

**PUBLIC OFFERING STATEMENT
FOR
MORDECAI COTTAGES CONDOMINIUM**

NOTICE TO BUYERS

You must receive a copy of this Public Offering Statement before signing a contract to purchase a unit in the Condominium (a "*Purchase Contract*"). No conveyance may occur until after the seventh calendar day following execution of a Purchase Contract. You have an absolute right to cancel any Purchase Contract during such seven-day period.

If you elect to cancel the Purchase Contract, you may do so by hand delivering or mailing by prepaid United States mail a written notice of such to the Declarant (defined below) before midnight on the seventh calendar day after the date on which you executed the Purchase Contract.

MORDECAI COTTAGES CONDOMINIUM PUBLIC OFFERING STATEMENT

THIS PUBLIC OFFERING STATEMENT (this "**Statement**") identifies and provides information to prospective Buyers (each a "**Buyer**") about the Mordecai Cottages Condominium (the "**Condominium**") and the condominium land units (the "**Units**") within the Condominium, as required by the North Carolina Condominium Act, North Carolina General Statutes Chapter 47C, N.C.G.S. §§ 47C-1-101, et seq (the "**Act**"). This Statement is being delivered to each Buyer prior to the formal acceptance of a binding contract for the purchase of a Unit (the "**Purchase Contract**").

1. Name and Principal Address of the Declarant & Condominium. The Declarant of the Condominium (the "**Declarant**") is Legacy Custom Homes, Inc., whose principal address is 3304 Six Forks Rd, Ste 100, Raleigh, NC 27609. The name of the Condominium is the "*Mordecai Cottages Condominium*." The condominium is located in Raleigh, North Carolina and the addresses of the Units are identified in Exhibit B of the Declaration (as defined below).

2. General Description of the Condominium. The Declarant intends to develop the Condominium as a residential community consisting of up to seventeen residential cottages on the real property described on **Exhibit B** attached hereto (the "**Property**"). The Property will be developed as seventeen (17) land units (the "**Land Units**" or "**Units**"), each with a residential building to be constructed thereon. The Condominium has been created as of the recording of the "*Declaration of Condominium for Mordecai Cottages Condominium*" (the "**Declaration**") in Book 20075, Page 1746, of the Wake County Register of Deeds. The Common Elements outside of the Land Units include landscaping, private roads, driveways, and shared yards. Each Unit will include a driveway area as a Limited Common Element attached to and appurtenant to the Unit. Each Unit will have a post box assigned to it and will be maintained in a designated area of the Condominium to be determined. Each Unit shall also have an undivided interest in the driveways and other common areas of the Condominium as designated in the final. The Units will be restricted to residential use.

3. Number of Units in the Condominium. The Condominium will consist of 17 Land Units.

4. Condominium Documents. Copies of the following condominium documents are attached to this Statement:

- Declaration of Condominium for Mordecai Cottages Condominium - **Exhibit C**
- Bylaws of Mordecai Cottages Condominium Association, Inc. (the "**Association**") - **Exhibit D**

There are no Association rules or regulations in effect at this time; but the Declaration allows the Association's Executive Board to adopt rules and regulations as it deems appropriate. There are no contracts or leases to be signed by the Buyer at closing.

5. Balance Sheet and Projected Budget. There is no current balance sheet for the Association. A copy of the projected budget (or current year's actual budget) is attached as **Exhibit E** (the "**Budget**"). The Budget includes: (i) the identity of the entity who prepared the budget; (ii) the occupancy and inflation assumptions used in determining the budget; (iii) the amount of reserves for repairs and replacements (*if any*); (iv) the amount of any other reserves; (v) categorized projected expenses of the Association; and (vi) the projected monthly common expense assessment for each Unit. The budget is based upon good faith estimates of expenses and a 100% collection rate; therefore, the actual budget may be adjusted due to unanticipated cost overages or unexpected costs. Each Unit in the Condominium will be subject to assessment by the Association for a share of the common expenses as specified in the Declaration. All assessments are subject to change in accordance with the terms of the Declaration.

6. Unbudgeted Projected Common Expenses. There are no services which the Declarant provides to the Condominium, nor any expenses which the Declarant pays on behalf of the Association, that are not reflected in the projected budget attached to this Public Offering Statement, or which the Declarant expects may become a common expense of the Association in the future.

7. Initial or Special Fees. In order to capitalize the Association's operating fund, each Buyer shall make a working capital contribution (the "**Capital Contribution**") to the Association at the closing of the purchase of the Unit. The initial amount of the Capital Contribution shall equal three months' assessments levied on that Unit for the fiscal year in which such closing occurs. The Declarant reserves the right to increase the amount of the Capital Contribution in the future based upon the Association's then-current budgetary needs and the applicable Unit's percentage interest of common elements; provided that the amount of the Capital Contribution charged to subsequent Buyers may never be less than the amount previously charged to a similar Unit type. At closing the Buyer shall also: (i) reimburse the Declarant for the Unit's pro rata share of insurance premiums paid by the Declarant for that coverage year; and (ii) pay the Unit's pro rata share of the Association's annual assessment for that month. This Capital Contribution and other amounts described above are in addition to the customary closing expenses charged to Buyers in residential real estate closings in North Carolina.

8. Existing Liens and Encumbrances. The Property is currently encumbered by the following instruments: (i) Deed of Trust in favor of Farmer's & Merchant's Bank, a/k/a F&M Bank recorded at Book 20029, Page 300, and reaffirmed in Book 20029, Page 300, Wake County Registry; (ii) three (3) Deeds of Trust in favor of Bank OZK recorded in Book 20029, Page 321, Book 20122, Page 798, and Book 20122, Page 816, Wake County Registry; (iii) six (6) Deeds of Trust in favor of TowneBank recorded in Book 20116, Page 1082, Book 20116, Page 1094, Book 20116, Page 1106, Book 20116, Page 1118, Book 20116, Page 1130, and Book 20116, Page 1142, Wake County Registry. All existing monetary liens (including the above-referenced Deeds of Trust) on a Unit being purchased shall be paid in full or released at closing of Buyer's purchase of the Unit. The current year ad valorem property taxes shall be prorated at the time of closing (*if determinable*), or upon issuance of the ad valorem property tax bill for such year. Any other easements or encumbrances affecting the Condominium are attached as **Exhibit F**.

9. Declarant Warranties. Declarant makes no representations or warranties as to the condition or health of any shrubs, trees, or plantings located within the Condominium, but will deliver to the Association any nursery's warranties with respect to those plants. No additional express or implied warranties, unless required by law, are or will be made by Declarant.

10. Statutory Cancellation Period. Pursuant to N.C.G.S. § 47C-4-108 the Act:

- (a) Buyer must receive a Public Offering Statement before signing a Purchase Contract.
- (b) No conveyance of a Unit can occur until seven calendar days following the signing of a Purchase Contract (the "**Cancellation Period**").
- (c) Buyer has an absolute right to cancel the Purchase Contract by giving written notice of such cancellation to the Declarant during the Cancellation Period.

Any change, upgrade, or custom orders (each a "**Custom Order**") submitted by Buyer prior to any Purchase Contract shall be an independent contract, distinct from the Purchase Contract, interpreted in accordance with laws applicable to custom orders.

11. Judgments and Pending Suits. There are no known or recorded unsatisfied judgments or pending suits against the Association. The Declarant has no actual knowledge of any pending suits material, or pertaining in any way, to the Condominium.

12. Deposits. Any deposit (*not including deposits for upgrades*) made in connection with the purchase of a Unit (the "**Deposit**") will be held in an escrow account maintained by the Escrow Agent (as identified in the Purchase Contract) in accordance with the terms of the Purchase Contract and N.C.G.S. § 47C-4-110 of the Act. If the Purchase Contract is not timely cancelled by Buyer as provided in N.C.G.S. § 47C-4-108, the Declarant will use the Deposit in funding the costs of construction and otherwise applied to the Purchase Price due at Closing.

13. Restraints on Alienation. No Unit or any interest in any Unit may be subjected to a "*time-share program*" (as defined in the North Carolina General Statutes). Units may be leased as permitted in the Declaration.

14. Insurance Provided. Insurance has been obtained or shall be obtained prior to the date of closing whereby the common elements and the shell building improvements of the Condominium are insured for 100% replacement coverage, less a commercially reasonable deductible not to exceed \$10,000.00. The insurance includes (or shall include) liability and fidelity bond coverage of at least \$1,000,000.00 per occurrence. The Units, including the interior of any Unit and any facilities not defined as Common Elements in the Declaration, are not insured by the Declarant or the Association. The Declarant or the Association will provide a copy of the current insurance policy to any Buyer upon request. Buyers are advised that it is in their interest to examine the specifics of the insurance coverage with their insurance advisor and to obtain such additional and supplemental insurance as they may determine.

15. Future Fees or Charges to be Paid by Owners. Owners of Units will pay annual assessments to the Association for their pro rata share of the common expenses of the Association. In addition, the Association shall have the authority to levy special assessments in accordance with the Declaration, and the Association is authorized to levy specific assessments against particular Units for certain items described in the Declaration. All current and known future fees and charges to be paid for the use of the common elements and other facilities related to the Condominium are listed on the Budget.

16. Financial Arrangements - "Must Be Built" Improvements. The Declarant has sufficient funds or expects to secure sufficient financing to complete construction of all improvements, if any, labeled "*Must Be Built*" pursuant to the Act.

17. Zoning and Land Use Requirements. The Property is zoned R-10, which permits multi-unit residential. The real property upon which the Condominium is situated is not subject to any local zoning ordinances or other land use requirements that will in any way interfere with the intended use of the Condominium, as set forth in the Declaration.

18. Alienation of Common Elements. The Common Elements within the Condominium may be alienated or conveyed only in accordance with N.C.G.S. §47C-3-112. In order to convey the Common Elements, or subject them to a security interest, at least 80% of the persons entitled to cast of the votes in the Association must agree, including 80% of the votes allocated to Units not owned by the Declarant; and if a Limited Common Element, all the owners of Units to which the Limited Common Element is assigned must agree.

19. Development Rights. Declarant (as defined in the Declaration) has reserved certain development rights with respect to the Condominium, all of which are as more particularly in the Declaration (the "**Development Rights**"). These Development Rights include the right to: (i) relocate Land Units boundaries within the Condominium; (ii) convert Land Units or any part thereof into Common Elements, or to convert Common Elements to Land Units; (iii) alter the size of or subdivide a Land Unit; (v) construct and maintain any sales office, management office, or model in any one or more of the Units or on any of the Common Elements; (vi) subject to the limitations set out in N.C.G.S. § 47C-3-103(d) & (e) and the Bylaws, appoint and remove any Executive Board member; and (vii) other rights described in N.C.G.S. § 47C-1-103(11). The maximum number of Units that may be created in the Condominium is 17 Units. All Units created pursuant to the exercise of any Development Right shall be restricted to residential use.

During the Declarant Control Period (as defined in the Declaration), Declarant, in its sole discretion, may exercise any or all of the Development Rights. During the Declarant Control Period, no amendment to or modification of the Development Rights may be made without Declarant's prior, written consent, which it may arbitrarily withhold. With respect to the exercise of these Development Rights, no assurances are made regarding: (a) the compatibility of any buildings or improvements erected with existing buildings and improvements in the Condominium in terms of architectural style, quality of construction, or size; (b) Any additional improvements and Limited Common Elements which may be created within the Condominium; (c) the locations of any building or other improvements which may be constructed within the Condominium; (d) the general types or sizes of any additional Limited Common Elements that may be created within the Condominium; or (e) the proportion of any Limited Common Elements to Units created. All Units created pursuant to the exercise of any Development Right shall be subject to all restrictions in the Declaration affecting use, occupancy, and alienation of Units

20. Material Changes to Public Offering Statement. Upon any material change in the information provided in this Statement prior to conveyance of the Unit to Buyer, the Declarant shall cause a written notice of such material change to be delivered to Buyer (the "**Notice of Change**"). Buyer may rescind the Purchase Contract at any time within seven days after its receipt of the Notice of Change. Minor, non-material changes to the information included in this Statement may occur prior to or subsequent to Closing; but such changes shall not re-reactivate the statutory 7-day review period.

[Signatures on Next Page]

Accepted and Acknowledged by Buyer:

BUYER:

_____(SEAL)
Printed Name: _____
Date: _____

_____(SEAL)
Printed Name: _____
Date: _____

All parties identified as "Buyers" in the Purchase Contract MUST sign above.

This Public Offering Statement is only a summary of some of the more significant features of the Condominium and is not intended to substitute for a careful reading of the Exhibits and other documents referenced in this Public Offering Statement, each of which contains additional information which may be material to a decision to purchase a Unit in the Condominium. You are encouraged to consult an attorney or other professional if you need assistance in understanding these documents and the rights, responsibilities, and risks of purchasing property in the Condominium.

Exhibits Attached:

- A - Proposed Purchase Contract Form***
- B - Property Description***
- C - Condominium Declaration***
- D - Bylaws of Mordecai Cottages Condominium Association, Inc.***
- E - Projected Budget for Association***
- F - List of Recorded Easements***

EXHIBIT A
Proposed Purchase Contract Form

[Attached]

MORDECAI COTTAGES CONDOMINIUM PURCHASE CONTRACT

1. PARTIES. This Purchase Contract (the "**Contract**") is made as of the "**Effective Date**" (which is defined as the latest date of execution of this Contract by Seller and Buyer as reflected on the signature page) by **Legacy Custom Homes, Inc.**, a North Carolina corporation, ("**Seller**")

and

_____, (individually and collectively, "**Buyer**").
In consideration of the promises set out below, Seller agrees to sell and Buyer agrees to purchase the Property, as defined below, (the "**Transaction**") upon the following terms and conditions:

2. PROPERTY.

2.1. Property Description. Seller agrees to sell and Buyer agrees to purchase from Seller, the following property:

Legal description: Land Unit (the "**Unit**") of the **Mordecai Cottages Condominium** (the "**Condominium**"), **as shown on Condominium Map 2025, Page 373 and described in the Declaration recorded in Book 20075, Page 1746, Wake County Registry;**

Wake County REIDs: out of 0499973, 0499974, 0499975, 0499976, and 0499977.

Unit Address: _____, **Raleigh, NC 27604** (the "**Property**").

The Land Unit includes an undivided, appurtenant interest in the common areas and facilities and any other limited common elements assigned to the Land Unit, all as described in the Declaration (as defined below). This undivided interest is subject to change in accordance with the terms of the Declaration, as amended and supplemented. The Property of the Condominium is more accurately described in the Public Offering Statement for Mordecai Cottages Condominium Association, Inc. (the "**Association**"), which has been or is being delivered to Buyer.

2.2. Construction. The Unit, the Building, and the remainder of the improvements in the Condominium will be constructed by Legacy Custom Homes Inc., a licensed general contractor, (the "**Contractor**") according to the plans and specifications for the Unit (the "**Plans**"), which are available for Buyer's inspection during business hours at Seller's principal office. Seller has entered into a construction agreement with the Contractor for the construction of the Unit, and, other than assigning the Contractor's construction warranty to Buyer, Seller shall have no liability for any aspect of Contractor's work. Seller shall cause the Contractor to complete construction of the Unit in accordance with the Plans; in compliance with all applicable laws, regulations, codes, and ordinances applicable to the construction of the Property; and in a good and workmanlike manner, with new, good quality materials and components. The square footage can be expected to vary depending on field conditions and actual construction, and Buyer acknowledges the Unit is of a general size consistent with the approximate square footage noted on the Plans. Buyer shall have no right to claim, either before or after Closing, any offset or reduction in the Purchase Price or any right to terminate this Contract or any claim for damages or misrepresentation due to lower square footage measurements of the actual Unit compared to the square footage included the Plans, any other plans and specifications, or any marketing materials.

3. PURCHASE PRICE.

3.1. Purchase Price. The purchase price for the Unit (the "**Purchase Price**") shall be \$_____ and is payable as follows: *(Complete as applicable)*

- (a) \$_____ as earnest money (the "**Earnest Money**"), upon execution of this Contract.
- (b) The balance (including any Change Orders, defined herein below) in cash at Closing upon delivery of the deed and transfer of title.

The Purchase Price shall be paid by wire transfer or cashier's or certified check. The Earnest Money will be: (i) held by Seller in a separate escrow account as required by North Carolina General Statute Section 47C-4-110; and (ii) if not timely cancelled by Buyer pursuant to N.C.G.S. § 47C-4-108, then after the cancellation period expires, used by Seller in funding the costs of construction and otherwise applied

to the Purchase Price due at Closing. If this Contract is terminated, the Earnest Money will be disbursed in accordance with the terms of this Contract. If the Purchase Price is to be paid partly in cash and partly in loan proceeds, then Buyer shall deliver to Seller a Prequalification Letter within five (5) business days of the Effective Date in accordance with **Section 4** below. The Earnest Money is refundable if Buyer fails to obtain financing specified in **Section 4** below.

