners of the Master Units to reasonably exercise the easements and other rights granted herein and elsewhere in this Master Declaration.

(iii) The Building Systems located within one (1) Master Unit and benefiting the other Master Unit.

(iv) All portions of the Master Units that consist of party walls, as same may be reconstructed; all portions of the Master Units that encroach on the other (including, without limitation, balcony, canopy, awning, landscaping and roof projections and decorative fasciae); and all portions of the Master Units on which unintentional encroachments arise from construction or reconstruction as permitted hereunder or caused by settling which may from time to time hereafter exist.

(f) Emergency - Blanket Easement. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of each Master Unit with respect to the other Master Unit, a perpetual, non-exclusive easement over and across any portion of such other Master Unit (but only that portion) that is needed for emergency egress from the Building.

(g) Common Walls, Levels and Ceilings. Notwithstanding anything to the contrary stated herein, the dividing walls, levels and ceilings separating the Master Units shall be deemed to be party walls, levels and ceilings and each such Owner shall be responsible for one-half of the costs of maintenance, repair and replacement of such party walls, levels and ceilings; provided, however, each Owner shall take all steps required to assure that the fire separation capabilities of such party walls, levels and ceilings are not breached or otherwise adversely impacted by it or anyone claiming by, through or under it. The Owners shall cooperate and coordinate with each other with respect to the maintenance, repair and replacement of any such party walls, levels and ceilings.

(h) Commonly Metered-Used Items. The Owners acknowledge that some utility services on the Property may be metered to one (1) Owner and may benefit another Owner. Except where expressly provided to the contrary herein, the Owner being metered shall have the right, at any time, at its cost, to have an engineer or other consultant reasonably acceptable to the other Owner analyze the typical amount of usage allocable to the other Owner. The Owner being metered may invoice the other Owner for the costs of utility service allocable to the other Owner (based on such typical amount of usage and the rates being charged by the applicable utility companies to the metered Owner). An Owner shall have the right to install sub-meters, at its cost and shall also have the right to at any time, at its cost, to take such steps as may be required to connect the items served by the other Owner's utility meters to its own utility meters or to install separate components that serve solely its Master Unit and disconnect its Master Unit from components operated, maintained, repaired and replaced by the other Owner. In the absence of any of the foregoing, each Owner shall pay for all utility service metered to it and for the costs of operating, maintaining, repairing and replacing such components in a manner so that there will be no disruption of service to the other Owner.

(i) Relocation, Renovation – Access Ways. Any Owner of all or any portion of a Master Unit, shall have the right to expand, reduce, alter, modify, re-configure, relocate and redevelop for repair or replacement the access ways in the ingress and egress easement areas provided for in this Master Declaration, provided that such alteration, modification, re-configuration, relocation and redevelopment for repair or replacement shall be at such Owner's sole cost and expense and shall not adversely affect the rights of the other Owners to make use of the easements benefiting the respective Master Unit of the other Owners in any material respect.

(j) Temporary Closings. In order to establish that the ingress and egress easements and any access ways, located therein are and will continue to remain private property and to prevent a dedication thereof or the accrual of any rights to any person or to the public therein, except as herein specifically granted or as may be reasonably necessary in connection with the performance of any construction, repair, relocation, replacement or maintenance of the improvements comprising such access ways, any utilities or any other improvements, located or to be located in or on the ingress and egress easement areas, the Owner of any Master Unit within the Property on which an ingress and egress easement is located, shall have the right to temporarily restrict access to the general public with respect to all or any portion of any such access way, to the extent and for such limited periods as shall be minimally necessary to prevent such dedication or accrual or to permit such construction, repair, relocation, replacement or maintenance; provided, however, such Owner shall exercise the rights granted in this subparagraph in such a manner so as to neither cause any unnecessary interruption of or undue interference with the business use or the residential occupancy of any portion of the other Master Unit, nor unreasonably interfere with rights and privileges granted herein to the other Owners.

(k) Standards of Reconstruction and Maintenance. Any construction (which work, as used in this subparagraph shall include, without limitation, the reconstruction of the improvements on the Property and any alterations, restoration, maintenance, repair, modernization, expansion, demolition, razing of existing improvements on the Property) which shall or may be performed by the Owner of any Master Unit shall be subject to and performed in accordance with the following requirements and standards:

(i) Upon commencement of any construction, the party performing such construction shall diligently prosecute such construction to completion.

(ii) All construction shall be performed in a good and workmanlike manner using first-class materials and in accordance with the requirements of all applicable Federal, state and local laws orders, rules and regulations (hereinafter referred to in this subparagraph as "Legal Requirements").

(A) The Owner of each Master Unit shall perform its respective construction so as not to:

- (1) Cause any unnecessary increase in the cost of construction of others; or
- (2) Unreasonably interfere with the construction of others and/or any other construction being performed on the Property or any portion thereof; or
- (3) Unreasonably impair the use, occupancy or enjoyment of the Property or any portion thereof by the Owner and/or its Occupants of the other Master Unit; or
- (4) Cause disputes with labor unions that interfere with the construction of others or the use, occupancy, enjoyment or operation of the Property or any portion thereof.

(iii) The Owner of each Master Unit shall use commercially reasonable efforts to cause its architects, contractors and subcontractors to cooperate and coordinate its construction with architects, contractors and subcontractors of the Owners of the other Master Unit to the extent reasonably practicable to achieve the objectives set forth in this subparagraph in such a manner so as not to cause any unnecessary interruption of or undue interference with the business or the residential occupancy of any portion of the other Master Unit and to ensure that the vehicular, pedestrian and utility connections between the Master Units are constructed in accordance with first-class construction practices.