3.2. Additional Payments. Pursuant to the terms of the Declaration, at Closing, Buyer shall deposit with Seller, for transmittal to the Association, an amount equal to three months' of the monthly installment of the assessment for Common Expenses against the Unit, which will be used for the Association's initial working capital. As of the Effective Date, the estimated amount of monthly Association dues is \$____.00 per Unit. These amounts shall be non-refundable.

3.3. Allowances. The Purchase Price includes the allowances, if any, contained in the Seller's "Standard Features" Exhibit delivered to Buyer prior to entering into this Contract. The cost of all upgrades, if any, shall be paid by Buyer on the date a written change order is approved by Buyer and Seller. All interior finish option selections must be made by Buyer no later than _____, 2026, or Seller reserves the right to make such selections.

4. CONDITIONS.

- (a) Unless otherwise waived by Seller, within five business days after the Effective Date, Buyer shall deliver to Seller a prequalification letter ("**Prequalification Letter**") for a mortgage loan in a principal amount not to exceed 90% of the Purchase Price at prevailing rates and terms from a lender approved by Seller (the "**Mortgage Loan**") or other evidence satisfactory to Seller in Seller's sole discretion of Buyer's financial ability to purchase the Unit. Buyer agrees to use his best efforts to secure the Mortgage Loan, shall take all actions and pay all costs necessary to do so. If Buyer fails to timely deliver a satisfactory Prequalification Letter or other financial evidence to Seller, Seller may elect to terminate this Contract by giving written notice to Buyer at any time prior to Seller's receipt of that Prequalification Letter or other financial evidence, in which case the Earnest Money shall be delivered in accordance with **Section 3.1**. Buyer shall advise Seller immediately upon receipt of the lender's decision.
- (b) Seller shall complete legal development of the Condominium in accordance with all applicable laws and ordinances, including, without limitation, Chapter 47C of the North Carolina General Statutes. The Condominium Declaration for Mordecai Cottages Condominium (the "**Declaration**") is recorded in Book 20075, Page 1746, Wake County Registry, together with the Plat and Plans in Condominium Book 2025, Page 373, Wake County Registry.

5. CLOSING. For a completed Unit, the Closing Date is _____ for a Unit that is to be constructed, the date the Unit is scheduled to be substantially completed is estimated to be on or before _____. An actual Closing Date will be provided at the sheetrock phase of construction. "Substantial Completion" shall mean completion of construction of the Unit to the degree that it is habitable, a certificate of occupancy has been issued by the building inspector's office, and only minor imperfections typically referred to as "punch list" items, if any, remain to be corrected. Provided, however, if Seller is delayed in the progress of construction by any act or neglect of Buyer, material shortages, adverse weather conditions, delays in transportation which were not reasonably foreseeable, or acts of God, then the Closing Date shall be extended by such reasonable time as Seller may determine.

Closing shall occur at the following approved attorney's office: **Midtown Property Law, 4800 Six Forks Road, Suite 120, Raleigh, NC 27609** (the "Designated Closing Attorney"). Buyer acknowledges and agrees that by using Designated Closing Attorney, Designated Closing Attorney will represent Seller and Buyer in this transaction and Designated Closing Attorney cannot offer substantive legal advice to either party in the event of a dispute between them with respect to this Contract or the transaction contemplated herein.

6. ZONING AND ASSESSMENTS: Seller warrants that there are no restrictions, zoning, easements, or other governmental regulations that would prevent the reasonable use of the property for residential purposes. Seller further warrants that there are no encumbrances or special assessments, either pending or confirmed, for sidewalk, paving, water, sewer, or other improvement on or adjoining the Property, except

as follows: NONE. The Public Offering Statement further describes proposed assessments relative to ownership in this Property.

7. OTHER PROVISIONS AND CONDITIONS: The Standard Provisions attached are a part of this Contract. Other provisions and conditions, if any, are set forth on any attached Exhibits, which are incorporated into this Contract by this reference.

BUYER ACKNOWLEDGES RECEIPT OF THE FOLLOWING DOCUMENTS:

Public Offering Statement for Mordecai Cottages Condominium
Condominium Declaration for Mordecai Cottages Condominium
Articles of Incorporation and Bylaws for Mordecai Cottages Condominium Association, Inc.
Disclosure of Agent Duties and Relationships, including Dual Agent

[Signatures on following page.]

BUYER:

_____(SEAL)
Printed Name: _____

_____(SEAL)
Printed Name: _____

Date: _____

SELLER:

Legacy Custom Homes, Inc.,
a North Carolina corporation

By: _____
Name/Title: Daniel W. Russell, President

Date: _____

Contact Information:

Address: _____

Email: _____

Address: 3304 Six Forks Road, Suite 100
Raleigh, NC 27609
Attn: Ward Russell
Email: ward@legacycustomhomes.com

**BUYER'S EXECUTION OF THIS CONTRACT SHALL BE DEEMED AN OFFER TO PURCHASE AND
SHALL NOT BE DEEMED ACCEPTED BY SELLER UNTIL SELLER DELIVERS A FULLY EXECUTED
CONTRACT TO BUYER.**

STANDARD PROVISIONS

1. DEPOSITS. In the event of a dispute between Seller and Buyer over the return or forfeiture of the any Deposit, the escrow agent is required by state law to retain the Deposits in its trust account until it has obtained a written release from the parties consenting to its disposition or until disbursement is ordered by a court of competent jurisdiction.

2. DEFAULT AND REMEDIES. If, prior to Closing, either party is in default of its covenants or obligations under this Contract, which the defaulting party fails to cure within 10 days after its receipt or deemed receipt of written notice of such, the non-defaulting party may, **as its sole and exclusive remedy**, elect to either: (i) terminate this Contract by sending written notice of termination to the defaulting party, in which case the non-defaulting party shall be entitled to the Deposits; or (ii) where Seller is the defaulting party, Buyer may seek specific performance of the Seller's obligation to close the Transaction; provided any action for specific performance is filed within 60 days of the Seller's alleged default. **The remedies provided above shall be each respective party's sole and exclusive remedy for the other party's failure to close this Contract. It is agreed by Seller and Buyer that the amount of a party's actual damages resulting from the other party's failure to close would be difficult or impossible to determine from the nature of the transaction and, after specific negotiation, the liquidated damage amounts described above have been agreed upon as the parties' best estimate of those damages.** Any obligations which are expressly provided to survive a termination of this Contract (e.g. indemnification obligations) and, if the Closing occurs, any provision which by its nature and effect is required to be observed, kept, or performed after the Closing (collectively, the "**Survival Obligations**") shall survive the Closing or termination of the Contract, as the case may be, and remain binding upon and for the benefit of the parties until fully observed, kept, or performed or as otherwise provided in this Contract. With respect to a breach of any of the Survival Obligations, the non-defaulting party shall be entitled to the remedies provided by this Contract, law, statute, ordinance, and/or otherwise, which remedies shall be cumulative. Upon a termination of this Contract, neither party shall have any further obligations under the Contract except for: (a) those obligations which have accrued on or before the date of termination and remain unsatisfied; and (b) the Survival Obligations.

3. RIGHT OF ACCESS & INSPECTIONS. Subject to the provisions of this Section, Buyer may enter and inspect the Property at reasonable times for the limited purpose of determining whether the work performed or being performed conforms with the Plans and the terms of this Contract. In the event that during construction Buyer shall determine that construction does not substantially conform to the Plans, Buyer shall promptly submit a written report of any deficiencies (the "**Inspection Report**") to Seller. Inspection Reports not submitted to Seller, in writing, at least seven days prior to Closing will not be grounds for delaying the Closing. Seller shall have the right to defer remedying/repairing any items listed in a delinquent Inspection Report until after Closing. In no event shall Seller have any obligation to remedy any item listed in any Inspection Report if the construction substantially conforms with the Plans or otherwise complies with the local building codes or the Residential Construction Performance Guidelines prepared by the National Association of Home Builders. Buyer's right of access to the Property prior to Closing is expressly conditioned upon the following: (a) Buyer's entry shall be in such a manner as not to interfere with the progress of construction of the Unit; (b) Buyer's entry upon the Property shall be at its own risk; (c) Buyer acknowledges that construction sites are inherently unsafe and agrees that during construction Seller has no duty to make the Property safe for Buyer's exercise of this right of access; (d) Buyer releases any and all claims for damages and/or losses, irrespective of how caused, as against Seller and its agents (including its Contractor) related to or arising out of Buyer's exercise of this right of access; and (e) Buyer shall indemnify Seller against any claims, losses, damages, and/or expenses (including reasonable attorneys' fees) relating to or arising out of Buyer's exercise of this right of access. (As used in this Section the term "Buyer" shall be deemed to include its representatives and invitees). This indemnification obligation shall survive the Closing or termination of this Contract.

4. OWNER'S ASSOCIATION. Buyer acknowledges that the Property is, or will be, subject to the Declaration. The nature and extent of Buyer's rights and obligations with respect to the Property will be controlled and subject to the Declaration and the Articles of Incorporation, Bylaws, and Rules and Regulations, if any, of the Association (the "**Condominium Documents**"). Seller reserves the right to make changes to the Condominium Documents as may be necessary to conform to applicable laws and governmental regulations, to meet the requirements of lending institutions, to expedite the sale of other condominium units in the Condominium, and/or to establish or reconfigure or more accurately depict

common areas and limited common areas, if any (including, but not limited to, adding or revising provisions related to budgets, percentage interests, square footage, and the like). All such changes shall be considered immaterial changes to the Condominium Documents, provided such changes do not substantially and materially diminish Buyer's interest in the Unit. Buyer acknowledges that the Condominium Documents require or will require unit owners to pay regular assessments, including for insurance, maintenance, operation, and repairs of the common areas and facilities of the Property and to otherwise allow the Association to fulfill its obligations.

5. CLOSING EXPENSES/PRORATIONS. Seller shall pay for the preparation of a deed and the revenue stamps. Buyer shall pay for recording the deed, all closing costs associated with the Mortgage Loan, for preparation and recording of all instruments required to secure any portion of the Purchase Price, and the premiums for any title insurance it obtains. Each party shall pay their own attorneys' fees. Prorations for the Closing shall be as follows: (a) Ad valorem taxes (both real and personal property) on the Unit shall be prorated on a calendar year basis as of the date of Closing; (b) Seller shall pay all municipal or governmental special assessments which constitute a lien on the Unit as of the date of Closing; and (c) Any prepaid monthly Association assessments paid by Seller with respect to the Unit shall be prorated as of Closing. All other closing costs not specifically set forth in this Contract will be borne by the parties in accordance with local custom.

6. NEW LOAN. Buyer shall be responsible for all charges made to Buyer with respect to any new Mortgage Loan obtained by Buyer, and Seller shall have no obligation to pay any discount fee or other charge in connection with such Mortgage Loan unless specifically set forth in this Contract.

7. WARRANTIES: At Closing, Seller is deemed to have assigned the Contractor's construction warranty received by it for the Property to Buyer. **EXCEPT FOR THAT CONSTRUCTION WARRANTY AND THE TITLE WARRANTIES INCLUDED IN THE DEED FOR THE PROPERTY TO BE DELIVERED BY SELLER AT CLOSING, SELLER MAKES NO OTHER WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY.**

8. PLANS/CONSTRUCTION STANDARD: Copies of the plans and specifications for the Unit which list materials to be installed and work to be performed (the "**Plans**") are available for Buyer's inspection during business hours at Seller's sales office. Seller will have the right to substitute materials of equal quality, pattern, and design if it is unable to obtain the exact materials indicated in the Plans through Seller's ordinary and usual sources. It is also understood that dimensions may vary somewhat according to field conditions. Any model unit or marketing materials are displayed for illustrative purposes only. Such display shall not constitute an agreement or commitment on Seller's part to deliver the Unit purchased in exact accordance with any model or marketing material. None of the items or furnishings shown in any model are included in this Contract unless Seller specifically agrees in writing to deliver those items/furnishings as part of the Purchase Price. It is imperative that Buyer carefully and thoroughly inspects the Plans or a comparable model unit, if available, before signing this Contract to make sure that it is satisfied with the construction standard used in constructing the units. Seller will correct any construction defects which affect the structural soundness or functionality of the Unit (please refer to the Construction Warranty for more details as to Seller's repair/correction responsibilities); Seller will be responsible for, or otherwise repair/correct, aesthetic or cosmetic imperfections which are not in line with industry practices.

9. DEED. At Closing, Seller shall deliver a **special warranty deed** to Buyer, subject only to the Permitted Exceptions (as defined below), conveying to Buyer a fee simple marketable title in the Unit. The Unit shall be conveyed to Buyer free and clear of all liens and encumbrances, claims, easements, leases, restrictions or restrictive covenants, except: (i) ad valorem taxes for the then current year; (ii) zoning and building laws or ordinances, provided they do not prohibit the use of the Unit for residential purposes and so long as the Unit is in material compliance; (iii) all liens, covenants, easements, and the like included in the Condominium Documents; and (iv) all other all liens and encumbrances, claims, easements, leases, restrictions or restrictive covenants of record which affect the Unit.

10. COMPLETION OF CONDOMINIUM. Buyer acknowledges that construction activities at the Property may continue subsequent to the Closing and that such activity may cause inconvenience such as construction traffic, construction labor activity, trash hauling, noise, dust, interruption of services, and other annoyances to Buyer. Buyer waives any and all claims it may have against Seller, its Contractor,

employees, and agents as a result of such activity and agrees to indemnify Seller, its Contractor, employees, and agents against any claims, losses, damages, and/or expenses (including reasonable attorneys' fees) relating to or arising out of Buyer's entry into any area of construction on the Property. (As used in this Section the term "Buyer" shall be deemed to include its representatives and invitees). This indemnification obligation shall survive the Closing or termination of this Contract.

11. UNIT NUMBERING. The unit numbers used in this Contract and in any other documents or materials supplied to Buyer are subject to change. The City of Raleigh may require changing certain unit numbers in the future. Seller shall inform Buyer of any change in unit number for the Unit, and that new number shall automatically become the identifying number for the Unit as used in this Contract and in any other documents or materials supplied to Buyer.

12. FIRE OR OTHER CASUALTY. If the Condominium or Unit is substantially damaged or destroyed by fire or other casualty prior to Closing, then Seller or Buyer may, at its option, either terminate this Contract by delivery of written notice to Buyer, in which event the Deposits shall be returned to Buyer, or extend the Closing for a period of up to 180 days from the date of the casualty in order to repair the damage.

13. LABOR OR MATERIAL. Seller shall furnish at Closing a standard form lien affidavit and indemnification agreement showing that all labor and materials, if any, furnished to the Property within 120 days prior to the Closing have been paid.

14. ASSIGNMENTS. This Contract may not be assigned by Buyer without Seller's prior written consent, which may be withheld by Seller in its sole discretion. Seller shall have the right to assign this Contract without Buyer's consent. No assignment, even if permitted, shall release the original party. Any purported assignment or delegation by a party in violation of this Section is void and of no force or effect.

15. PARTIES. This Contract shall be binding and shall inure to the benefit of the parties and their heirs, successors, and permitted assigns. All words and phrases in this Contract shall be construed to include the singular or plural number, and the masculine, feminine, or neuter gender, both as the context requires. If Buyer is composed of more than one person, the choices, designations, and other decisions of one Buyer shall bind all of the other Buyers, and all persons composing Buyer shall be jointly and severally liable for all obligations of Buyer under this Contract.

16. EVIDENCE OF TITLE. Upon Buyer's request, Seller shall deliver to Buyer a copy of Seller's most recent owner's title insurance policy for the Property.

17. FORCE MAJEURE. If Seller or Buyer shall be delayed, hindered, or prevented from the performance of any act required under this Contract (other than the payment of money) by reason of governmental restrictions, extreme weather or other act of God, scarcity of labor or materials, strikes, or any other reasons beyond its reasonable control (e.g., adverse soil conditions), the performance of the act shall be excused for the period of delay, and the period for the performance of the act shall be extended for the period necessary to complete performance after the end of the period of the delay.

18. TIME IS OF THE ESSENCE. Time is of the essence with respect to the payments and undertakings required of the various parties. If any time period under this Contract ends on a Saturday, Sunday or any day on which the state courts of Wake County, North Carolina are closed, that time period shall be extended until the next business day.