(iv) To the extent that any construction work to be performed on the Property could reasonably be deemed to constitute a hazardous condition for those using the easements established by this Master Declaration or to detract from the attractiveness, which would otherwise exist, of the improvements constructed on the Property or in the event that any later alteration, restoration, repair, rebuilding or modernization or new construction could reasonably be deemed to constitute such a hazardous condition or to so detract from the attractiveness of the Building, the party performing the construction in question will, as promptly as reasonably possible, erect an adequate and attractive appearing construction barricade or other protective device, at or substantially near the building line, but in no event to exceed five (5) feet at grade, if within an easement area, from the building in question (and around any work area, shack area or storage areas, if there be any such) of adequate height and otherwise so as to provide adequate protection to and screening from, the public and shall maintain the same until removal would be consistent with first-class construction practices.

(v) The Owner of each Master Unit will at all times:

(A) Take any and all safety measures reasonably required to protect those using the easements established by this Master Declaration from injury or damage caused by or resulting from the performance of its construction;

(B) Indemnify, hold harmless and defend the Master Association and the Owners of the other Master Unit from and against all claims, demands, suits, costs, expenses and liabilities arising from or in respect to the death, accidental injury, loss or damage cause to any natural person or the property of any person as shall occur by virtue of its construction; and

(C) Indemnify and hold the Master Association and the Owners of the other Master Unit harmless from and against mechanics, material men's and/or laborer's liens and all costs, expenses and liabilities arising from its construction.

(vi) the Owner of any Master Unit shall comply with all Legal Requirements applicable to the stockpiling of soil and shall take such additional steps as the Owner of other Master Unit shall reasonably require to prevent the migration, runoff or other movement of such soil that would affect drainage of the other Master Unit. A "Type A" silt fence shall surround any area in which soil is stockpiled.

(vii) No portion of any ingress and egress easement shall be used as a construction access road or as a means of access, ingress and egress for construction machinery, equipment or materials or for similar purposes (in any such case, "construction access") without the prior written consent of the Owner of Master Unit upon which that easement is located, which consent shall not be unreasonably withheld, conditioned and/or delayed. If any ingress and egress easement created by this Master Declaration is used for construction access, the Owner of Master Unit on which the construction is occurring shall repair any damage to the easement area and/or any improvements or facilities located therein resulting from the use of the easement area for such construction access promptly after it occurs and shall restore the easement area and the improvements or facilities thereon as closely as is practicable to the condition existing prior to such use and to the reasonable satisfaction of the Owner of Master Unit on which the easement is located and the Owner of each Master Unit which is benefited by such easement.

(viii) Before commencing construction or maintenance work of any kind (including use of a suspended crane) on or in a Master Unit owned by another Owners (hereinafter referred to in this subparagraph as the "Affected Owner"), the Owner performing the work (hereinafter referred to in this subparagraph as the "Responsible Owner") shall provide the Master Association and the Affected Owner with evidence of liability and worker's compensation insurance from reputable, financially solvent insurance companies with coverage and limits comparable to the coverage and limits generally required or carried by institutional lenders or investors in real estate in the City of Raleigh naming the Master Association and the Affected Owner as an additional insured and otherwise reasonably satisfactory to the Master Association and the Affected Owner.

Notwithstanding anything to the contrary stated herein the foregoing subparagraph (k) shall not apply to any construction performed by or on behalf of the Declarant.

(l) Access Easements Benefiting the Master Association. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Master Association and its Permittees a perpetual,

non-exclusive easement for access, ingress and egress to, from, over, under and through the entire Property for the performance of its obligations and duties hereunder.

(m) Easements Over and Across the Retail Master Unit and the Limited Common Elements Assigned to the Retail Master Unit. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Owner of the Residential Master Unit and its Permittees the following easements:

(i) a perpetual, exclusive easement over the Retail Parking Levels for the purposes of allowing pedestrian access to and from the Parking Deck and the North Stairs, traveling directly to and from or using the most direct route;

(ii) subject to subparagraph 14(h) hereof, a perpetual, non-exclusive pedestrian and vehicular easement over and across the Parking Deck Driveway (the "Parking Deck Driveway Easement");

(iii) a perpetual, non-exclusive easement over and across the interior walls of the Retail Parking Levels to place, install and maintain up to four (4) signs (none of which shall be more than two feet (2') in width and two feet (2') in height nor located in a manner that interferes with the use and enjoyment of the Retail Parking Levels and the parking spaces contained therein) identifying the Residential Master Unit and directing pedestrians to the improvements on the Residential Master Unit; provided, however, such signs for the Residential Master Unit shall be installed only upon the approval of the Owner of the Retail Master Unit, which approval shall not be unreasonably withheld, conditioned and/or delayed;

(iv) a perpetual, non-exclusive easement over and across the Retail Parking Levels to allow for the maintenance, repair and replacement of the gate, mechanical arm, control panel and other related equipment which controls or restricts access to, over, across and through the Residential Parking Levels; and

(v) a perpetual, exclusive easement to park vehicles in the parking space marked "Residential V1" located on basement level of the Parking Deck, as shown on the Floor Plans (the "Parking Space Easement Area"), along with the right of ingress and egress on, over and over and across the Parking Space Easement Area and the areas immediately surrounding the Parking Space Easement Area to provide access to and from the Parking Space Easement Area to the Residential Master Unit or the Common Elements; provided that the Retail Unit Owner shall have access (upon reasonable notice to the Owner of the Residential Unit) to the grease trap ejector pump located in the Parking Space Easement Area for maintenance of said grease trap ejector pump.

Notwithstanding anything to the contrary stated herein, the Residential Condominium Unit Owners and the Occupants, guests, invitees and customers of the Residential Master Unit shall have no right to park vehicles in the Retail Parking Levels (except for the Parking Space Easement Area) unless such parties pay commercially reasonable parking fees related to the use of parking spaces on the Retail Parking Levels.

(n) Easements Over and Across the Residential Master Unit and the Limited Common Elements Assigned to the Residential Master Unit. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Owner of the Retail Master Unit and their respective Permittees the following easements:

(i) a perpetual, non-exclusive easement over and across those portions of the South Stairs located on the basement and ground floors of the Building to allow for access to and from the Retail Parking Levels;

(ii) a perpetual, non-exclusive easement over and across the South Stairs for ingress and egress to the roof of the Building. Such easement is subject to 24-hour prior notification to the Owner of the Residential Master Unit of the intention to use the same by the Owner of the Retail Master Unit and to the right of accompaniment by the Owner of the Residential Master Unit, in its sole discretion, throughout the period in which the Owner of the Retail Master Unit utilizes that easement. The Master Association shall provide the Owner of the Retail Master Unit with keys for access to the roof of the Building. Notwithstanding the foregoing, the failure or inability of the Owner of the Residential Master Unit to exercise such right of accompaniment upon receipt of prior notice as provided for herein shall not impact the right of the Owner of the Retail Master Unit to use the easement granted herein in a manner consistent with this subparagraph. Furthermore, in the event of an emergency, the Owner of the Retail Master Unit is authorized to use the easements granted herein for the purposes of addressing the emergency situation only and will be required to provide notice to the Owner of the Residential Master Unit of such use immediately following the emergency or as soon as otherwise possible; and

(iii) a perpetual, non-exclusive easement over and across the Trash Compactor Room for the placement of the grease trap that exclusively serves the Retail Master Unit and for access to and from the Trash Compactor Room in connection with the maintenance, repair, and replacement of said grease trap. The Master Association shall provide the Owner of the Retail Master Unit with keys for access to the Trash Compactor Room.

(o) Easements Over, Across, Through and Under the Common Elements.

(i) Benefiting the Owner of the Residential Master Unit.

(A) Marketing. For so long as the Owner of the Residential Master Unit, or its successor and assigns, or a Sub-declarant owns any Residential Condominium Unit primarily for the purpose of sale or lease, Declarant hereby declares, grants, creates, imposes and establishes for the benefit of such Sub-declarant and such Sub-declarant's duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants, invitees, and successors and assigns, a (1) perpetual, non-exclusive easement for access over, across, through and under the Common Elements; (2) non-exclusive easement to use the Common Elements for special events and promotional activities; and (3) non-exclusive easement for access and ingress to, egress from and use of the Common Elements for the placement and maintenance of signs, banners, balloons, decorations, marketing materials, and tables, together with such other promotional facilities as in the opinion of the Sub-declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, marketing, sale or lease of any Residential Condominium Unit located within the Residential Master Unit (hereinafter collectively referred to as "Marketing Materials"); provided, however, such Marketing Materials shall comply with all applicable City of Raleigh Ordinances, and shall not negatively impact the visibility of the Retail Master Unit.

(B) Telecommunications Easement. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Owner of the Residential Master Unit an exclusive, perpetual and irrevocable easement over and across the Residential

Telecommunications Easement Area, for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the Residential Telecommunications Equipment (the "Residential Telecommunications Easement"); provided that the Owner of the Retail Master Unit shall be permitted to have access across the Residential Telecommunications Easement Area to reach the Retail Telecommunications Easement Area as defined herein. Notwithstanding the foregoing, such Residential Telecommunications Equipment shall be screened from view at street-level and shall not exceed a height of fifteen feet (15') measured from the horizontal plane of the roof surface. The Owner of the Residential Master Unit hereby agrees to indemnify the Master Association for any damage caused to the Common Elements in the exercise of any easement rights granted under this subparagraph.

(ii) Benefiting the Owner of the Retail Master Unit.

(A) Telecommunications Easement. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Owner of the Retail Master Unit an exclusive, perpetual and irrevocable easement over and across the Retail Telecommunications Easement Area, for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the Retail Telecommunications Equipment (the "Retail Telecommunications Easement"). Notwithstanding the foregoing, such Retail Telecommunications Equipment shall be screened from view at street-level and shall not exceed a height of fifteen feet (15') measured from the horizontal plane of the roof surface. The Owner of the Retail Master Unit hereby agrees to indemnify the Master Association for any damage caused to the Common Elements in the exercise of any easement rights granted under this subparagraph.

(iii) Benefiting all the Owners of Master Units. Declarant hereby declares, grants, creates, imposes and establishes for the benefit of the Owners of all Master Units, a perpetual, non-exclusive easement over and across certain portions of the Common Elements (as may be shown on the Floor Plans) for the placement and installation of future condensing units, scrubbers, supply air, exhaust vents and louvers serving a particular Master Unit or all Master Units, and the venting from such condensing units, scrubbers, supply air, exhaust vents and louvers.

(p) Easements Benefiting the Declarant.

(i) Easements Over, Across, Through and Under the Common Elements. For so long as Declarant owns a Master Unit or any portion thereof, primarily for the purpose of sale or lease, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns shall have: (A) a non-exclusive easement for access and ingress to, egress from and use of the Common Elements for the placement and maintenance of signs, banners, balloons, decorations, marketing materials and tables, a sales office, a leasing office, a business office, promotional facilities and model Sub-units, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, sale or lease of any Master Unit or any portion thereof (hereinafter collectively referred to as "Marketing Materials"); provided, however, such Marketing Materials shall comply with all applicable City of Raleigh Ordinances, and shall not negatively impact the visibility of the Retail Master Unit; and (B) a non-exclusive easement to use and enjoy the Common Elements for

special events, promotional activities and grand opening celebrations. In connection with the hosting of special events, promotional activities and grand opening celebrations in the Common Elements, Declarant shall be permitted to have live entertainment and any noise created therefrom shall not be deemed a nuisance and shall not cause Declarant and its representatives, agents, associates, employees, tenants and guests to be deemed in violation of any provision of this Master Declaration or any other Sub-declaration or governing rules and regulations of a Sub-association created from a Master Unit.