19. BROKERS. Seller's Broker has represented Seller's interest in this Transaction and Buyer's Broker has represented Buyer's interest in this Transaction. Pursuant to separate contracts between Seller and the Brokers, Seller shall be responsible for the broker or realtor commissions due the Brokers in connection with this Transaction in the amount of 2.5% of the Purchase Price. Except for the Brokers, each party represents that no other broker or similar person has acted for or on its behalf in this Transaction. Except as otherwise provided above, each party shall defend, indemnify, and hold harmless the other from and against any and all claims, demands, and the cost and expense thereof (including reasonable attorneys' fees) arising out of any brokerage commission, fee, or other compensation due or alleged to be due in connection with the Transaction based upon an agreement alleged to have been made or other action alleged to have been taken by the indemnifying party. This indemnification obligation shall survive the termination of this Contract or Closing, as applicable.

20. MISCELLANEOUS. This Contract constitutes the entire and exclusive agreement between the parties on the Transaction and supersedes any and all prior agreements, arrangements, and understandings, whether written, oral, electronic, or otherwise, between the parties with respect to the Transaction. This Contract may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one Contract. This Contract shall be deemed executed and completed in North Carolina and all matters (including torts) relating to or arising out of this Contract or the relationship of the parties under this Contract, shall be construed in accordance with the laws of North Carolina, without giving effect to its conflict of laws principles. Except where another form of notice is specifically permitted in this Contract, to be effective, a notice required under this Contract must be in writing, addressed to the appropriate address noted in this Contract or as otherwise noted in writing in accordance with this provision, and must either be: (a) hand delivered (deemed received on receipt or refusal of delivery); (b) delivered by a nationally recognized overnight express delivery service (deemed received the next business day); (c) deposited in the United States Mail, registered or certified mail, postage prepaid, return receipt requested (deemed received the third business day after posting); or (d) sent by confirmed email transmission during normal business hours (deemed received on confirmed receipt of transmission). No modification of this Contract shall be binding unless in writing, identified as a modification, and signed by the party against which that modification is sought to be enforced. Except where such modifies, impairs, or expands its rights or duties under this Contract, the holder of the Deposits need not be a party to an amendment of this Contract. With respect to the rights and remedies provided by this Contract: (i) except as expressly provided otherwise in this Contract, they are cumulative and are given in addition to any other rights a party may have by law, statute, ordinance, or otherwise; (ii) the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies; and (iii) no waiver of any right or remedy shall be enforceable unless it is in writing, identified as a waiver, and signed by all of the parties in interest that may be adversely affected by such waiver. In no event shall a waiver, even if in writing and properly executed, operate as a waiver of any other right or remedy or of the same right or remedy on a future occasion. In addition to any other available remedy, in any legal action or proceeding (collectively, "**Legal Action**") brought to enforce any provision of this Contract, or where any provision of this Contract is validly asserted as a defense in such Legal Action, the successful party in such Legal Action shall be entitled to recover reasonable attorneys' fees incurred by it in such Legal Action from the unsuccessful party. This right shall survive a termination of this Contract. The determinations of "successful party" and "unsuccessful party" shall be included in the matters which are the subject of such Legal Action. Whenever possible, each provision of this Contract shall be interpreted in such manner as to be valid under applicable law. Provided that doing so does not adversely affect, in any material respect, the economic or legal substance of the transactions contemplated by this Contract as to any party, if, for any reason, a provision is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, such shall not affect the validity of the remaining provisions. In that case, in lieu of the illegal, invalid, or unenforceable provision, there shall be automatically added, as a part of this Contract, a provision as similar in terms as necessary to render the provision legal, valid, and enforceable.

21. BUYER'S REPRESENTATIONS. Buyer represents that:

(a) Buyer understands, acknowledges, and accepts that the Unit is part of the Condominium, which is a commercial structure in an urban setting. Condominium living is a form of shared living, with Buyer and every other buyer purchasing a separate living space that shares many common elements with other unit owners (unit owners to include Buyer) and other building systems such as walls, hallways, elevators, building systems and services, structure, and the like. As such, unit owners may hear their neighbors, both next door and/or those in units above or below. Unit owners may hear sounds and/or feel vibrations from building systems transmitting through the structure of the Building, or may hear noises or smell odors or feel vibrations from other units. Unit owners may also experience, as part of the urban environment, building construction on a nearby or adjacent lot, interior alterations made by adjacent unit owners, changes in public road patterns that affect access to the Unit, changes in view corridors and exterior lighting levels, street noise, and dust due to pedestrian, vehicular, and commerce at any time of day or night, commercial and transport and emergency response traffic, and other types of urban events. These and other events are common to commercial structures in urban settings and Buyer understands, acknowledges, and accepts that Seller makes no express or implied warranties or representations about whether the Unit is suitable as Buyer's residence due to these factors, present and future, foreseen and

unforeseen, and further that Buyer shall not object or take any action that either directly or indirectly may cause damage or loss to Seller or any unit owner in response to such nuisances.

(b) Buyer acknowledges that Seller desires to arrange and maintain Fannie Mae ("**FNMA**") approval for the Condominium. Among other requirements of FNMA, investor ownership of units are limited to certain percentages of total ownership. Consequently, at Seller's sole discretion, Seller reserves the right to restrict and limit sales of units to investor owners.

Buyer intends to purchase the Unit as:

- ☐ Buyer's primary residence
- ☐ Buyer's secondary residence
- ☐ Investment purposes, for rent and long-term ownership

This Section shall survive Closing.

EXHIBIT B
Property Description

BEING all of New Lots 1, 2, 3, 4 and 5, as shown on that certain Private Drainage Easement, Access Easement & Recombination Plat prepared by John A. Edwards, Jr., P.L.S., recorded in Book of Maps 2022, Page 1784, Wake County Registry, which plat is referenced for a more particular description.

Wake County REIDs: 0499973, 0499974, 0499975, 0499976, and 0499977

EXHIBIT C
Proposed Declaration of Condominium for Mordecai Cottages Condominium,
to be recorded in the Wake County Registry.

[Attached]

Register of Deeds

Tammy L. Brunner
Wake County, NC

11/21/2025 11:50:23 AM

B: 020075 P: 01746 Pages: 43

Recording Fee: \$138.00

DOCUMENT # 2025088977



Prepared by and
Return after recording to:

Tara M. Corn
Midtown Property Law
4800 Six Forks Road, Suite 120
Raleigh, NC 27609

DECLARATION OF CONDOMINIUM
FOR
MORDECAI COTTAGES CONDOMINIUM
WAKE COUNTY, NORTH CAROLINA

Date: October 30, 2025

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA. (See Section 7.11)

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS. (See Section 7.11)

NOTE:

The Plans, as hereinafter defined, are recorded in Condominium Map Book 2025, Page 373, in the Office of the Register of Deeds of Wake County, North Carolina.

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DECLARATION OF CONDOMINIUM
FOR MORDECAI COTTAGES CONDOMINIUM
WAKE COUNTY, NORTH CAROLINA

THIS DECLARATION OF CONDOMINIUM FOR MORDECAI COTTAGES CONDOMINIUM (the "Declaration") is made by Legacy Custom Homes, Inc., a North Carolina corporation (the "Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, as the same may be amended from time to time, being referred to herein as, the "North Carolina Condominium Act."

W I T N E S S E T H:

WHEREAS, Declarant is the owner of a certain tract or parcel of land lying and being in Wake County, North Carolina, as described in the legal description attached hereto as **Exhibit A**, incorporated herein (the "Property"); and

WHEREAS, Declarant desires to and intends by this instrument to create a condominium in the Property pursuant to and in conformity with the North Carolina Condominium Act and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Property and to establish a procedure for the overall development, administration, maintenance and preservation of the Property; and

WHEREAS, concurrently with the recording of this Declaration, the Declarant is recording plats and plans for the Condominium consistent with the terms and conditions of this Declaration;

NOW THEREFORE, Declarant does hereby submit the Property to the provisions of this Declaration and the provisions of the North Carolina Condominium Act, N.C. Gen. Stat. §§ 47C-1-101, et seq.

**ARTICLE I
DEFINITIONS**

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases shall have the following meanings when used in this Declaration:

- 1.1 "**Allocated Interest**" shall mean and refer to the undivided percentage interest in the Common Elements allocated to each Unit, as set forth on **Exhibit B** attached hereto. The Allocated Interests shall be used to allocate the division of proceeds, if any, resulting from any casualty loss or eminent domain proceedings and shall also be used to determine voting rights in the Association as well as each Unit's share of Common Expenses.
- 1.2 "**Association**" shall mean and refer to Mordecai Cottages Condominium Association, Inc., a corporation organized and existing under the North Carolina Non-Profit Corporation Act

pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act.

- 1.3 “Building” or “Buildings” shall mean and refer to, individually or collectively, the seventeen (17) single-family detached dwellings that have been or will be constructed on the Land Units.
- 1.4 “Bylaws” shall mean and refer to the bylaws of the Association and all amendments to such bylaws which may from time to time be adopted.
- 1.5 “Common Elements” shall mean and refer to all portions of the Condominium other than the Units, as depicted on the Plans, and as more particularly described in Section 4.1 of this Declaration.
- 1.6 “Common Expenses” shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act.
- 1.7 “Condominium” shall mean and refer to Mordecai Cottages Condominium, as established by the submission of the Property to the terms of the North Carolina Condominium Act by this Declaration.
- 1.8 “Condominium Documents” shall mean and refer to this Declaration, the Articles of Incorporation of the Association, the Bylaws and the rules and regulations governing the use of the Property, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.
- 1.9 “Declarant” shall mean and refer to Legacy Custom Homes, Inc., a North Carolina corporation. Following recordation of a document transferring to another Person all or some of the Special Declarant Rights, pursuant to Section 6.2 of this Declaration, the term “Declarant” shall mean and refer to that transferee, with respect to the Special Declarant Rights so transferred.
- 1.10 “Declarant Control Period” shall mean and refer to the period as more particularly described in Sections 8.3 and 8.4 herein below, of Declarant control of the Association, during which period the Declarant, or persons designated by it, may appoint and remove the officers and members of the Executive Board.
- 1.11 “Declaration” shall mean and refer to this Declaration of Condominium for Mordecai Cottages Condominium, as it may be amended and/or supplemented in the future.
- 1.12 “Development Right” or “Development Rights” shall mean and refer to the rights reserved by Declarant in Article V and Article VI of this Declaration.
- 1.13 “Executive Board” or “Board” shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the North Carolina Condominium Act.

- 1.14 “Family Members” shall mean and refer to the spouse, parents, parents-in-law, brothers, sisters, children and grandchildren of a natural person.
- 1.15 “Land” shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on **Exhibit A** attached hereto.
- 1.16 “Land Unit” or “Unit” shall mean and refer to such portions of the Land as depicted on the Plats with boundaries as more particularly described in Article III of this Declaration, which is the subject of individual ownership by an Owner; one Building may be constructed in a Land Unit; after completion of construction, marketing and sales activities, Land Units shall be restricted to residential use.
- 1.17 “Limited Common Elements” shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of N.C. Gen. Stat. §47C-2-102(2) or (4), for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 4.2 of this Declaration, and as depicted on the Plans.
- 1.18 “Manager” shall mean any Person appointed or employed by the Association to operate, maintain and manage the Condominium.
- 1.19 “Mortgage” shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.
- 1.20 “Mortgagee” shall mean and refer to the owner and holder of a Mortgage that has notified the Association in writing delivered to the Association as set forth in the Bylaws of such owner and holder’s name and address, and that it holds a Mortgage on a Unit. Such notice will be deemed to include a request that the Mortgagee be given the notices and other rights described in Article XVII.
- 1.21 “North Carolina Condominium Act” shall mean and refer to Chapter 47C of the North Carolina General Statutes, as it may be amended from time to time.
- 1.22 “Occupants” shall mean any natural person(s) in possession of a Unit, including Owners, Family Members, lessees, guests and invitees of such natural person(s).
- 1.23 “Owner” shall mean and refer to the record owner, whether one or more Persons or entities, of fee simple title to any Land Unit, but shall exclude those Persons or entities having an interest in any Land Unit as merely security for the payment or performance of an obligation.
- 1.24 “Permittees” shall mean and refer to tenants, subtenants, occupants, contractors, subcontractors, agents, employees, licensees and invitees, and their respective officers, directors, contractors, subcontractors, agents, employees, licensees, invitees and visitors;

provided, however, nothing contained herein shall imply that Owners may rent or lease their Units to any such Permittee.

- 1.25 “Person” shall mean a natural person, corporation, municipal corporation, partnership, limited liability company, association, firm, business trust, estate, trust, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.
- 1.26 “Plans” and/or “Plats” shall mean and refer to the surveys, plats, plans and specifications of the Buildings and Property recorded in the Wake County Register of Deeds (the “Wake Registry”), and any amendments or supplements to those Plans. The Plans are hereby incorporated herein by reference as if the same were attached to this Declaration.
- 1.27 “Private Street(s)” shall mean any paved street or roadway on the Land intended for vehicular ingress and egress, and not being designated on the Plans as either parking area or public right-of-way.
- 1.28 “Property” shall mean and refer to the Land together with the improvements thereon, and such future improvements as may be constructed thereon consistent with this Declaration.
- 1.29 “Special Declarant Rights” shall mean and refer to the rights reserved for the benefit of Declarant in the Condominium Documents, as more particularly described in Article VI of this Declaration.

In addition, the definitions set forth in N.C. Gen. Stat. §47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or the Condominium Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II DESIGNATION OF CONDOMINIUM

- 2.1 Location and Designation. The Land in which the Condominium is situated is in Wake County, North Carolina, and is more particularly described on **Exhibit A**, attached hereto and incorporated herein by reference. The Land is subjected to the terms of the North Carolina Condominium Act by this Declaration.
- 2.2 Name. The name of the Condominium is Mordecai Cottages Condominium.
- 2.3 Maximum Number of Units. The Condominium shall consist of a total of seventeen (17) Land Units. The maximum number of Land Units in the Condominium shall not exceed seventeen (17) Land Units.

ARTICLE III DESCRIPTION OF UNITS

- 3.1 Land Units. The location of the Land Units and their dimensions are shown on the Plat. There are a total of seventeen (17) Land Units. The identifying number for each Land Unit is set forth on **Exhibit B** and on the Plat. The maximum number of Units that may be created in the Condominium by Declarant is seventeen (17) Land Units.
- 3.2 Boundaries of Land Units. The boundaries of a Land Unit shall be the vertical planes extending from boundary lines depicted on the Plat *ab solo usque ad coelum*.
- 3.3 Buildings. Declarant, and thereafter, Owners, successors, and assigns, shall have the right to construct one Building on each Land Unit. Each Building and any improvements built within a Land Unit shall be an appurtenance to the Land Unit on which it is constructed.

ARTICLE IV COMMON ELEMENTS

- 4.1 Common Elements. The Common Elements include all portions of the Condominium that are not part of the Land Units, including, without limitation:
- (a) The Land and the easement rights and other property rights appurtenant to the Land that are included within the Property and subjected to this Declaration.
 - (b) All improvements located on the Land outside of the Land Units, including without limitation exterior walkways, landscaped areas, and walkways, sidewalks, curb and gutter, fences, retaining walls, conduits, storm drains, utility lines, lighting, Private Streets, parking areas, and paving (unless such are designated as Limited Common Elements).
 - (c) Any public connections and meters, vaults and manholes for utility services that are not owned by the public utility or municipal agency providing such services, until owned or maintained by the public utility or municipal agency providing such service, if applicable.
 - (d) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association, and all other elements of the Condominium rationally of common use or necessity for its existence, upkeep, and safety, such as fire protection, garbage disposal, electricity, data and communication, cable or satellite television, gas, water, sanitary and storm water.
 - (e) The Limited Common Elements described in Section 4.2 below.
- 4.2 Limited Common Elements. The Limited Common Elements shall be composed of the following:

- (a) Those portions of any chute, flue, duct, wire, pipe for water or sewer, conduit, or any other utility fixture lying partially within and partially outside the designated boundaries of a Land Unit, but serving exclusively that Land Unit.
 - (b) Walkways and driveways which serve a single Land Unit, but located outside that Land Unit's boundaries.
 - (c) Any portions of the heating, ventilating, and air conditioning ("HVAC") systems, whether located inside or located outside the designated boundaries of a Land Unit.
 - (d) Those areas indicated as Limited Common Elements on the Plat, which shall be allocated to the Land Unit to which such Limited Common Elements are serving, or conveyed as a limited common element in the Deed from Declarant together with the Unit.
- 4.3 Undivided Interests of Owners in Common Elements. The percentage interest in the Common Elements allocated to each Land Unit shall be the Allocated Interest for that Land Unit as set forth on **Exhibit B** attached hereto. The Allocated Interest allocated to each Land Unit shall not be changed except with the unanimous consent of all the Owners of all the Land Units and with the consent of all the Mortgagees, except as may be specifically authorized elsewhere in this Declaration. The Allocated Interest allocated to each Land Unit shall be calculated by dividing the number 100 by the total number of Land Units in the Condominium.
- 4.4 Maintenance of Common Elements.
- (a) The Association shall be responsible for the maintenance and repair of all Common Elements, except for: (i) routine maintenance of the Limited Common Elements, which shall be the responsibility of the Owner of the Unit to which they are allocated, (ii) any maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, invitees or Family Members, which shall be the responsibility of that Owner.
 - (b) The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the North Carolina Condominium Act, the obligation for maintenance, repair, or replacement of any portions of the driveways, walkways, and HVAC systems that are Limited Common Elements, shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. References in this Declaration to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise. The allocation of use of Limited Common Elements to the Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected.