(q) Cooperation. All easements and licenses granted in this Master Declaration and the use thereof, shall be deemed to be limited to the extent reasonably necessary to accomplish the purposes for which such easements are granted. Each Owner agrees to cooperate with the reasonable requests of the other Owners in furtherance of the spirit and intent of the matters addressed in this Master Declaration. To this end, in the event that an Owner of a Master Unit limits access to its respective Master Unit and/or the Limited Common Elements serving such Master Unit, such Owner shall provide the other Owners having easement rights over such areas a reasonable means of access over the areas to which such easement rights appertain.

(r) Damages Resulting From the Exercise of Easement Rights. Notwithstanding anything to the contrary stated herein, damages caused by the exercise of the easement rights granted in this Paragraph 21, including, but not limited, to reasonable attorneys' fees actually incurred, shall be paid by the responsible Owner, provided that the Permittee of an Owner causing such expense shall be jointly and severally liable.

22. AMENDMENT. This Master Declaration may be amended by a unanimous affirmative vote, written consent or any combination of affirmative vote and written consent of the Master Association, and such amendment shall otherwise comply with the relevant provisions of Section 47C-2-117 of the Act. In addition, as long as Declarant owns any Master Unit or any portion thereof, primarily for the purpose of sale or lease, any amendment to this Master Declaration or the Master Bylaws shall require the written consent of Declarant. Notwithstanding the above, no amendment shall modify, alter or delete any provision of this Master Declaration that benefits Declarant or any license, easement or other contractual rights of Declarant without the written consent of Declarant attached to and recorded with such amendment. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the president and one (1) other officer of the Master Association and recorded in the Official Records.

Notwithstanding that certain of the easements created hereby may ultimately run to the benefit of Occupants and Permittees of an Owner of all or part of the Property or other non-property owners, nothing contained in this Master Declaration shall imply that the consent of any such other benefited parties is required in connection with an amendment, modification or termination of this Master Declaration, unless expressly provided in this Master Declaration.

Upon the submission of a Master Unit to condominium form of ownership, only the consent of the Sub-association, acting through its Board of Directors, shall be required to evidence the consent of such Master Unit or its Owner to any amendments hereto, except as otherwise expressly provided herein.

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may unilaterally amend this Master Declaration to: (a) correct any scrivener's errors; (b) bring any provision of this Master Declaration into compliance with any applicable governmental statute, rule, regulation, judicial determination or rules and regulations of the Federal

National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law which shall be in conflict therewith; and (c) enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property subject to this Master Declaration.

23. SEVERABILITY

If any provisions of this Master Declaration or the application thereof to any entity or circumstances shall be invalid or unenforceable to any extent and such invalid provision does not materially affect the rights of the parties hereto, the remainder of this Master Declaration and the application of such provisions to any other entity or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Declarant has executed this Master Declaration on this 16th day of July, 2008.

DECLARANT: **222 GLENWOOD INVESTMENTS, LLC,**
a Delaware limited liability company

By: CS 105 Glenwood Holdings, LLC,
a Delaware limited liability company,
its managing member

By: CS 106 Glenwood Limited Partnership,
a Delaware limited partnership,
its managing member

By: CS 107 Glenwood, LLC,
a Delaware limited liability company,
its general partner

By: *Thomas R. Barker*
Name: Thomas R. Barker
Title: Vice President

STATE OF North Carolina:
COUNTY OF Wake

I, the undersigned Notary Public in and for said County, in the said State, do hereby certify that Thomas R. Barker, personally came before me this day and acknowledged that he/she is Vice President of CS 107 Glenwood, LLC, a Delaware limited liability company, general partner of CS 106 Glenwood Limited Partnership, a Delaware limited partnership, managing member of CS 105 Glenwood Holdings, LLC, a Delaware limited liability company, managing member of 222 Glenwood Investments, a Delaware limited liability company, and that he/she as, Vice President, being authorized to do so, executed the foregoing on behalf of the company, and he acknowledged the said writing to be act and deed of said company.

Witness my hand and official stamp or seal, this 16th day of July, 2008.

Angela M. Edwards
NOTARY PUBLIC

My Commission Expires:
4-14-2009
[Notary Stamp or Seal]

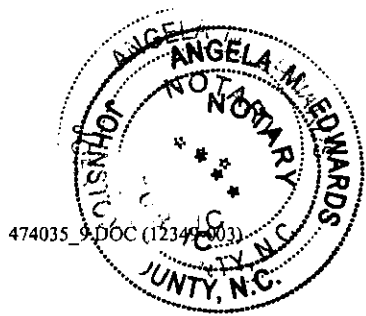


EXHIBIT "A"

DESCRIPTION OF PROPERTY

BEING all of Lot 1 containing 1.5102 acres as shown on that map entitled "Property of Robert S. Warren, Jr. and Margaret W. Warren – Tract 1, Warren Distributing Corporation – Tract 2, Robert S. Warren, Jr. – Tract 3, Recombination & R/W Dedication," as recorded in Map Book 2006, Page 94, Wake County Registry.

TOGETHER WITH all of those rights and easements conveyed in that Easement Agreement executed by 518 West Jones Street Associates, LLC and 222 Glenwood Investments LLC as recorded in Deed Book 11858, Page 522, Wake County Registry.

EXHIBIT “B”

**UNDIVIDED PERCENTAGE INTEREST IN THE
COMMON ELEMENTS, LIABILITIES
FOR THE COMMON EXPENSES AND VOTING**

Unit	Voting Power	Ownership Percentage
Residential Master Unit	89.78	89.78%
Retail Master Unit	10.22	10.22%
TOTAL	100	100.00%

FORMULA: The percentage interest for each Master Unit was calculated by dividing the approximate size of each Master Unit by the total size of the two (2) Master Units. The following measurements were used for each Master Unit:

Residential Master Unit: 180,000 square feet
Retail Master Unit: 20,500 square feet

The approximate sizes used for the purposes of calculating the percentage interests were used for the sole purpose of calculating the ownership percentages in an equitable manner and do not represent a representation or warranty as to the actual size of each Master Unit.

EXHIBIT "C"

BYLAWS

OF

222 GLENWOOD MASTER CONDOMINIUM ASSOCIATION, INC.

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These Master Bylaws may be used only in connection with the property
known as 222 Glenwood Master Condominium and the operation of 222
Glenwood Master Condominium Association, Inc.***

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BYLAWS
OF
222 GLENWOOD MASTER CONDOMINIUM ASSOCIATION, INC.

Article I
General

Section 1. **Applicability.** These Master Bylaws provide for the self-government of 222 Glenwood Master Condominium Association, Inc. in accordance with the North Carolina Condominium Act, the Articles of Incorporation filed with the Secretary of State and the Declaration of Condominium for 222 Glenwood Master Condominium recorded in the Official Records ("Master Declaration").

Section 2. **Name.** The name of the corporation is 222 Glenwood Master Condominium Association, Inc. ("Master Association").

Section 3. **Definitions.** The terms used herein shall have their generally accepted meanings or such meanings as are specified in Paragraph 2 of the Master Declaration.

Section 4. **Membership.** Every Owner shall be a member of the Master Association. Notwithstanding the foregoing, the term "Owner," as used herein, shall under no circumstances mean a Residential Condominium Unit Owner or a Retail Condominium Unit Owner.

Section 5. **Entity Members.** In the event an Owner is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, manager of a limited liability company or representative of such other legal entity shall be eligible to represent such entity or entities in the affairs of the Master Association. Such person's relationship with the Master Association shall terminate automatically upon the termination of such person's relationship with the entity or entities which are the Owner, and termination of the person's relationship with the Master Association will create a vacancy in any elected or appointed position within the Master Association in which such person may have been serving and such vacancy will be filled in accordance with these Master Bylaws.

Section 6. **Voting.** The Owner of each Master Unit shall appoint one (1) representative to the Board of Directors of the Master Association as provided in Article III, Part A, Section 1 below. Each Board representative of a Master Unit shall have the number of votes assigned to the Master Unit on Exhibit "B" of the Master Declaration.

Section 7. **Majority.** As used in these Master Bylaws, the term "Majority" shall have the meaning specified in the Master Declaration. The words "Majority Vote" shall mean more than fifty (50%) percent of the total eligible votes. Except as otherwise specifically provided in the Master Declaration or these Master Bylaws, all decisions shall be by a Majority vote.

Section 8. **Purpose.** The Master Association shall have the responsibility of administering the Master Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of 222 Glenwood Master Condominium ("Master Condominium") and performing all of the other acts that may be required to be performed by the Master Association

pursuant to the North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes ("North Carolina Nonprofit Corporation Act") and the Master Declaration. Except as to those matters which the Act, the Master Declaration or the North Carolina Nonprofit Corporation Act specifically require to be performed by the vote of the Master Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below.

Section 9. Electronic Documents and Electronic Signatures.

- (a) Electronic Documents. Whenever these Master Bylaws require that a document, record or instrument be "written" or "in writing," the requirement is deemed satisfied by an Electronic Document.

- (b) Electronic Signatures. Whenever these Master Bylaws require a signature, an Electronic Signature satisfies that requirement only if: (i) the signature is easily recognizable as a Secure Electronic Signature which is capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (ii) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and that the Electronic Document has not been modified since the signature was affixed.

- (c) Verification and Liability for Falsification. The Board may require reasonable verification of any Electronic Signature or Electronic Document. Pending verification, the Board may refuse to accept any Electronic Signature or Electronic Document that, in the Board's sole discretion, is not clearly authentic. Neither the Board nor the Master Association shall be liable to any Member or any other Person for accepting or acting in reliance upon an Electronic Signature or Electronic Document that the Board reasonably believes to be authentic. Any Member or Person who negligently, recklessly or intentionally submits any falsified Electronic Document or an unauthorized Electronic Signature shall fully indemnify the Master Association for actual damages, reasonable attorneys' fees and expenses incurred as a result of such acts.

Article II
Meetings of Members

- Section 1. Annual Meetings. The regular annual meeting of the members shall be held during the fourth quarter of each year with the date, hour, and place to be set by the Board of Directors. No annual meeting of the Master Association shall be set on a legal holiday. Since directors represent all members of the Master Association, the annual meeting may be held simultaneously with a meeting of the Board of Directors.
- Section 2. Special Meetings. Special meetings of the members may be called for any purpose at any time by the President, or Secretary, or by the request of any member of the Board of Directors. The Secretary shall send notice of such meeting in accordance with these Master Bylaws.
- Section 3. Notice of Meetings. It shall be the duty of the Secretary to mail or deliver to the record Owner of each Master Unit a notice of each annual or special meeting of the Master Association at least ten (10) days prior to, but no more than fifty (50) days in advance of, each meeting. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Master Declaration or these Master Bylaws, any budget changes, and any proposal to remove a director or officer. If any Owner wishes notice to be given at an address other than his or her Master Unit, the Owner shall have designated by notice in writing to the Secretary such other address.

The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered proper service of notice.

Section 4. Waiver of Notice. Waiver of notice of meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or represented by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. Except as may be provided elsewhere, the presence of both Owners, in person or by proxy, shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be re-established.

Section 6. Adjournment. Any meeting of the Owners may be adjourned from time to time for periods not exceeding ten (10) days by vote of the Owners holding the Majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business that could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no additional notice of such reconvened session shall be required.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by personal delivery, U.S. mail or facsimile transmission to any Board member or the property manager. Proxies may be revoked only by written notice delivered to the Master Association, except that: (a) the presence in person by the giver of a proxy at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting; and (b) a later dated proxy shall automatically be deemed to invalidate any previously given proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy.

Section 8. Members' List For Voting.

(a) After fixing a "Record Date" (as hereinafter defined) for a notice of a meeting, the Master Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. The Board shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting. This list must be prepared on the same basis and be part of the list of members. As used herein, "Record Date" shall mean the close of business on the business day preceding the day on which notice is given, unless a date is fixed by the Board.