- (c) Private Streets constitute Common Elements and the Association is responsible for their maintenance, except as provided in clause (ii) of subsection (a) above. In no case shall the City of Raleigh or State of North Carolina be liable for maintaining a Private Street.

ARTICLE V DEVELOPMENT RIGHTS

- 5.1 Modification of Land Unit Boundaries and Limited Common Elements. Declarant reserves an option, for a period of ten (10) years from the date this Declaration is recorded, and prior to conveying a particular Land Unit to a purchaser other than Declarant to (a) relocate Land Unit boundaries within the Condominium (provided all affected Units are owned by Declarant at such time) (b) to convert Land Units or any part thereof (still owned by Declarant) into Common Elements, or to convert Common Elements to Land Units; and (c) alter the size of or subdivide such Land Unit(s). The maximum number of Land Units within the Condominium that Declarant reserves the right to create, including Land Units in existence as of the date of recording this Declaration, is seventeen (17). Declarant may exercise the Development Rights without the consent or approval of the Association, or any other Owner or Mortgagee. Declarant reserves the right to exercise the Development Rights with respect to any portion or portions of the Property subject hereto as it deems appropriate or desirable, in its sole discretion, including, without limitation, exercising Development Rights with respect to different parcels or portions of such Property or Land Units at different times. No assurances are provided as to the exercise of any Development Rights or as to the order in which such Property or Land Units or portions thereof may be subjected to the exercise of any Development Rights. If a Development Right is exercised with respect to any portion of the Land Units subject to such right, it is not necessary that such right be exercised with respect to all of the Land Units or any other portion of the Land Units. It is the intention of Declarant to construct a Building on each Land Unit, or on portions thereof, at different times (in phases); however, no assurance is made by Declarant in regard to the order in which the Land Units may be subjected to the exercise of Declarant's Development Rights.
- 5.2 Construction of Buildings; Quality of Construction. Declarant reserves an option and right for so long as it owns any Land Units to construct new Buildings within the Land Units. Any new Building constructed by Declarant within a Land Unit shall be substantially similar to the existing Buildings in terms of architectural appearance and quality of construction. Declarant reserves the right to substitute materials of similar durability, quality and strength in Declarant's sole discretion, so long as the foregoing standard is complied with. The new Buildings created by the Declarant need not be of the same type and design of the existing Buildings, so long as the construction and appearance of each new Building satisfies the requirements set forth above. Declarant shall have the right to allocate Limited Common Elements to the Land Units on which a new Building is constructed in the manner similar to the allocation of Limited Common Elements to the existing Land Units under Section 4.2 of this Declaration.

- 5.3 Supplementary Declaration. In order to exercise the Development Rights reserved under Section 5.1, Declarant shall execute and record an amendment to this Declaration in accordance with N.C. Gen. Stat. §47C-2-110 (a “Supplementary Declaration”). Any Supplementary Declaration executed and recorded by Declarant to exercise the Development Rights described in Section 5.1, or 5.2 shall contain an amendment or supplement to the Plans identifying the changes and, if necessary, recording an amendment to **Exhibit B** attached to this Declaration, assigning and identifying numbers to any new Units and reallocating the Allocated Interests among all Units in accordance with the formula set forth in Section 4.3. Any such Supplementary Declaration also may contain such additions to the provisions of this Declaration as may be necessary to reflect the different character of the new Units created by Declarant, so long as such additions are not inconsistent with the overall scheme of the Declaration, and provided that such additions shall not apply to any Unit created prior to recordation of the Supplementary Declaration or to the Owner or Mortgagee of any such Unit. Declarant must comply with all applicable laws, ordinances and regulations implicated in exercising its Development Rights.

ARTICLE VI SPECIAL DECLARANT RIGHTS

- 6.1 Special Declarant Rights. “Special Declarant Rights” are those rights reserved for the benefit of Declarant in the Condominium Documents, and shall include, without limitation, the following rights:
- (a) The right to add real estate to the Condominium.
 - (b) The right to construction or complete construction of any improvements upon the Common Elements or Land Units including but not limited to the Buildings.
 - (c) An easement right over and through the Common Elements for the purpose of completing construction upon the Common Elements and Land Units.
 - (d) Subject to Section 8.3 and 8.4, the right to appoint or remove officers of the Association or members of the Executive Board during the Declarant Control Period.
 - (e) The right to maintain one (1) sales office, one (1) management office and (1) model Unit in the Condominium. The offices, model Unit and signs will be of sizes and styles determined by Declarant, and may be relocated by Declarant from time to time. At all times, the offices, model Unit and signs will remain the property of Declarant and may be removed from the Property by Declarant.
 - (f) The right to exercise any other rights granted to or reserved by Declarant in the Condominium Documents; expressly including, without limitation, the Development Rights set forth in Article V above.

- (g) The right, at its sole discretion, to designate or allocate specific, reserved parking spaces for each Unit, or some of the Units, and the right to establish additional areas of parking within the Common Elements.
 - (h) All rights described in N.C. Gen. Stat. §47C-1-103(11).
 - (i) The right of Declarant to use (Declarant hereby reserving for itself and its successors and assigns) a non-exclusive easement upon, across, over, in, and under the Property as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, whether arising under the North Carolina Condominium Act or this Declaration, including, without limitation:
 - (i) easements for ingress and egress and for installation, replacement, repair and maintenance of drainage ditches and facilities, all utilities, including but not limited to water, sewer, gas, telephone, and electrical, cable and other communications systems;
 - (ii) easements to store materials on the Common Elements and to make such other use of the Common Elements as may be reasonably necessary or incidental to the construction of the Buildings and other improvements on the Property; and
 - (iii) the location of these easements and rights-of-way may be made certain by Declarant and the Association by instruments recorded in the Wake Registry.
- 6.2 Transfer of Special Declarant Rights. Declarant may transfer any Special Declarant Rights created or reserved under the Condominium Documents to any Person or entity, by an instrument evidencing the transfer duly recorded in the Wake Registry. The instrument shall not be effective unless it is executed by the transferor and the transferee. Upon the transfer of any Special Declarant Rights, the liability of the transferor and the transferee shall be as set forth in N.C. Gen. Stat. §47C-3-104.
- 6.3 Application of Special Declarant Rights. Declarant reserves the Special Declarant Rights as to the Land Units and the Property, or any portion thereof it deems appropriate or desirable, in its sole discretion including, without limitation, applying any Special Declarant Right to different parcels or portions of the Land Units at different times. No assurances are provided as to exercise of Special Declarant Rights or the order in which those parcels or portions may be subjected to the exercise of any Special Declarant Rights. If a Special Declarant Right is exercised with respect to any portion of the Land Units subject to such right, it is not necessary that such right be exercised with respect to all of the Land Units or any other portion thereof. Unless expressly stated to the contrary, the Special Declarant Rights shall expire as of the date ten (10) years from the date this Declaration is recorded.

ARTICLE VII RESTRICTIONS ON USE

- 7.1 Residential Use. The Land Units shall be used for residential purposes only. No business activity of any kind shall be carried out on the Property. Notwithstanding the foregoing, Declarant (a) may maintain any Land Unit owned by Declarant as a sales office or model Unit, (b) may lease any unsold Land Units to third parties and (c) may conduct such sales and marketing activities as Declarant deems appropriate in connection with the development and sale of Land Units, including, without limitation, conducting tours of the Common Elements, model Land Unit and unsold Land Units and holding sales promotions. Additionally, the Land Units are subject to such other restrictions, covenants, easements and limitations as may be of record at the time of the purchase, including, without limitation, restrictions on use, occupancy, or alienation of the Land Unit, such disclosure being designed to comply with N.C. Gen. Stat. §47C-2-105(a)(12).
- 7.2 Nuisance; Compliance with Laws. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners, or endanger the health and safety of any Owner. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Property. Owners shall, and shall cause their Occupants, guests and Permittees to, comply with all laws, ordinances, governmental codes, health regulations, zoning restrictions and the like, applicable to the Property. In the event of any conflict between any authority listed in the foregoing sentence and any of the Condominium Documents, the more restrictive provision shall prevail.
- 7.3 Leasing. No Land Unit, Building, or portion thereof shall be leased for boarding house, bed and breakfast, hotel, or other transient residential purposes, which for purposes of this Declaration shall be defined as a rental for any period less than twelve (12) months. An Owner may nevertheless lease the entire Unit; provided that each lease must be in writing, must be for a period of not less than twelve (12) months, and must provide that it is subject to this Declaration and the Bylaws and that any failure by a tenant to comply with such shall be a default under the lease. The Owner shall promptly provide the Association with copies of any and all leases entered into by the Owner. In no event, however, shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased, or subleased. Leasing of a Unit shall not, under any circumstances release the Owner from its obligations under this Declaration (including payment of all applicable Assessments). The Association shall nevertheless be deemed a third party beneficiary of any lease provision whereby the lessee has assumed the liability for payment of the Assessments applicable to the Unit being leased.
- 7.4 Prohibitions on Use of Common Elements. The Common Elements (other than storage areas, if any, designated by the Association) shall not be used for the storage of personal property of any kind. Stairs, entrances, landscaped areas, hallways outside of Units, walkways, driveways, Private Streets and parking areas shall not be obstructed in any way, or used for other than their intended purposes. In general, no activity shall be carried on

nor conditions maintained by any Owner either in his Unit or upon the Common Elements which detracts from the appearance of the Property.

- 7.5 Garbage. All garbage, trash, or rubbish shall be: (i) stored in the Unit's garage and/or other areas inside the Unit designed for such storage; and (ii) put into the trash containers provided by the party providing trash pickup service and regularly taken to the curbside for pickup on the designated day each week. In no event shall trash containers be stored outside of a Unit other than on the designated pickup day.
- 7.6 Parking. No Owner or any employee, agent, or invitee of any Owner, shall park, store or keep any vehicle on the Land except in the parking spaces on the Property, or inside of a Unit's garage. No motorcycle, boat, boat trailer, motor home, travel trailer, camper or other recreational vehicle may be stored on the Property at any time other than inside of a Unit's garage with the garage door remaining closed. No significant automobile repair shall be allowed in the parking areas on the Property. The Association shall have the right to tow any vehicle in violation of this Section 7.6 at its owner's expense.
- 7.7 No Timeshares. No interest in any Unit may be subjected to a time share program, as that term is defined in N.C. Gen. Stat. § 93A-41(10).
- 7.8 Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on the Property or in any Unit, except that small common household pets and licensed assistance animals may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes and provided that they are not individually known to be, nor of a breed that is commonly known to be, potentially aggressive or dangerous. No aggressive dog breeds are allowed without approval of the Board. Aggressive dog breeds shall include but not limited to the following list: Pit Bulls, Rottweilers, Wolf Hybrids, Doberman, Chow Chow, Husky, Malamute, German Shepherd and other dog breeds prone to aggressive behavior. No Owner may have more than two (2) small common household pets at any one time (excluding fish). No pet shall be permitted upon the Common Elements unless carried or leashed by a Person that can control the pet. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) on the Property. Pets shall not be permitted to defecate in the Common Elements, and each Owner shall clean up immediately after his pet if an accident occurs. All pets shall be registered and inoculated as required by law. Each Owner shall hold the Association harmless from any claim resulting from any action of his pet and shall repair at his expense any damage to the Common Elements caused by his pet. If any Owner violates these rules more than twice in any twelve (12) month period, then in addition to any fines allowed pursuant to the Bylaws or the Rules and Regulations, the Association shall have the right to require the Owner to remove the pet permanently from the Property upon not less than ten (10) days' written notice.
- 7.9 Utilities. All Units shall have separate electrical meters. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association. All clothes dryers will have lint filters, and all stove hoods will have grease screens, and such screens and filters shall be used at

all times and kept clean, and in good order and repair, by the Owner of the Unit in which they are located. If the Condominium has a single meter or submeter for water and sanitary sewer service provided to the Buildings, the cost of such water and sewer service shall be deemed a Common Expense and the Association shall have the right to separately meter or submeter water and sanitary sewer service to any or all Units or to any portion thereof and costs of such utility service shall be allocated to the Unit for which such meter or submeter applies. Declarant and the Association reserve the right (without obligation) to install within the Property such utility facilities and devices necessary to provide cable television, broadband internet or similar services.

7.10 Architectural Control. No building, wall, or other structure (other than a satellite dish or antenna as permitted by Section 7.14 or as otherwise shown on the Plans) shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration to either the Unit or the Common Elements be made, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Committee.

- (a) Notwithstanding the foregoing, an Owner has the right, exercisable at any time and from time to time, to install, at that Owner's sole cost and expense, any interior decorations, fixtures, and coverings (including, without limitation, painting, finishing, wall papering, carpeting, pictures, mirrors, shelving, and lighting fixtures) on the surfaces of the walls, ceilings, and floors that face the interior of that Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, and to alter or remove interior walls, in whole or in part, in order to change that Unit's layout, or to improve the Unit, provided that no such installation, alteration, removal, or change shall impair the structural integrity of that Unit or of the Building of which it is a part. Any such improvements shall be made in accordance with applicable laws and ordinances.
- (b) The Architectural Committee shall have the right to refuse to approve any plans and specifications for improvements (the "Plans & Specifications") proposed to be constructed with respect to a Unit that are not exempted by subsection (a) above and that are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In approving or disapproving Plans & Specifications, the Architectural Committee shall consider the purposes of the Declaration, including the suitability of the proposed improvements and materials to be used in those improvements, the site upon which it is proposed to be erected, and the effect of the improvements on adjacent or neighboring property. There is specifically reserved unto the Architectural Committee the right of entry and inspection upon any Unit for the purpose of determining whether there exists any construction of any improvements which violates the terms of any approval by the Architectural Control Committee or the terms of this Declaration or of any other applicable covenants, conditions and restrictions. The Architectural Committee and the Board of Directors is specifically empowered to enforce the provisions of this Declaration by any legal or equitable

remedy. In the event it becomes necessary to resort to litigation to determine the propriety of any constructed improvement, or to remove any unapproved improvements, the prevailing party shall be entitled to recovery of all court costs and expenses (including reasonable attorney's fees).

- 7.11 Signs and Flags. No signs or other advertising devices shall be displayed on or about any Land Unit, or in the Common Elements, including, without limitation, "For Sale" or "For Rent" signs, except for: (a) one name plate or sign not exceeding twenty-four (24) square inches in area on the main door to each Unit; and (b) a temporary professionally printed "For Sale" or "For Rent" sign not to exceed three (3) square feet in one (1) window of a Unit, erected in conformance with applicable sign ordinances. The prohibition on the display of signs shall expressly include, without limitation, the display of political signs as defined in N.C. Gen. Stat. § 47C-3-121 (2). Any signs displayed as provided above or as may be otherwise permitted by the Association shall be maintained solely by the Owner of such Unit displaying such sign and shall be maintained in a neat and clean condition and shall not be permitted to become worn, tattered, faded or otherwise in disrepair. Notwithstanding the foregoing, Declarant shall have the right to maintain within the Condominium advertising signs during the Declarant Control Period, provided those signs comply with applicable sign ordinances. Further, no pole or other device for the display of decorative flags shall be erected or displayed on or about any Land Unit, or in the Common Elements, unless approved in advance by the Executive Board. In the event that the Executive Board approves installation of a pole or device for the display of decorative flags, any such flags displayed by an Owner or its Permittees, shall be in good taste and shall not contain lewd or offensive displays or material. The display of the flag of the United States or North Carolina is permitted, provided it is no greater in size than four feet by six feet and it is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10, as amended.
- 7.12 Maintenance. Except as otherwise specifically set forth herein, the Owner of each Unit is responsible for maintaining his Unit as well as the Limited Common Elements appurtenant thereto. Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto after ten (10) days written notice, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance.
- 7.13 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request.
- 7.14 Satellite Dishes and Antennas. Unless otherwise required by law, no exterior satellite dish in excess of eighteen inches (18") in diameter may be placed on any Land Unit or in the Common Elements without the prior written approval of the Architectural Committee, which may be withheld in its sole discretion. The location of any exterior antenna, or satellite dish less than eighteen inches (18") in diameter, shall be subject to the reasonable prior approval of the Architectural Committee, taking into account the appropriate

standards set forth in the regulations of the Federal Communications Commission ("FCC"), and to the extent permitted such standards and regulations, the Architectural Committee may require that such antenna or satellite dish be screened from public view. Prior to installing the antenna or satellite dish, the Owner shall furnish to the Architectural Committee a copy of such Owner's installation plans. The Association shall have the right to perform any portion of the installation work on Common Element at the expense of the Owner, or to require that any portion of the work be performed by contractors designated by the Architectural Committee. The Owner shall also be responsible for any damage to the Common Elements caused by the removal of the antenna or satellite dish. Any Owner installing an antenna or satellite dish under this Section 7.14 shall indemnify, defend and hold the Association harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish within the Common Elements. The Declarant, during the Declarant Control Period, or the Architectural Committee (at any time) may, to the extent permitted by any applicable regulations of the FCC, establish additional rules and regulations regarding the location and installation of any satellite dish or antenna on any rooftop terrace, balcony, courtyard or other Limited Common Element.