(b) Beginning two (2) business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, the list of members must be available for inspection by any member for the purpose of communication with other members concerning the meeting, at the Master Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A member, personally or by or with his representatives, is entitled on written demand to inspect and, subject to the limitations of Sections 55A-16-02(c) and 55A-16-05 of the North Carolina

Nonprofit Corporation Act, to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection.

(c) The Master Association shall make the list of members available at the meeting, and any member, personally or by or with his representatives, is entitled to inspect the list at any time during the meeting or any adjournment.

(d) Refusal or failure to prepare or make available the members' list does not affect the validity of action taken at the meeting.

Section 9. Action Taken Without a Meeting. In the Board's discretion, any action that may be taken by the Master Association members at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every member entitled to vote on the matter.

(a) Ballot. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iii) specify the time by which a ballot must be received by the Board in order to be counted. A written ballot may not be revoked. The Master Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the number of written consents setting forth the actions taken is received and equals or exceeds the requisite majority of the voting power required to pass such action at a meeting held on the date that the last consent is executed and such action is consented to by the Declarant, if required. Executed written consents shall be included in the minutes or filed with the Master Association's records. If an action of the members is approved by written consent hereunder, the Board shall issue written notice of such approval to all members who did not sign written consents. Membership approval shall be effective when so announced by the Master Association; provided, however, if the consent is to an amendment to the Master Declaration or these Master Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment.

Section 10. Order of Business. At all meetings of the Master Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Master Declaration, these Master Bylaws or the Articles of Incorporation, unless the Owners present at a particular meeting vote to suspend Robert's Rules at that meeting.

Article III
Board of Directors

A. Composition and Selection.

Section 1. Number of Directors and Term of Office. The affairs of the Master Association shall be governed by a Board of Directors composed of two (2) directors, with the Owner of each Master Unit appointing one (1) director to the Board of Directors. In the event that a Master Unit of the Master Condominium is submitted to a Sub-condominium, the highest-ranking officer(s) of the Sub-association created for such Sub-condominium shall serve as the appointed director(s) of such Master Unit. Each director appointed to the Board of Directors shall be deemed to have full legal authority to act on behalf of the Master Unit such director is representing. The subdivision of a Master Unit of the Master Condominium shall not cause an expansion of the number of directors of the Board. Unless otherwise specified herein or in the Master Declaration, the directors representing each Master Unit on the Board of Directors of the Master Association, and their successors, shall be appointed or elected in the manner provided by the Owner of each Master Unit.

Section 2. Compensation. Directors shall not be compensated for services as such unless and only to the extent that compensation is authorized by a Majority vote of the Board of Directors. In the event that compensation for services is authorized by a Majority vote of the Board of Directors, such compensation shall be shared equally between the directors. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors.

Section 3. Director Conflicts of Interest. Nothing herein shall prohibit a director from entering into a contract and being compensated for services or supplies furnished to the Master Association in a capacity other than as director, provided that the director's interest is disclosed to the Board and the contract is approved by a Majority of the directors who are at a meeting of the Board of Directors at which a quorum is present, excluding the director with whom the contract is made. The interested director shall be entitled to be present at any meeting at which the proposed contract is discussed but shall not be entitled to discuss the proposed contract during the discussion.

B. Meetings.

Section 1. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six (6) months. The newly elected Board shall meet within ten (10) days after each annual meeting of the membership.

Section 2. Special Meetings. Special meetings of the Board may be called by any director on two (2) days notice to the other director given by electronic mail, in person, by telephone, or by facsimile transmission, which notice shall state the time, place, and purpose of the meeting.

Section 3. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the

Board of Directors and a record of all transactions and proceedings occurring at such meetings. One (1) or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 5. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if director(s) holding a Majority of the votes of the Board consent in writing to such action. Such written consents must describe the action taken and be signed by the required number of directors and such written consent or consents shall be filed with the minutes of the Board of Directors. Notwithstanding the foregoing, prior to taking action without a meeting, all directors shall be first provided notice of a meeting (which notice shall state the purpose of the meeting, as well as the time and place where it is to be held), whereupon a director may waive his or her attendance of such meeting and thereby consents to the remaining directors taking action without a meeting.

Section 6. Telephonic Participation. One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and those directors participating by telephone shall be deemed to be present at such meeting for quorum and other purposes. Any such meeting at which a quorum participates shall constitute a regular meeting of the Board.

Section 7. Actions of the Board Requiring a Unanimous Vote of its Members. Notwithstanding anything to the contrary stated herein, and without limiting anything contained elsewhere herein or in the Master Declaration, the following actions of the Board shall require a unanimous vote of the members: (a) adopting the annual budget and annual assessments in accordance with Paragraph 10(g) of the Master Declaration; (b) levying special assessments in accordance with Paragraph 10(j) of the Master Declaration; (c) setting capital reserve contributions in accordance with Paragraph 10(k) of the Master Declaration; (d) employing a professional management agent in accordance with Article III, Part C, Section 3 below; (e) amendments to these Master Bylaws or the Master Declaration; and (f) borrowing money as provided in Article III, Part C, Section 4 of these Master Bylaws.

C. Powers and Duties.

Section 1. Decision Making and Implementation. Except to the extent otherwise specifically and expressly required by the North Carolina Nonprofit Corporation Act, the Articles, the Master Declaration, or these Master Bylaws, the powers herein or otherwise granted to the Master Association may be exercised by the Board of Directors acting through the officers of the Master Association, without any further consent or action on the part of the members; and all agreements and determinations lawfully authorized by the Board of Directors shall be binding on the Master Association.