7.15 Compliance with Covenants, Conditions, and Restrictions

- (a) Every Owner and its Permittees shall comply strictly with the covenants, conditions and restrictions set forth in this Declaration, with the Bylaws and with the rules and regulations in relation to the use and operation of the Property. A violation committed by any persons residing in, occupying or visiting a Unit at the behest or with the implied or express permission of the Owner or any other occupant of the Unit, or committed by any agent, employee, business invitee, or contractor of the Owner or of any person occupying a Unit, shall be attributed to that Unit and the Owner thereof.
- (b) Any fines imposed by the Executive Board – which is hereby empowered, after notice and opportunity to be heard, to levy reasonable fines against any Owner for the failure of such Owner to comply with any such covenants, conditions and/or restrictions – and any and all expenses incurred by the Association in enforcing any of the terms and provisions of the Condominium Documents, including reasonable attorneys' fees to the extent permitted by North Carolina law, may be levied as an individual Unit Assessment against the Unit Owner in question and his or her Unit.
- (c) Any action brought by the Association hereunder may be brought in its own name, in the name of its Executive Board or in the name of the Manager. In any case of a flagrant or repeated violation by an Owner, such Owner may be required by the Executive Board to give sufficient surety or sureties for such Owner's future compliance with the covenants, conditions and restrictions contained in this Declaration and with the Bylaws and rules and regulations.
- (d) In addition to the above rights, the Executive Board may also enter upon a Unit or any portion of the Property to perform maintenance or make repairs thereon which is the responsibility of an Owner who has failed to perform such maintenance or

make such repairs (i) after having given such Owner at least ten (10) days prior notice, or (ii) without giving notice in the event of an emergency.

- 7.16 Limited Liability. In no case shall the City of Raleigh be responsible for failure to provide any emergency or regular fire, police or other public service when such failure is due to lack of access to an area due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of Declarant (during the Declarant Control Period), the Association, Owners or Occupants. In no case shall the City of Raleigh or State of North Carolina be responsible for maintaining Private Streets.
- 7.17 Waiver. Notwithstanding anything in this Article VII to the contrary, during the Declarant Control Period, Declarant (and thereafter, the Executive Board) may, in its reasoned discretion, waive one or more violations of any of Sections 7.3 through Section 7.16. No such waiver shall be effective unless in writing and no such waiver shall operate as a waiver of any other requirement or as being applicable to any other Owner, Occupant or Unit, except as expressly provided in the written waiver. Notwithstanding the foregoing provisions of this section, no waiver shall be effective if it shall cause the Unit, Owner and/or Occupant that is the subject of such waiver to be in violation of Section 7.2.

ARTICLE VIII THE ASSOCIATION

- 8.1 Organization of Association. A nonprofit North Carolina corporation known and designated as Mordecai Cottages Condominium Association, Inc., has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws, and the North Carolina Condominium Act. Every Owner shall be required to be and shall automatically be a member of the Association by virtue of his ownership interest in a Unit.
- 8.2 Powers; Lien for Assessment. In the administration of the operation and management of the Property, the Association shall have and it is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments in the manner provided in Article XI below and in the Bylaws and the North Carolina Condominium Act, and adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Association may deem to be in the best interest of the Owners in accordance with the Bylaws and the provisions of the North Carolina Condominium Act. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C. Gen. Stat. §47C-3-116, and shall be enforceable by the Association in accordance with N.C. Gen. Stat. §47C-3-116 and the Bylaws. In addition, the Association shall have the right to collect from Unit Owners all assessments, late fees, service or administration fees, reasonable attorneys' fees, and costs of collection incurred by the Association in enforcing the terms of this Declaration, and such sums shall be secured by any claim of lien filed by the Association pursuant to N.C. Gen. Stat. §47C-3-116.

- 8.3 Declarant Control Period. The Declarant Control Period shall commence as of the date of recordation of this Declaration with the Wake Registry and continue until the earlier of: (a) 120 days after conveyance of seventy-five percent (75%) of the total twenty-two (22) Units reserved to Declarant for construction to Unit Owners other than Declarant; (b) two years after Declarant has ceased to offer units for sale in the ordinary course of business; (c) two years after any development right to add new Units was last exercised; or (d) the date Declarant transfers, in writing, the Development Rights to the Association. Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration and terminate the Declarant Control Period by recording a written instrument with the Wake Registry.
- 8.4 Executive Board during Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Executive Board members and Officers of the Association; provided, however, (i) that not later than sixty (60) days after conveyance by Declarant to Owners other than Declarant of twenty-five percent (25%) of the total Land Units reserved to Declarant for creation hereunder, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant; and (ii) that not later than sixty (60) days after conveyance by Declarant to Owners other than Declarant of fifty percent (50%) of the total Land Units reserved to Declarant for creation hereunder, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than Declarant.
- 8.5 Books and Records. The Association shall maintain current copies of: (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted by the Executive Board from time to time; (c) records of meetings of the Association and the Executive Board; and (d) all financial records of the Association, as required by N.C. Gen. Stat. §47C-3-118. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, any prospective purchaser of a Unit, any insurer or guarantor of a loan secured by a Mortgage and any authorized agent of an Owner.

ARTICLE IX EASEMENTS AND PROPERTY RIGHTS

- 9.1 Access by the Association. The Association, or any Person authorized by it, shall have the right of access at reasonable times to each Land Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Property. Except as provided in Section 9.4 hereinbelow, the Association shall provide reasonable prior notice to Unit Owners prior to exercising its right of access.
- 9.2 Encroachment Easements. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling

or shifting of any Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as such Building shall stand. If any Building, any Unit, or any portion of the Common Elements is partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and subsequently is rebuilt, any encroachment of parts of the Common Elements upon any Unit, or of parts of any Unit upon the Common Elements, due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

- 9.3 Easements over Common Elements. Declarant, during the Declarant Control Period, and the Association, at any time, may grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; water lines; gas mains and lines; telephone broadband and television or cable television wires, cables and equipment; electrical conduits; fiber optic lines; and wires over, under, along and on any portion of the Common Elements; and each Owner hereby grants to Declarant or the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. While the Declarant has the right to exercise its Declarant Rights and continuing through a period of two (2) years after Declarant exercises its Development Rights to construct New Buildings in accordance with Section 6.1 above, Declarant shall have an easement over the Common Elements (other than the Limited Common Elements) as may be reasonably necessary to complete the construction of the Buildings and the other improvements within such additional land.
- 9.4 Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Association, or any other Person authorized by it, shall have the right to enter any Unit or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate.
- 9.5 Relocation of Boundaries; Subdivision; Partitioning.
- (a) Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units and, if applicable and requested, the corresponding Common Elements Interests, may be relocated upon application to the Association by the Owners of such adjoining Units ("Adjoining Owners") and upon approval by the Association of such application; provided, however, that no such relocation of boundaries and interests, if applicable, shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within thirty (30) days after submission to it of the application that the proposed relocation of boundaries and interests, if applicable, is unreasonable, the application shall be deemed approved. Upon approval of the proposed relocation of boundaries, the Association shall

cause to be prepared and filed, at the Adjoining Owners' expense, an amendment to this Declaration and a plat which identifies the Units involved, describes and depicts the altered boundaries, and gives the dimensions of the altered Units. Such amendment shall also contain operative words of conveyance and be signed by the Adjoining Owners and consented to by their Mortgagees, if any, and shall be indexed in the Wake Registry in the names of the Adjoining Owners.

- (b) Subdivision of Units. No Unit may be subdivided, without the prior written approval of the Executive Board, and (if during the Declarant Control Period) Declarant, which may be granted or denied in their respective sole discretion.
 - (c) Partitioning. The interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately from each such Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's Allocated Interests unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying number assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its Allocated Interest. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its Allocated Interest by more than one Person or entity as tenants in common, joint tenants, or as tenants by the entirety or any other form permitted by law.
- 9.6 Conveyance or Encumbrance of Common Elements. While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances of or security interests or liens of any nature shall arise or be created against the Common Elements without the consent by vote of at least eighty percent (80%) of the votes in the Association, including at least eighty percent (80%) of all votes held by Owners other than Declarant. Every agreement for the performance of labor or the furnishing of materials to the Common Elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Section 8.2 of this Declaration. Nothing in this Section 9.6 shall be construed to limit the right of any Owner to convey or to encumber its Allocated Interest as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.
- 9.7 Nature of Interest in Unit. Every Land Unit, together with its Allocated Interest, shall for all purposes be and it is hereby declared to be and constitute a separate parcel of real property. The Owner of each Land Unit shall be entitled to the exclusive fee simple ownership and possession of his Land Unit subject only to the covenants, conditions,

restrictions, easements, uses, limitations, obligations, rules and regulations set forth in the Condominium Documents, or as otherwise adopted by the Association.

- 9.8 Existing Easements. The Property is subject to those certain easements listed on Exhibit C attached hereto and incorporated herein by reference.

ARTICLE X CITY OF RALEIGH PROVISIONS

- 10.1 Stormwater Control Measures. The Raleigh City Code of Ordinances (the “Code”) requires that stormwater runoff from the Property be controlled and nitrogen loading from stormwater runoff from the Property be reduced. To comply with the Code, any stormwater control measures installed by Declarant shall be maintained by the Association as Common Elements or Limited Common Elements in strict compliance with the operations and maintenance manual for the control measures so that, at all times, the stormwater control measures shall perform as designed and shall comply with the Code and applicable regulations, rules and directives of the City of Raleigh. The expenses for maintenance of such stormwater control measures by the Association shall be Common Expenses (or, if applicable, Limited Common Expenses). Failure to maintain the stormwater control measures constitutes a violation of the Code potentially subjecting the Association to significant civil penalties and other enforcement actions. The Declarant reserves the right to amend this Declaration without the consent of any other party to comply with the Code.
- 10.2 Private Streets Pursuant to Section 10-3074(b) and (c) of the Code, all of the following are applicable to Private Streets:
- (a) In no case shall the City be responsible for failing to provide any emergency or regular fire, police or other public service to any cluster unit development, unit Ownership (condominium) development, group housing development, townhouse development, or manufactured home park or to the occupants of same when such failure is due to lack of access to such areas due to inadequate design, construction or blocking of access routes, inadequate maintenance, or any other factor within the control of the Declarant, Association, Owners or Occupants of the Property.
 - (b) In no case shall the City of Raleigh or the State of North Carolina be responsible for maintaining any Private Street. Such responsibility shall rest with the Association and Owners, in that Private Streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.
 - (c) The provisions of this Section shall be incorporated into all conveyances of any part or all of the Property, which incorporation may be by reference to this Declaration; provided, however, the provisions of this Section and all other provisions of this Declaration are applicable to the portions of the Property conveyed and the Owners thereof, whether or not any such provisions are incorporated into the conveying documents.

ARTICLE XI ASSESSMENTS

- 11.1 Taxes. Every Land Unit, together with its Allocated Interest shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Land Unit, provided, however, some Land Units may not initially be separately assessed with respect to Wake County ad valorem property taxes for the year in which their construction is substantially completed, and any such taxes for any calendar year in which the Land Units are not separately assessed shall be paid by Declarant (subject to reimbursement from each Owner for its pro rata share at closing on a Land Unit).
- 11.2 Common Expenses.
- (a) Except as otherwise provided in this Declaration or in the Bylaws, the Owners of the Units shall contribute, as a group, one hundred percent (100%) of all Common Expenses incurred by the Association, all in accordance with the definition of “Common Expenses” set forth in Article I, the Bylaws, and the provisions of the North Carolina Condominium Act. If Declarant exercises its Development Rights to create additional Units and Limited Common Elements, Declarant shall adjust the Allocated Interest for each Unit in accordance with the formula stated in Section 4.3.
 - (b) Due dates for payment of Common Expenses shall be established by the Association and shall be collected at least annually. The Association also has the right to impose additional assessments for shortfalls in the budget versus actual Common Expenses (pursuant to the terms of Section 11.7 herein below), for damage or loss caused by one Owner in particular, and for Units that require extra utility services to the extent not separately metered.
 - (c) No Owner shall be exempted from liability for payment of its Allocated Interest of Common Expenses by waiving the use or enjoyment of any or all of the Common Elements or by abandoning its Unit. No Owner shall be entitled to a diminution or abatement in its Allocated Interest of Common Expenses for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements or any Unit; or (iii) any action taken by the Executive Board to comply with law.
- 11.3 Budget. On or before January 1 of each year, the Executive Board shall adopt a proposed budget for Common Expenses. This proposed budget shall include all anticipated revenues, the anticipated Common Expenses, and any surplus or deficit in the budget from the prior years. Within thirty (30) days after adoption of any proposed budget, the Executive Board shall send each Owner a copy of that proposed budget along with notice of a scheduled meeting of the Association to consider ratification of the budget. The date of that meeting shall be not less than ten (10) nor more than sixty (60) days following the

notice of the meeting. The proposed budget shall be deemed ratified unless a majority of the votes of the Association reject the budget. A quorum need not be present at the ratification meeting. The budget as ratified shall be the basis for calculating the Owners' liability for Common Expenses during the calendar year. Following ratification of the budget, the Executive Board shall calculate the amount of each Unit's Allocated Interest of Common Expenses and shall send a notice of that amount to each Owner of a Unit. The failure or delay of the Executive Board to prepare or adopt a budget or to determine the Common Expenses for any calendar year shall not be deemed a waiver, modification or release of the Owners' obligation to pay its Allocated Interest of Common Expenses. In such event, the Allocated Interests in Common Expenses that were computed on the basis of the Common Expenses for the prior calendar year shall continue to be payable until a new budget is adopted and ratified.

- 11.4 Common Surplus. The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source, over the amount of Common Expenses. The Common Surplus shall be owned by the Owners in equal shares, based upon the total number of Units in the Condominium from time to time; provided, however, that the Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance proceeds, which shall be made in the manner provided in Section 12.6, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners in equal shares, based upon the total number of Units in the Condominium at that time.
- 11.5 Fines. The Executive Board may impose fines on any Owner, Occupant or Unit for a failure to comply with this Declaration. Fines shall be paid not later than thirty (30) days after notice of the assessment is given to the offending Owner. These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise entitled under law. Any fine paid by the offending Owner shall nevertheless be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from that Owner. Fines shall be as follows:
- (a) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
 - (b) Second non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).
 - (c) Third and subsequent non-compliance or violation, or violations that are of a continuing nature: a fine not in excess of One Hundred Dollars (\$100.00) for each week of continued violation or non-compliance.
- 11.6 Working Capital Contribution. When Declarant first conveys a particular Unit to a purchaser other than Declarant, an amount equal to three months' of the Allocated Interest in Common Expenses for Unit shall be collected from the purchaser and paid to the

Association's working capital fund. The foregoing shall not constitute an advance payment of Common Expenses by such Owner.

11.7 Special Assessments. In addition to all other assessments authorized herein, and subject to the other requirements of this Declaration, the Association may levy special assessments for the purpose of defraying, in whole or in part, the costs or expenses of any one or more of the following:

- (a) Maintenance of a capital improvement in or on the Common Elements, including fixtures and personal property related thereto;
- (b) Maintenance of the necessary facilities and equipment to enable the Association to perform the functions and offer the services required or authorized herein;
- (c) The Common Expenses, to the extent that such Common Expenses are not covered by the annual assessments and applicable reserve funds; and
- (d) Repayment of any loan made to the Association to enable it to pay the Common Expenses or to perform the other functions and provide the other services required or authorized herein.

Each special assessment levied under this Section first shall be approved by the affirmative vote of sixty-seven percent (67%) or more of the of the Owners. A special assessment shall be effective on the later of the date it is approved by the vote of the Owners, or such later date as adopted in the vote approving the special assessment, and each Owner shall be responsible for its pro rata share of the special assessment in accordance with its Allocated Interest.

ARTICLE XII INSURANCE

12.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance on the Condominium (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Buildings at the time such insurance is purchased and at the time of each renewal thereof (specifically excluding the cost of any personal property supplied or installed by Owners and any and all fixtures installed in a Unit by or for an Owner after such Unit has been conveyed to such Owner by the Declarant and any other items that are not expressly required to be insured by the Association pursuant to N.C. Gen. Stat. §47C-3-113), with a commercially reasonable deductible not in excess of \$10,000.00. The policy shall be issued by an insurance company properly licensed to do business in the State of North Carolina, with a general policyholder's rating of at least "A" in the most recent edition of the Standard & Poor's Insurance Ratings Guide, (or if such guide ceases to exist, a rating agency of similar standing in the industry). The policy shall provide that each Owner is an insured Person with respect to his Unit and his Allocated Interest. The policy shall contain an inflation guard endorsement, if available, and a construction code endorsement, if available, as well as a special condominium endorsement providing as follows: for waiver of subrogation against any Owner, and any Owner's employees or agents; that it may not be canceled or

substantially modified without at least thirty (30) days' prior written notice to the Association and all insureds, including all Owners and Mortgagees; that no act or omission by any Owner will preclude recovery upon such policy; and that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss shall be made by the Association as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

- 12.2 Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance (current ISO form or its equivalent) in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the Manager, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds, including all Owners and Mortgagees. The Executive Board shall review the liability insurance limits annually.
- 12.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all Persons responsible for handling funds belonging to or administered by the Association as it deems necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than one-half the annual budgeted amount of Common Expenses, plus the amount of any reserves maintained by the Association, or the amount required by any Mortgagee; whichever is greater.
- 12.4 Other Insurance Policies. The Declarant and/or Association shall be authorized to obtain such other insurance coverage on behalf of the Condominium, including worker's compensation or employee liability insurance, as the Association or Declarant shall determine from time to time to be desirable or necessary.
- 12.5 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as a Common Expense. Notwithstanding the preceding sentence, if a casualty occurs wholly within the boundary of one Unit and does not affect any other Unit or Common Elements, the Owner of such Unit shall be wholly responsible for any deductible amount in such policy of insurance relating to such claim.
- 12.6 Distribution of Insurance Proceeds. All insurance policies procured by the Association shall provide that all losses shall be adjusted with and all proceeds shall be payable to the Association as insurance trustee. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes

set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

- (a) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's Allocated Interest.
- (b) Proceeds on account of damage to Units shall be held in the following undivided shares:
 - (i) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Association.
 - (ii) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's Allocated Interest.
- (c) In the event that a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear.
- (d) Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:
 - (i) If it is determined, as provided in Article XIII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,
 - A. the proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;
 - B. the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of those Units and of the Units to which those Limited Common Elements were allocated or to their Mortgagees, in proportion to their respective Allocated Interests; and
 - C. the remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their respective Allocated Interests.
 - (ii) if the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly in proportion to each Owner's Allocated Interest.

- 12.7 Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force additional fire and casualty and extended coverage insurance upon its personal property, any and all fixtures installed in a Unit by or for an Owner after such Unit has been conveyed to such Owner by the Declarant, and any other items that are not expressly required to be insured by the Association pursuant to N.C. Gen. Stat. § 47C-3-113, public liability insurance, and such other insurance coverage as he may desire. Each Owner shall obtain and maintain public liability insurance coverage in the amount of at least \$100,000.00 for bodily injury, including deaths of Persons and property damage, arising out of a single occurrence. Each Owner shall file a copy of each such individual policy with the Association within thirty (30) days after purchase and shall provide, upon renewal, evidence of such renewal. Each such policy shall also provide that such policy cannot be terminated or cancelled without thirty (30) days' notice to the Association.
- 12.8 FNMA Requirements. Notwithstanding any lesser requirement contained elsewhere in this Article or in the Act, the Association shall at all times maintain those types and forms of coverages which shall be a requirement for this type of project of the Federal National Mortgage Association pursuant to the *FNMA Selling Guide*, as amended from time to time.

ARTICLE XIII DUTY TO REPAIR OR RECONSTRUCT

- 13.1 Reconstruction and Repair. In the event of damage to or destruction of any Building as a result of fire or other casualty, the Association shall arrange for the prompt restoration and replacement of the damaged or destroyed Building unless: (a) the Condominium is terminated in accordance with the provisions of Article XVI below, or (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (c) the Owners decide not to rebuild by a vote of eighty percent (80%) of the votes in the Association, including one hundred percent (100%) of the votes held by Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding three conditions occurs, the Association shall arrange for the prompt repair and restoration of the damaged or destroyed Building, not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in which event the Association shall repair or replace such covered property if damaged), and the Association shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 12.6(d)(ii) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plans. If the Owners vote not to rebuild any Unit, that Unit's Allocated Interest shall be automatically reallocated upon the vote as if the Unit had been condemned under N.C. Gen. Stat. §47C-1-107(a).
- 13.2 Obligations of Owners. Each Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans, and will make no structural addition, alteration or improvement to his Unit without the prior written consent of the

Architectural Committee, except as specifically permitted by this Declaration or authorized under N.C. Gen. Stat. §47C-2-III. Upon the failure of an Owner to so maintain his Unit, the Association shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

ARTICLE XIV

UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners and occupants of the Units shall be subject to and shall comply with the provisions of the Condominium Documents, as each of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Condominium Documents are accepted and ratified by such Owner or Occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Property and shall bind any Person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance.

ARTICLE XV

AMENDMENT TO AND SUPPLEMENT OF DECLARATION

Except in cases of amendment by the Declarant under Article V, N.C. Gen. Stat. §§47C-2-109(d) or 47C-2-110 (wherein Declarant may record a Supplementary Declaration without the consent or approval of the Association, or any other Owner or Mortgagee, in the manner provided in Section 5.3 above), or the Association under N.C. Gen. Stat. §§47C-1-107, 47C-1-106(d), 47C-2-112(a) or 47C-2-113 or certain Owners under N.C. Gen. Stat. §§47C-2-108(b), 47C-2-112(a), 47C-2-113(b) or 47C-2-118(b), or as is otherwise specifically authorized herein, this Declaration may be amended only as set forth in this paragraph. The Declaration may be amended only by the vote not less than sixty-seven percent (67%) of the total number of votes in the Association, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Except to the extent expressly permitted by the other provisions of this Declaration, any amendment which amends or alters the Allocated interest of any Unit, increases the number of Units, changes the boundaries of any Unit, changes the use to which any Unit is restricted, or modifies the terms of this Article XV, shall require the written approval of all Owners, together with the consent of all their respective Mortgagees. No amendment to the Declaration shall be effective until (i) executed on behalf of the Association by its president, or by any other officer designated for that purpose, (ii) certified by its secretary, or by any other officer designated for that purpose, and (iii) recorded in the Wake Registry. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the written consent of such Mortgagee. Notwithstanding the foregoing sentence, in the event any Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after Mortgagee receives proper written notice of the proposal by certified or registered mail, return receipt requested, Mortgagee's implied approval shall be deemed granted. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant.

ARTICLE XVI TERMINATION

The Condominium may be terminated and the Property removed from the provisions of the North Carolina Condominium Act only by the vote of not less than eighty percent (80%) of the votes in the Association, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, and as evidenced by execution of a termination agreement, or ratification thereof, by the requisite number of Owners and Mortgagees. The termination shall comply with the requirements of N.C. Gen. Stat. §47C-2-118, and must be recorded in the Wake Registry before it becomes effective. Following the recordation of the termination agreement, the interests of the Owners and Mortgagees in the Property shall be as provided in N.C. Gen. Stat. §47C-2-118.

ARTICLE XVII MORTGAGEE PROTECTION

- 17.1 General Provisions. This Article XVII establishes certain standards and covenants for the benefit of Mortgagees. This Article XVII is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the event of any conflict between the provisions of the Condominium Documents and the provisions of this Article XVII, the provisions of this Article XVII shall control.
- 17.2 Rights to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year. The financial statement and report shall be audited by an independent certified public accountant.
- 17.3 Mortgagee's Rights to Notice. Any Mortgagee (including, for purposes of this Section 17.3, any insurer or guarantor of a loan secured by a Mortgage that has notified the Association in writing of its name and address, and that it insures or guarantees a Mortgage) shall have the right to receive from the Association prompt written notice of the following:
- (a) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such Mortgagee, which default remains uncured for a period of sixty (60) days.
 - (b) Any loss or damage to or condemnation or taking of the Common Elements or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee.

- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
 - (d) Any proposed action by the Association, the Executive Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Mortgagees.
- 17.4 Other Mortgagee Rights. Notwithstanding anything contained herein to the contrary, any Mortgagee or other purchaser at a foreclosure sale who obtains fee ownership of a Unit pursuant to foreclosure under power of sale, judicially or under any other remedy contained in a Mortgage shall not be liable for unpaid assessments which accrued against the Unit prior to such Mortgagee or purchaser obtaining title to such Unit. Any representative of a Mortgagee may attend and address any meeting that an Owner may attend.
- 17.5 Enforcement. The provisions of this Article XVII are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

ARTICLE XVIII CONDEMNATION

If all or any part of the Condominium is taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in N.C. Gen. Stat. §47C-1-107, provided, however, that the proceeds of any award payable to the Association as a result of condemnation of all or a portion of the Common Elements shall first be used to restore the damaged area to a condition compatible with the rest of the Condominium or to raze the remaining damaged improvements, and thereafter, any remaining proceeds shall be distributed as set forth above.

ARTICLE XIX MISCELLANEOUS PROVISIONS

- 19.1 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.
- 19.2 Waiver. No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.
- 19.3 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 this Declaration or the intent of any provision hereof.

- 19.4 Law Controlling. This Declaration and the Condominium Documents shall be construed and controlled by and under the laws of the State of North Carolina.
- 19.5 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

ARTICLE XX ENFORCEMENT; ARBITRATION

- 20.1 Actions by the Association. The Association, or the Executive Board acting on its behalf, shall have the right, in addition to any other remedies provided for in the Condominium Documents, to bring a civil action against any Owner to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.
- 20.2 Actions by Owners. Any Owner may bring an action against any other Owner, or against the Association, or against the Executive Board, or an one or more of them, to enforce any obligation, covenant, or restriction set forth in this Declaration or the other Condominium Documents.
- 20.3 Arbitration. Each Owner, by accepting a deed to a Unit, agrees that any Owner may require that any unresolved matter between the Owners or before the Executive Board or before the Association be submitted to binding arbitration pursuant to the Uniform Arbitration Act set forth in N.C. Gen. Stat. § 1-567. 1 *et seq.* as the same shall be amended from time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless all Owners so agree in writing or unless an award is to be paid by the Association per the arbitration order.
- 20.4 Judicial Proceedings. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Units, to enforce any liens created by this Declaration. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Unit Owners which approval must be accompanied by the approval of a reasonable litigation budget and the approval of an assessment in an amount equal to the litigation budget to be levied equally among the Units and collected before commencement of any action. This section shall not apply, however, to (a) actions brought by the Association against someone other than Declarant to enforce the provisions of this Declaration (including the foreclosure of liens); (b) the collections of assessments; (c) proceeding involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

**ARTICLE XXI
CONSENT OF MORTGAGEE**

The Property is currently encumbered by the following security instruments: that certain (1) Construction Deed of Trust Securing Future Advances in favor of Farmers & Merchants Bank aka F&M Bank recorded on October 1, 2025 in Book 20029, Page 300, Wake County Registry and reaffirmed by instrument recorded in Book 20056, Page 725 , Wake County Registry; and (2) Deed of Trust, Security Agreement, and Assignment of Leases and Rents in favor of Bank OZK recorded on October 2, 2025 in Book 20029, Page 321, Wake County Registry. A Consent of Mortgagee(s) in connection with the aforementioned security instruments is attached to and made a part of this Declaration.

**ARTICLE XXII
EXHIBITS**

The following exhibits are attached to and are an integral part of this Declaration:

- (a) Exhibit A Legal Description of the Land
- (b) Exhibit B Schedule of Units and Percentage Interests
- (c) Exhibit C Recorded Easements

IN WITNESS WHEREOF, Declarant has executed and sealed this Declaration as of the day and year first above written.

DECLARANT:

Legacy Custom Homes, Inc

By: _____

Name: Daniel W. Russell

Title: President

County of WAKE

State of NORTH CAROLINA

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document: Daniel W. Russell.

Witness my hand and official seal, this the 30th day of October, 2025.

(Official Seal)



T.M. Corn
Official Signature of Notary

TARA M. CORN, Notary Public
Notary's printed or typed name

My commission expires: January 16, 2029

EXHIBIT A
LEGAL DESCRIPTION of the LAND

BEING all of New Lots 1, 2, 3, 4, and 5, as shown on that certain Private Drainage Easement, Access Easement & Recombination Plat prepared by John A. Edwards, Jr., P.L.S., recorded in Book of Maps 2022, Page 1784, Wake County Registry, which plat is referenced for a more particular description.

REIDs: 0499973, 0499974, 0499975, 0499976, and 0499977

EXHIBIT B
SCHEDULE OF UNITS AND ALLOCATED INTERESTS

Unit Number	Allocated Interest	Street Address
Land Unit 1	5.882%	1342 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 2	5.882%	1341 Courtland Drive Raleigh, NC 27604
Land Unit 3	5.882%	1339 ½ Courtland Drive Raleigh, NC 27604
Land Unit 4	5.882%	1339 Courtland Drive Raleigh, NC 27604
Land Unit 5	5.882%	1337 Courtland Drive Raleigh, NC 27604
Land Unit 6	5.882%	1335 ½ Courtland Drive Raleigh, NC 27604
Land Unit 7	5.882%	1335 Courtland Drive Raleigh, NC 27604
Land Unit 8	5.882%	1333 Courtland Drive Raleigh, NC 27604
Land Unit 9	5.882%	1306 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 10	5.882%	1310 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 11	5.882%	1314 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 12	5.882%	1318 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 13	5.882%	1322 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 14	5.882%	1326 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 15	5.882%	1330 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 16	5.882%	1334 Mordecai Overlook Circle Raleigh, NC 27604
Land Unit 17	5.882%	1338 Mordecai Overlook Circle Raleigh, NC 27604
	100%	

EXHIBIT C
RECORDED EASEMENTS

1. Easement(s) and/or Right(s) of Way to Southern Bell Telephone & Telegraph Company recorded in Book 405, Page 501, Wake County Registry.
2. Cable Television Installation Agreement in favor of American Television and Communications Corporation dba Cablevision of Raleigh recorded in Book 3596, Page 193, Wake County Registry.
3. Easement and Memorandum of Agreement to Time Warner Entertainment-Advance/Newhouse Partnership recorded in Book 13079, Page 818, Wake County Registry.
4. Deed of Easement for Utility Placement Easement to City of Raleigh in Book 17374, Page 1083, Wake County Registry.
5. Stormwater, Sewer, and Grading and Construction Easement Agreement to JB Courtland LLC recorded in Book 17870, Page 604, Wake County Registry.
6. Easement(s) and/or Right(s) of Way to Public Service Company of North Carolina, Inc. recorded in Book 19629, Page 2082, Wake County Registry.
7. Matters as shown on plat recorded in Book of Maps 2020, Page 578; Book of Maps 2019, Page 379 and Book of Maps 2022, Page 1784, Wake County Registry and as would be revealed by a current and accurate survey of the Property.

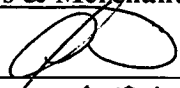
CONSENT AND SUBORDINATION

Farmers & Merchants Bank aka F&M Bank ("Lender"), owner and holder of certain notes secured by that certain Construction Deed of Trust Securing Future Advances recorded on October 1, 2025 in Book 20029, Page 300, Wake County Registry and reaffirmed by instrument recorded in Book ~~20056~~, Page ~~725~~, Wake County Registry (the "F&M Security Instrument"), hereby consents to the execution, delivery and recording of the foregoing Declaration of Condominium for Mordecai Cottages Condominium, LLC (the "Declaration") and agrees that any subsequent foreclosure of the F&M Security Instrument shall not extinguish the Declaration and that the F&M Security Instrument, the liens created thereby, and Lender's and Trustee's interest in the property described therein by virtue of the F&M Security Instrument, is, and shall be, subject and subordinate to the Declaration and the provisions thereof.

IN WITNESS WHEREOF, the undersigned has duly executed these presents under due authority as of this the 18th day of November, 2025.