Section 2. Duties of the Master Association. The Master Association shall manage, operate and arrange for the maintenance and repair of the Common Elements, if any, as set forth in Section 15 of the Master Declaration, and the liability and casualty insurance as described in Section 11 of the Master Declaration. The duties of the Board shall include, but not be limited to, the following:

- (a) managing, operating and arranging for the maintenance and repair of the Common Elements, all portions of the Building Systems, Life Safety Systems and Property Monitoring and Access System that serve all Master Units or which all Owners agree should be maintained by the Master Association as described in Section 15 of the Master Declaration and the insurance for the Master Condominium as described in Section 11 of the Master Declaration;

- (b) preparing an annual budget in which there shall be established the contribution of each Owner to the Common Expenses as provided in Section 8 of the Master Declaration;
- (c) collecting assessments, depositing the proceeds thereof in a bank depository that the Board shall approve;
- (d) opening of bank accounts for the Common Expenses on behalf of the Owners and designating the signatories required;
- (e) controlling, managing, operating, maintaining, improving, and replacing all portions of the Common Elements;
- (f) designating, hiring, and dismissing the personnel necessary for the operation of Common Elements and, where appropriate, providing for the compensation for such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (g) making, amending and enforcing reasonable rules and regulations governing the use and enjoyment of the Property;
- (h) taking any and all actions necessary or appropriate on behalf of itself or any Owner to enforce the covenants and restrictions of the Master Declaration, these Master Bylaws, the Articles, and any other agreement to which the Master Association is a party and which affects the development or maintenance of the Property, including, but not limited to assessing and collecting reasonable fines, taking self-help actions, and filing suit against a violating Owner, Occupant or Permittee;
- (i) obtaining and carrying insurance as provided in the Master Declaration;
- (j) regulating all exterior construction, alterations, additions or improvements of any nature whatsoever on any part of the Master Condominium; and
- (k) acquiring, leasing, holding, and disposing of tangible and intangible personal property and real property.

Section 3. Management Agent. The Board of Directors may employ a professional management agent whose compensation shall be established by the Board to perform such duties and services as the Board shall authorize. The management agreement shall be subject to termination by either party, without cause and without penalty, upon thirty (30) days written notice.

Section 4. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, restoration, or improvement of the Common Elements and facilities, and for other purposes, with the approval of all the members of the Board of Directors.

Section 5. Liability and Indemnification of Officers, Directors and Committee Members. The Master Association shall indemnify every officer, director, and committee member (including directors, officers, and committee members appointed by Declarant during the Declarant Control Period) against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been an officer, director or committee member, whether or not such

person is an officer, director or committee member at the time such expenses are incurred subject to the limitations below. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such officer, director or committee member in the performance of his or her duties, except for activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Association or if such person received an improper benefit. The Master Association, in determining whether to indemnify a director, officer or committee member, shall not impute knowledge to said director, officer or committee member from any source whatsoever; rather, any such determination shall be based on the actual knowledge of the director, officer or committee member. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Master Association (except to the extent that such officers, directors and committee members may also be members of the Master Association), and the Master Association shall indemnify and forever hold each such officer, director or committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member or former officer or director may be entitled. The Master Association shall maintain, as a Common Expense, adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Master Declaration.

D. Committees.

Section 1. Creation. The creation of a committee and appointment of members to such committee shall be approved by the greater of: (a) a Majority of all the directors in office when the action is taken; or (b) the number of directors required to take action at a meeting. The provisions of Article III, Part B, Sections 1-4 and Section 6 shall govern the conduct of the committees. Any committee member may be removed with or without cause at any time and with or without a successor being named.

Section 2. Master Architectural Review Committee. The Board shall establish the Master Architectural Review Committee for the purpose of establishing and maintaining architectural standards in the Master Condominium as provided in the Master Declaration.

Section 3. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize.

Article IV
Officers

Section 1. Designation. The principal officers of the Master Association shall be the President, the Secretary and the Treasurer, all or any of which may be the same person. A Vice President may be elected at the discretion of the Board.

Section 2. Election of Officers. The Master Association officers shall be elected annually by the Board at the first Board meeting following each annual meeting of the members and shall hold office at the pleasure of the Board and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a Majority of the members of the Board, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Master Association and shall preside at all meetings of the members and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act, including, but not limited to, the power to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Master Association.

Section 6. Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under North Carolina law.

Section 8. Treasurer. The Treasurer shall have the responsibility for the Master Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Master Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided in the Master Declaration. The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent.

Section 9. Other Officers. Other offices may be created by the Board, and the Board members that hold such offices shall have such titles and duties as are defined by the Board.

Section 10. Agreements, Contracts, Deeds, Leases, Etc. All agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Master Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V
Rule Making and Enforcement

The Master Condominium shall be used only for those uses and purposes set out in the Master Declaration. The Board of Directors shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Master Units and the Common Elements; provided, however, copies of all such rules and regulations shall be furnished to all Owners. Any rule or regulation may be repealed by the affirmative vote or written consent of a Majority of the total eligible votes of the Master Association at an annual or special meeting of the membership. Every Owner and Occupant shall comply with the Master Declaration, these Master Bylaws, and the rules and regulations of the Master Association, and any lack of compliance therewith shall entitle the Master Association and, in an appropriate case, one (1) or more aggrieved Owners, to take action to enforce the terms of the Master Declaration, these Master Bylaws, or the rules and regulations of the Master Association.

Notwithstanding anything to the contrary stated herein, no rules and regulations that directly impact the Retail Master Unit may be made or modified without the approval of the Owner of the Retail Master Unit.

Article VI
Miscellaneous

Section 1. Notices.

(a) Unless otherwise provided in these Master Bylaws, all notices, demands, bills, statements, or other communications under these Master Bylaws shall be in writing and shall be given via:

- (i) Personal delivery to the addressee; or
- (ii) United States mail, first class, postage prepaid; or
- (iii) Electronic mail; or
- (iv) Facsimile; or

(v) A secure web site, provided that notice shall be deemed given via web site only upon proof that the addressee has retrieved the message.