LENDER:

Farmers & Merchants Bank aka F&M Bank

By: 
Name: ANTHONY J. CURRAN
Title: SVP

TRUSTEE:

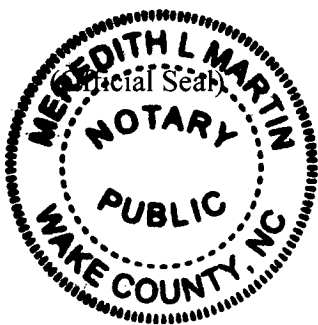

Andrew J. Abramson

LENDER ACKNOWLEDGEMENT

County of Wake
State of NC

I, Meredith L Martin, a Notary Public of aforesaid County and State, certify that Anthony J. Critelli personally appeared before me this day and acknowledged that he/she is SVP of **Farmers & Merchants Bank aka F&M Bank**, the Lender, and that he/she, as SVP being authorized to do so, executed the foregoing on behalf of the Lender for the purposes stated therein.

Witness my hand and official seal, this the 18th day of November, 2025.



Meredith L Martin
Official Signature of Notary

Meredith L Martin, Notary Public
Notary's printed or typed name

My commission expires: 10-2-2028

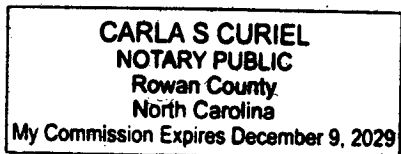
TRUSTEE ACKNOWLEDGEMENT

County of Rowan
State of North Carolina

I, Carla S. Curiel, a Notary Public of aforesaid County and State, certify that Andrew J. Abramson personally appeared before me this day and acknowledged that he executed the foregoing for the purposes stated therein.

Witness my hand and official seal, this the 18th day of November, 2025.

(Official Seal)



Carla S. Curiel
Official Signature of Notary

Carla S. Curiel, Notary Public
Notary's printed or typed name

My commission expires: 12-9-29

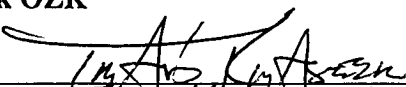
CONSENT AND SUBORDINATION

Bank OZK ("Lender"), owner and holder of certain notes secured by that certain Deed of Trust, Security Agreement, and Assignment of Leases and Rents in favor of Bank OZK recorded on October 2, 2025 in Book 20029, Page 321, Wake County Registry (the "BOZK Security Instrument"), hereby consents to the execution, delivery and recording of the foregoing Declaration of Condominium for Mordecai Cottages Condominium, LLC (the "Declaration") and agrees that any subsequent foreclosure of the BOZK Security Instrument shall not extinguish the Declaration and that the BOZK Security Instrument, the liens created thereby, and Lender's and Trustee's interest in the property described therein by virtue of the BOZK Security Instrument, is, and shall be, subject and subordinate to the Declaration and the provisions thereof.

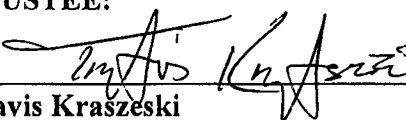
IN WITNESS WHEREOF, the undersigned has duly executed these presents under due authority as of this the 12 day of November, 2025.

LENDER:

Bank OZK

By: 
Name: TRAVIS KRASZESKI
Title: Senior Vice President

TRUSTEE:


Travis Kraszeski

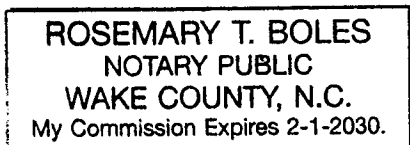
LENDER ACKNOWLEDGEMENT

County of Wake
 State of North Carolina

I, Rosemary T. Boles, a Notary Public of aforesaid County and State, certify that Travis Kraszeski personally appeared before me this day and acknowledged that he/she is Trustee of **Bank OZK**, the Lender, and that he/she, as Trustee being authorized to do so, executed the foregoing on behalf of the Lender for the purposes stated therein.

Witness my hand and official seal, this the 12th day of November, 2025.

(Official Seal)



Rosemary J. Boles
 Official Signature of Notary
Rosemary T. Boles, Notary Public
 Notary's printed or typed name

My commission expires: Feb. 1, 2030

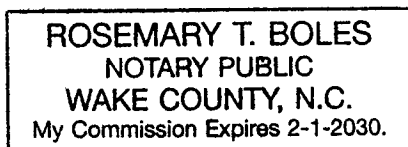
TRUSTEE ACKNOWLEDGEMENT

County of Wake
 State of North Carolina

I, Rosemary T. Boles, a Notary Public of aforesaid County and State, certify that Travis Kraszeski personally appeared before me this day and acknowledged that he executed the foregoing for the purposes stated therein.

Witness my hand and official seal, this the 12th day of November, 2025.

(Official Seal)



Rosemary J. Boles
 Official Signature of Notary
Rosemary T. Boles, Notary Public
 Notary's printed or typed name

My commission expires: Feb. 1, 2030

EXHIBIT D
Proposed Bylaws of Mordecai Cottages Condominium Association, Inc.

[Attached]

**BYLAWS OF
MORDECAI COTTAGES CONDOMINIUM ASSOCIATION, INC.**

**Article I.
DEFINITIONS**

Except where specifically indicated to the contrary in these Bylaws: (i) the capitalized terms shall have the same meaning as used in that Declaration of Condominium for Mordecai Cottages Condominium recorded in the Wake County Registry, (the "**Declaration**"), which is incorporated into this document by this reference; (ii) references to Section numbers are references to Sections of this document; and (iii) references to the "**NCNCA**" refers to the North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes, as it may be amended from time to time; references to the "**Act**" refers to the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes, as it may be amended from time to time; and references to "**Condominium Documents**" means the Declaration, the Articles of Incorporation, and these Bylaws, collectively and individually.

**Article II.
ADMINISTRATION OF CONDOMINIUM**

2.1. Authority and Responsibility. Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating, and managing the Common Elements and otherwise complying with and/or enforcing the terms of the Declaration.

2.2. Official Action. Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board or when taken by the committee, person, or entity to whom such authority has been duly delegated by the Executive Board as set forth in these Bylaws. The Association and its Executive Board, officers, and Members shall at all time act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the Act.

**Article III.
OFFICES**

3.1. Principal Office. The principal office of the Association shall be located at 3304 Six Forks Road, Suite 100, Raleigh, NC 27609.

3.2. Registered Office. The Association's registered office required by law to be maintained in the State of North Carolina may, but need not, be identical with the principal office.

3.3. Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Executive Board may designate or as the affairs of the Association may require from time to time.

**Article IV.
MEMBERSHIP/MEETINGS**

4.1. Membership.

4.1.1. Ownership of a Unit shall be the sole qualification for membership in the Association. When more than one person holds an interest in any Unit, all such persons will be Members. Any person, including Declarant, on becoming an Owner, will automatically become a Member and be subject to these Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Such membership will terminate without any formal Association action whenever such person ceases to own a Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Executive Board or others may have against such former Owner arising out of ownership of the Unit and membership in the Association and the covenants and obligations incident thereto.

4.1.2. Any person, on becoming an Owner, will furnish to the Independent Manager or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest, which instrument will remain in the files of the Association. An Owner will not be deemed a Member of the Association in good standing and will not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met. The date of membership shall, as applicable, be: (i) the date of recordation in the office of the Register of Deeds of Wake County, North Carolina of the conveyance of the Unit in question; or (ii) the date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate. The Executive Board may make other reasonable rules relating to the proof of ownership of a Unit.

4.2. Classes of Membership. The Association will have one class of voting membership, composed of all Owners, including Declarant as long as it owns a Unit.

4.3. Membership Certificates. No certificates of stock will be issued by the Association, but the Executive Board may, if it so elects, issue membership cards to Owners. Such membership card will be surrendered to the Secretary of the Association whenever ownership of the Unit designated on the card is terminated.

4.4. Place of Meetings. All meetings of Members shall be held at the principal office of the Association or at such other place, either within or outside of Wake County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a Majority in Interest of the Members entitled to vote thereat. Members may participate in any meeting of the Members by means of a conference telephone or similar communications equipment provided all persons participating in the meeting can hear one another. Participation in that manner shall constitute presence in person at the meeting.

4.5. Annual Meetings. The annual meeting of Members for the election of Executive Board members and the transaction of other business shall be held at any time in the year 2024 as selected by Declarant and thereafter in January of each year, on any day (except a Saturday, Sunday or legal holiday) in that month as determined by the Executive Board.

4.6. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of **Section 4.7.** A meeting so called shall be designated and treated for all purposes as the annual meeting.

4.7. Special Meeting. Special meetings of the Members may be called at any time by the President, the Declarant (until the end of the Declarant Control Period), the Executive Board, or by any Member pursuant to the written request of the holders of not less than 20.0% of the votes in the Association.

4.8. Notice of Meetings.

4.8.1. Except as otherwise provided in these Bylaws or required by the NCNCA or the Act, written notice stating the time and place of the meeting shall be delivered not less than ten 10 nor more than 50 days before the date of any Members' meeting, either by first class mail, personal delivery, or facsimile or other form of electronic transmission, by or at the direction of the President, the Secretary, or other authorized person calling the meeting, to each Member of record entitled to vote at such meeting. Such notice shall: (i) be given by first class mail or other method prescribed by these Bylaws; and (ii) state the time and place of the meeting (including an annual meeting), and (iii) state the items on the agenda (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove an Executive Board member or officer). In the case of a special meeting, the notice of meeting shall also specifically state the purpose(s) for which the meeting is called. In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the NCNCA.

4.8.2. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as prescribed for an original meeting. When a meeting is adjourned for less than 30 days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by

announcement at the meeting at which the adjournment is taken.

4.8.3. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

4.8.4. Notice given to any one tenant in common, tenant by entirety, or other joint Owner of a Unit (each, a "**Joint Owner**") shall be deemed notice to all Joint Owners of the subject Unit. Any waiver of notice of meeting or attendance at a meeting by a Joint Owner shall be attributable to all Joint Owners of the subject Unit.

4.9. Voting Lists. At least ten days before each meeting of Members the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of and number of votes held by each, which list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting. This list shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

4.10. Quorum. Except as otherwise provided by the Bylaws, thirty percent (30%) of the votes of the Members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by the vote of a Majority in Interest voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. Notwithstanding any provision to the contrary in the Declaration or these Bylaws, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by 50% from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

4.11. Proxies. Votes may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. To be valid, the proxy must be dated, signed by all Owners of the Unit, and filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted. No proxy will be valid if it purports to be revocable without notice. No Member shall be entitled to vote more than one proxy at any one meeting. A proxy is not valid after the expiration of 12 months from the date of its execution, unless the person executing it specifies a shorter period of time therein. A Member may not revoke a proxy given pursuant to this Section except by written notice of revocation executed by all Owners of the Unit and delivered to the person presiding over a meeting of the Members.

4.12. Voting.

4.12.1. Each Unit will be entitled to one vote. Fractional voting of a Unit's vote is prohibited. The vote for a Unit will be exercised by the Member. If the fee simple title to any Unit is owned of record by two or more Joint Owners (whether individually or in a fiduciary capacity), the vote with respect to that Unit may be cast by any one of the Joint Owners in person or by proxy, as a majority interest of the Joint Owners among themselves determine, except that the holder(s) of a life estate in a Unit shall have the sole right to cast the votes allocated to that Unit. If more than one of the Joint Owners are present at a meeting in person or by proxy, the vote allocated to their Unit may be cast only in accordance with the agreement of a Majority in Interest of the Owners, and if a Majority in Interest of the Owners cannot agree, then the Owners of such Unit will not be entitled to vote. If more than one of the Joint Owners votes, the unanimous action of all Joint

Owners voting shall be necessary to effectively cast the votes allocated to the particular Unit. Except as otherwise specifically provided in a valid proxy, there is deemed to be majority agreement if any one of the Joint Owners casts the vote allocated to its Unit without protest being made promptly to the person presiding over the meeting by any of the other Joint Owners of the Unit. A Member shall not be entitled to vote and its vote(s) shall be ignored in determining the total number of eligible votes: (a) on a vote to determine whether that Owner is in default under the Condominium Documents; or (b) until the default is cured, if the Owner is in default under these Condominium Documents (including, but not limited to, the payment of any assessments due under the Declaration).

4.12.2. The vote on any matter of a Majority in Interest of the votes present at a meeting of Members at which a quorum is present shall be the act of the Members on that matter, unless the vote of a greater number is required by the Act or by the Condominium Documents.

4.12.3. Provided it otherwise complies with the requirements of the Act and the NCNCA, voting by mail is permitted for any action which may be taken at any annual, substitute annual, or special meeting. In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice will include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail for or against such proposal, a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received, and the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.

4.12.4. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company, or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a valid proxy executed on behalf of such party, appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Unit at those meetings.

4.13. Action Without a Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept as part of the Association's records.

4.14. Presiding Officer. The President of the Association or, in the absence of the President, the Vice-President shall preside at all meetings of the Members and the Secretary of the Association shall act as the secretary thereof. In the absence of the Secretary, the President shall designate some other person to act as the secretary of the meeting. In the absence of both the President and the Vice President, the Members present at the meeting shall elect a Presiding Officer for the meeting.

4.15. Order of Business. The order of business at the annual meeting and at any special meeting of the Members shall be as follows:

- (a) The calling of the meeting to order;
- (b) The calling of the roll;
- (c) The announcement by the Presiding Officer of the purpose of the meeting and of the nature of the business which may be presented by it;
- (d) The reading and approval of the minutes of any former meeting of the Members, the Minutes of which have not been previously read and approved;
- (e) The presentation of and action, if required, upon reports of officers and committees;
- (f) Unfinished business;
- (g) New business, including the election of Executive Board members for the forthcoming year if

the meeting be an annual meeting; and

(h) Adjournment.

Roberts' Rules of Order (latest edition) shall govern the conduct of the meetings except where the NCNCA, the Act, or the Condominium Documents specifically requires a different procedure.

Article V. EXECUTIVE BOARD

5.1. General Powers. The Association's business and affairs shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to these Bylaws; provided, however, the Executive Board may not act to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board (except to fill vacancies as provided in these Bylaws), or to determine the qualifications, powers, duties, or terms of office of Executive Board members.

5.2. Number, Term and Qualification. The number of Executive Board members constituting the initial Executive Board shall be three. Thereafter, the number of Executive Board members constituting the Executive Board shall be not less than three nor more than five as may be fixed by resolution duly adopted by the Executive Board prior to the annual meeting at which such Executive Board members are to be elected. In the absence of such a resolution, the number of Executive Board members shall be the number elected at the preceding annual meeting. Any Executive Board memberships not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Executive Board. Each Executive Board member shall hold office until his death, resignation retirement, removal, disqualification, or his successor shall have been elected and qualified. Executive Board members need not be residents of the State of North Carolina or Members of the Association; provided that after the end of the Declarant Control Period, at least a majority of the Executive Board members must be Unit Owners. Subject only to the requirements of the Act, until the end of the Declarant Control Period, the Declarant shall determine the number of Executive Board members and the person who shall serve as Executive Board members.

5.3. Nomination. Except for those Executive Board members designated by Declarant as provided in these Bylaws, nomination for election to the Executive Board shall be made by the Executive Board. Nominating may also be made from the floor at the annual meeting. The Executive Board shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The nominations may be made from among Members or non-members. Any Member in good standing may nominate one or more candidates to the Executive Board by a petition in writing signed by that Member presented to the Secretary of the Association.

5.4. Election of Executive Board members.

5.4.1. Except as specifically provided to the contrary in these Bylaws, the Executive Board members shall be elected at the annual meeting of Members and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of Executive Board members shall be by secret ballot. Cumulative voting is not permitted.

5.4.2. During the Declarant Control Period, the Declarant shall have the right to appoint all Executive Board members; provided, however: (i) that not later than 60 days after conveyance of 25% of the Units to the Owners other than Declarant, at least one member and not less than 25% of the members of the Executive Board shall be elected by Owners other than the Declarant; and (ii) that not later than 60 days after conveyance of 50% of the Units to Owners other than Declarant, not less than one-third of the members of the Executive Board shall be elected by Owners other than the Declarant; provided, however, that this appointment right shall be reinstated if, after the threshold number of Units are conveyed, additional Units are added to the Condominium by the Declarant as provided in the Declaration. Each time that Declarant is required to transfer control of an Executive Board member's position, a special meeting of the Association will be called for the purpose of electing a new Executive Board member to take the place of the Executive Board member designated by Declarant as resigning. After the end of the Declarant Control Period, a special meeting of the Association will be called, at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Executive

Board and any terms of Executive Board members appointed by Declarant that have not expired will terminate at that time. Thereafter, Executive Board members will be elected by the Members at each annual meeting of the Members as otherwise provided in these Bylaws. The term of office for this initial full slate of Executive Board member elected by the Members will be fixed at the time of their election as they themselves will determine in order to establish a system of three-year terms in which approximately one-third of the Board is elected each year and the Board will identify in which year the Executive Board members for each category of representation are subject to election. For example, if the number of Executive Board member on the Board is set at three (3), one Executive Board member will serve for a one-year term, one Executive Board member will serve for a two-year term, and one Executive Board member will serve for a three-year term. At the expiration of the initial term of office of each respective Executive Board member, a successor will be elected to serve three years. Each Executive Board member will hold office until such Executive Board member's successor is elected by the Members and qualified to take over the office.