(b) Addressee. Notice sent by one of the methods described in subparagraph (a) above shall be deemed to have been duly given:

- (i) If to an Owner, at the address, electronic mail address or facsimile number which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Master Unit of such Owner;
- (ii) If to an Occupant, at the address, electronic mail address or facsimile number which the Occupant has designated in writing with the Secretary or, if no such address has been designated, at the address of the Master Unit occupied; or
- (iii) If to the Master Association, the Board or the managing agent, at the postal address, facsimile or electronic mail address of the principal office of the Master Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary. The Secretary shall promptly provide notice to all Owners of any such change in address.

Section 2. Severability. The invalidity of any part of these Master Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Master Bylaws or the Master Declaration.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Master Bylaws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these Master Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year of the Master Association may be set by Board resolution, and, in the absence thereof, shall be the calendar year.

Section 6. Financial Review. A financial review of the accounts of the Master Association shall be performed and a financial statements prepared annually in the manner provided by the Board and a financial statement prepared. However, after having received the Board's financial statement review at the annual meeting, the Owners may, by a Majority of the total eligible votes of the Master Association, require that the accounts of the Master Association be audited as a Common Expense by an independent accountant. Such statement shall be made available to the holder, insurer, or guarantor of any Mortgage on a Master Unit upon submission of a written request and must be available within seventy-five (75) days of the Master Association's fiscal year end. If an audited financial statement by an independent accountant is not required, a Mortgage Holder may have an audited statement prepared at its own expense.

Section 7. Conflicts. The duties and powers of the Master Association shall be those set forth in the North Carolina Nonprofit Corporation Act, the Master Declaration, these Master Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Master Association; provided, however, that if there are conflicts or inconsistencies between the North Carolina Nonprofit Corporation Act, the Master Declaration, these Master Bylaws, or the Articles of Incorporation, then the provisions of the North Carolina Nonprofit Corporation Act, as may be applicable, the Master Declaration, the Articles of Incorporation and these Master Bylaws, in that order, shall prevail, and each Owner of a Master Unit, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

Section 8. Amendment. These Master Bylaws may be amended only by a unanimous affirmative vote or written consent of the Master Association. In addition, as long as Declarant owns any Master Unit or any portion thereof, primarily for the purpose of sale or lease, any amendment to these Master Bylaws shall require the written consent of Declarant. Notwithstanding the above, no amendment shall modify, alter or delete any provision of these Master Bylaws that benefits the Declarant or any license, easement or other contractual rights of the Declarant without the written consent of the Declarant attached to and recorded with such amendment. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. Furthermore, no amendment shall be effective until certified by the President and Secretary of the Master Association.

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may unilaterally amend these Master Bylaws to: (a) correct any scrivener's errors; (b) bring any provision of these Master Bylaws into compliance with any applicable governmental statute, rule, regulation, judicial determination or rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law which shall be in conflict therewith; and (c) enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property subject to the Master Declaration.

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date. No action to challenge any such amendment may be brought after such time.

Section 9. Books and Records.

(a) The Master Association shall keep as permanent records minutes of all meetings of its members and the Board, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the Board in place of the Board on behalf of the Master Association.

- (b) The Master Association shall maintain appropriate accounting records.
- (c) The Master Association or its agent shall maintain a record of its members, in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order, showing the number of votes each member is entitled to cast.
- (d) The Master Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.
- (e) The Master Association shall keep a copy of the following records at its principal office:
 - (i) the Articles or restated Articles and all amendments to them currently in effect;
 - (ii) these Master Bylaws or restated Bylaws and all amendments to them currently in effect;
 - (iii) resolutions adopted by its members or Board relating to the number of classification of directors or to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
 - (iv) the minutes of all membership meetings, and records of all actions taken by the members without a meeting for the past three (3) years;
 - (v) all written communications to members generally within the past three (3) years, and the financial statements, if any, that have been furnished or would have been required to be furnished to a member upon demand during the past three years; and
 - (vi) a list of the names and business or home addresses of its current directors and officers.
- (f) All members of the Master Association and any holder of a first Mortgage shall be entitled to inspect the following records at a reasonable time and location specified by the Master Association, upon written request at least five (5) days before the date on which the member or mortgagee wishes to inspect and copy:
 - (i) its Articles or restated Articles of Incorporation and all amendments to them currently in effect;
 - (ii) its Master Bylaws or restated Master Bylaws and all amendments to them currently in effect;
 - (iii) resolutions adopted by either its members or Board of Directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
 - (iv) resolutions adopted by either its members or Board of Directors relating to the characteristics, qualification, rights, limitations, and obligations of members or any class or category of members;

(v) the minutes of all meetings of members and records of all actions approved by the members for the past three (3) years;

(vi) all written communications to members generally within the past three (3) years, including the financial statements furnished for the past three (3) years;

(vii) a list of the names and business or home addresses of its current directors and officers; and

(viii) its most recent annual report delivered to the Secretary of State.

(g) A member may inspect and copy the following records upon written notice at least five (5) business days before the date on which the member wishes to inspect and copy only if the member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interest as a member; the member describes with reasonable particularity the purpose and the records the member desires to inspect; the records are directly connected with this purpose; and the records are to be used only for the stated purpose:

(i) excerpts from minutes of any Board meeting, records of any action of a committee of the Board while acting in place of the Board on behalf of the Master Association, minutes of any meeting of the members, and records of action taken by the members or the Board without a meeting, to the extent not subject to inspection under subsection 9(a);

(ii) accounting records of the Master Association; and

(iii) the membership list only if for a purpose related to the member's interest as a member. Without the consent of the Board, a membership list or any part thereof may not be: used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the Master Association; used for any commercial purpose; or sold to or purchased by any person.

The Master Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the member.

Notwithstanding anything to the contrary, the Board may limit or preclude member inspection of confidential or privileged documents, including attorney/client privileged communications, executive session meeting minutes, and financial records or accounts of other members. Minutes for any Board or Master Association meetings do not become effective and an official Master Association record until approved by the Board or Master Association membership, as applicable, at a subsequent meeting.

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Register of Deeds

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