5.5. Removal. Other than Executive Board members appointed by Declarant, any Executive Board member may be removed at any time, with or without cause, by a vote of 67% of all persons present and entitled to vote at any meeting of Members at which a quorum is present. If any Executive Board members are so removed, new Executive Board members may be elected at the same meeting. Notwithstanding the preceding to the contrary, until the end of the Declarant Control Period, only Declarant may remove Executive Board member(s) appointed by it from the Executive Board and appoint new Executive Board member(s) in their place.

5.6. Vacancies. Until the end of the Declarant Control Period: (i) if an Executive Board member appointed by Declarant dies, becomes disabled, or resigns, Declarant will appoint a new Executive Board member to serve the balance of the term of the resigning, disabled, or deceased Executive Board member; and (ii) if an Executive Board member elected by the Members dies, becomes disabled, or resigns, the remaining Executive Board members will appoint a new Executive Board member from among the Members other than Declarant to serve the remainder of the term of that vacating Executive Board member. After the end of the Declarant Control Period, any vacancy occurring in the Executive Board may be filled by the affirmative vote of a majority of the remaining Executive Board members even though less than a quorum, or by the sole remaining Executive Board member. An Executive Board member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Executive Board member vacancy to be filled by reason of any increase in the authorized number of Executive Board members shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

5.7. Chairman of Board. There may be a Chairman of the Executive Board elected by the Executive Board members from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President of the Association shall preside.

5.8. Compensation. No member of the Executive Board shall receive compensation for acting as an Executive Board member. However, with the prior approval of the Executive Board, an Executive Board member may be reimbursed for any expenses incurred by him/her in attending regular and special meetings of the Board or in performance of his/her duties as an Executive Board member.

5.9. Loans to Executive Board members and Officers. No loans shall be made by the Association to its Executive Board members or officers.

5.10. Member Participation. At regular intervals, the Executive Board shall provide Members an opportunity to attend a portion of a Board meeting and to speak to the Board about their issues or concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Article VI. MEETINGS OF EXECUTIVE BOARD MEMBERS

6.1. Regular Meetings. A regular meeting of the Executive Board shall be held immediately

after, and at the same place as, the annual meeting or substitute annual meeting of Members. In addition, the Executive Board may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

6.2. Special Meetings. Special meetings of the Executive Board may be called by or at the request of the President, the Declarant (until the end of the Declarant Control Period), or any two Executive Board members. Such a meeting shall be held in Wake County at the place and time, as fixed by the person or persons calling the meeting.

6.3. Notice of Meetings. Regular meetings of the Executive Board may be held without notice. The person or persons calling a special meeting of the Executive Board shall, at 10 days before the meeting, give notice stating the time and place of the meeting, either by first class mail, personal delivery, or facsimile or other form of electronic transmission, to each Executive Board. Any notice given in accordance with the above provisions shall be deemed to be effective, if personally delivered or faxed or emailed, on the date of such delivery, or if mailed by registered or certified mail, on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be. Except as otherwise required by the Act or the Condominium Documents, such notice need not specify the purpose for which the meeting is called.

6.4. Waiver of Notice. Any Executive Board member may waive notice of any meeting. Attendance by an Executive Board member at a meeting shall constitute a waiver of notice of that meeting, except where an Executive Board member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6.5. Quorum. A majority of the Executive Board members then holding office shall constitute a quorum for the transaction of business at any meeting of the Executive Board.

6.6. Manner of Acting. Except as otherwise specifically provided in the Condominium Documents, the Act, or the NCNCA, the act of the majority of the Executive Board members present at a meeting at which a quorum is present shall be the act of the Executive Board.

6.7. Presumption of Assent. An Executive Board member who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to an Executive Board member who voted in favor of such act.

6.8. Action Taken Without a Meeting. Action taken by the Executive Board members without a meeting is nevertheless Executive Board action if written consent to the action in question is signed by all the Executive Board members and filed with the minutes of the proceedings of the Board, whether done before or after the action taken.

6.9. Committees of the Board. The Executive Board, by duly adopted resolution(s), may appoint committees as it deems appropriate in aiding the Executive Board in carrying out its duties and responsibilities with respect to the management of the Association. The persons elected to be a member of a committee shall be selected by the Executive Board, in its discretion; provided, however, that each committee shall include at least one Executive Board member. Any vacancy occurring on a committee shall be filled by a majority of the number of Executive Board members then holding office at a regular or special meeting of the Executive Board. Any member of a committee may be removed at any time with or without cause by a majority of the number of Executive Board members then holding office. Each committee shall keep regular minutes of its proceedings and report the same to the Executive Board when required. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Executive Board, or any Executive Board member, of any responsibility or liability imposed upon him/her by law.

Article VII.
POWERS AND DUTIES OF THE EXECUTIVE BOARD

7.1. Powers. The Executive Board will have the powers and duties necessary for the administration of the affairs of the Association. Except as otherwise specifically provided by the Condominium Documents, the NCNCA, or the Act, the Executive Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association. Without limiting the foregoing, the Executive Board will have the following powers and duties:

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.
- (b) To adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Owners and their Occupants, and to establish penalties/fines for the infraction thereof as provided in the Declaration;
- (c) To suspend the voting rights and right of an Owner and Occupants to use the Common Elements as provided in the Condominium Documents;
- (d) To all powers, duties and authority vested in or delegated to the Association by the Condominium Documents, the Act, or the NCNCA and not specifically reserved to the membership;
- (e) To declare the office of a member of the Executive Board to be vacant in the event the Executive Board member shall be absent from three consecutive regular meetings of the Executive Board;
- (f) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (g) To borrow money on behalf of the Association when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements; provided, however, that: (i) the affirmative consent of at least 75% of the Executive Board members shall be required for the borrowing of any sum in excess of \$5,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (ii) no lien to secure repayment of any sum borrowed may be created on any Unit without the consent of the Owner of that Unit; (iii) no portion of the Common Elements may be subjected to a security interest unless approved pursuant to N.C.G.S. 47C-3-112; and (iv) the documentation executed in connection with any such borrowing shall provide that if any sum borrowed pursuant to this subparagraph shall not be repaid by the Executive Board, any Owner who pays its proportionate share (based on its Allocated Interest) shall be entitled to obtain a release of any lien that that creditor shall have filed, or shall have the right to file, against such Owner's Unit; and
- (h) To exercise any powers necessary and proper for the governance and operation of the Association.

7.2. Duties. It shall be the duty of the Executive Board to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by 20% of the votes entitled to vote;
- (b) prepare, adopt and amend an annual budget for the Association;
- (c) maintain accurate records and books of account showing receipts and expenditures in connection with the operation of the Property which shall be available for examination by

Members at reasonable times;

- (d) as more fully provided in the Declaration, to enforce and otherwise administer the provisions with respect to Assessments;
- (e) use the Assessments collected, as well as all other funds held by the Executive Board, for the administration of the Association, including, without limitation: (i) the payment of Common Expenses and (ii) the making of restorations, additions, alterations, and improvements to the Common Elements;
- (f) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (g) procure and maintain adequate liability and hazard insurance on property owned by the Association and as otherwise may be required by the Declaration and the Act;
- (h) pay ad valorem taxes and public assessments levied against the Common Elements owned by the Association in fee simple;
- (i) cause all officers and or employees and professional management companies having fiscal responsibilities to be bonded, as it may deem appropriate;
- (j) enforce by legal means the terms, covenants, and conditions contained in the Declaration or these Bylaws and to bring, or defend against, any legal proceedings that may be instituted on behalf of, or against, the Owners.
- (k) cause the Association to fulfill its maintenance obligations prescribed by the Declaration; and
- (l) direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties provided in the Declaration, these Bylaws, or Section 47C-3-102 of the Act.

7.3. Fiscal Management.

7.3.1. A record of receipts and expenditures shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of Assessments against the Owner, the dates they become due, the amounts paid upon the account, and the balance due thereon. In making up the Assessments due, the Unit is treated as such and no division shall be made because the Unit is held by more than one person.

7.3.2. The Executive Board shall adopt a budget for each year which shall contain estimates of the cost of performing the various functions of the Association and shall include among its items: (i) a Common Expenses budget which shall include, among other things, expenses for maintenance and operation of Common Elements, utility services, casualty insurance, liability insurance, administration, reserves for future repairs and replacements to property and equipment, and for the repurchase of Units and/or mortgages if authorized by the Declaration, and any other item which the Executive Board finds necessary to include therein; and (ii) proposed Assessments.

7.3.3. Copies of the proposed budget shall be transmitted to each Owner promptly after adoption. If the budget is substantially amended, a copy thereof shall be furnished to each Owner.

7.3.4. The depository of the Association shall be such bank(s) as shall be designated from time to time by the Executive Board. The monies of the Association shall be deposited in the designated bank(s).

7.3.5. Upon written request, the Association shall make available to Owners an audited financial statement within 75 days after the Association's fiscal year-end.

7.4. Independent Manager. The Executive Board may employ or enter into a management contract with any individual, firm or entity (the "***Independent Manager***") it deems appropriate and in the best interest of the Association concerning the routine management of the Association. The Executive Board may delegate to the Independent Manager such duties and responsibilities in the management of the Property as the Executive Board deems appropriate; provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the NCNCA or the Act. The Independent Manager's contract shall be for a term not to exceed one year, renewable by agreement between the Executive Board and such Independent Manager for successive one-year terms, and shall be terminable by the Executive Board, with or without cause, upon 30 days written notice. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Article VIII. OFFICERS

8.1. Association Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Executive Board may from time to time elect. Any two or more offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.

8.2. Election, Term and Qualification. The officers shall be elected by the Executive Board and each officer shall hold office until his/her death, resignation, retirement, removal, disqualification or his/her successor shall have been elected and qualified. Only Executive Board members shall serve in the capacity of President and Vice-President. Other officers need not be Executive Board members or Members of the Association. Notwithstanding anything in these Bylaws to the contrary, during the Declarant Control Period, Declarant may appoint and remove all officers.

8.3. Compensation of Officers. The Executive Board shall fix the compensation of officers; however, in no event shall Members of the Association be compensated for serving as an officer except to the extent necessary to reimburse the officer for expenses incurred in performing his/her duties on behalf of the Association.

8.4. Removal. Any officer or agent elected or appointed by the Executive Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby; but the removal shall be without prejudice to the contract rights, if any, of the persons so removed.

8.5. Bonds. The Executive Board may by resolution require an officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Executive Board.

8.6. President. The President shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the Members. He/she shall sign, with the Secretary, an Assistant Secretary, or any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which the Executive Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Executive Board or by the Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed. In general, he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Executive Board from time to time.

8.7. Vice-Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice-Presidents in the order of their length of service as Vice- Presidents, unless otherwise determined by the Executive Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or Executive

Board.

8.8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of Members, of the Executive Board and of all Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep or cause to be kept a record of the Association's Members, giving the names, addresses, and the number of votes held by, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Executive Board from time to time.

8.9. Assistant Secretaries. In the absence of the Secretary or in the event of his/her inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Executive Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Executive Board.

8.10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and thereat kept available for a period of at least ten years; (c) issue, at the direction of the Executive Board, certificates as to whether Assessments on a specified Unit have been paid; and (d) in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Executive Board or by the Bylaws.

Article IX. MEMBERSHIP REGISTER

9.1. Closing of Register. For the purpose of determining Members of the Association entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Executive Board may provide that the membership register shall be closed for a stated period but not to exceed, in any case, 50 days. If the membership register shall be closed for the purposes of determining Members entitled to notice of or to vote at a meeting of Members, such books shall be closed for at least 10 days immediately preceding such meeting.

9.2. Record Date. In lieu of closing the membership register, the Executive Board may fix in advance a date as the record date for any such determination of Members, such record date in any case to be not more than 50 days and, in case of a meeting of Members, not less than 10 days immediately preceding the date on which the particular action, requiring such determination of Members is to be taken.

9.3. No Closing or Record Date. If the membership register is not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

9.4. Adjournment. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the membership register and the stated period of closing expired.

Article X. PROVISIONS

10.1. Nonprofit Corporation. The Association is not organized for profit. No Member of the Association, member of the Executive Board, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association. In no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Executive Board. Notwithstanding the foregoing: (i) reasonable compensation may be paid to any Member or Executive Board member acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; (ii) Surplus Funds may be distributed and/or credited to the Members as provided in the Declaration; and (iii) any Member or Executive Board member may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and any Executive Board member may be reimbursed for actual expenses incurred in the performance of his duties.

10.2. Books & Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, his agent or attorney, for any proper purpose. The Condominium Documents and the financial statements for the Association for the immediately preceding fiscal year shall be available for inspection by any Member and any first mortgage holders, their insurers or guarantors, at the principal office of the Association, where copies may be purchased at reasonable cost.

10.3. Seal. The seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL. The seal, as impressed on the adjoining margin, is adopted as the Association's seal.

10.4. Indemnification. Any person who at any time serves or has served as an Executive Board member, officer, employee or agent of the Association, or in such capacity at the request of the Association for any corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against: (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding. The Executive Board shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the members of the Association. Any person who at any time after the adoption of this bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

10.5. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation and end on December 31 of that year.

10.6. Amendments.

10.6.1. Except as provided in **Sections 10.6.2 & 10.6.3** below, these Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a Majority in Interest of a quorum of Members present in person or by proxy. The Articles shall be amended as provided by law. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents without the consent of Declarant. The Declaration shall be amended only in accordance with the provisions of the Declaration.

10.6.2. The Executive Board of Directors may amend these Bylaws without the consent of the Members: (a) To correct any obvious error or inconsistency in drafting, typing or reproduction; or (b) To conform to the requirements of any law or governmental agency having legal jurisdiction over the Condominium.

10.6.3. At any time prior to recording the Deed for first sale of a Unit to an Owner other than a Declarant, Declarant shall have the right to amend these Bylaws.

10.7. Severability. Invalidation of any covenant, condition, restriction, or other provisions of these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

10.8. Construction/Jurisdiction. These Bylaws shall be construed in accordance with the laws of North Carolina, without giving effect to its conflict of laws principles. All words and phrases in these Bylaws shall be construed to include the singular or plural number, and the masculine, feminine, or neuter gender, both as the context requires. These Bylaws shall be deemed executed and completed in North Carolina; the courts of North Carolina shall have exclusive jurisdiction over any disputes as to the terms of these Bylaws; and each Member, Executive Board member, and officer consents to the exclusive, personal jurisdiction by the courts of North Carolina and to venue in Wake County, North Carolina and waive any objection thereto.

10.9. Time is of the Essence. Time is of the essence in connection with each and every provision of these Bylaws. If any time period under these Bylaws ends on a Saturday, Sunday or any day on which the state courts of Wake County, North Carolina are closed, that time period shall be extended until the next business day.

10.10. Binding Arbitration. Except for any court action: (i) seeking injunctive relief, in which case such action shall be strictly limited to such matters only; (ii) seeking to challenge the enforceability of the binding arbitration provisions of these Bylaws; or (iii) filed after a court of competent jurisdiction has declared such arbitration provisions to be unenforceable, all controversies and disputes between the parties arising out of or related to these Bylaws or the relationship of the parties under these Bylaws, irrespective of the type of claim, shall be determined by binding arbitration under the North Carolina Revised Uniform Arbitration Act (the "**Arbitration Act**"). The decision of the arbitrator shall be final and binding on all parties to that proceeding and a judgment upon the arbitrator's award may be entered in any court having jurisdiction thereof. Except as expressly provided otherwise in these Bylaws, a party may initiate an arbitration proceeding by sending written notice of such (the "**Arbitration Demand**") to the other party at any time prior to the date the claim is barred by the applicable statute of limitations. That notice shall specify the nature of the dispute. The arbitration shall be held in Raleigh, North Carolina. Notwithstanding any provisions of the Arbitration Act to the contrary: (a) the parties shall be entitled to conduct discovery as provided under the North Carolina Rules of Civil Procedure so long as that discovery is concluded within 90 days of the date of the Arbitration Demand; (b) the parties shall comply with Rule 3 (b) - (d) of the Rules for Court-Ordered Arbitration in North Carolina; and (c) the arbitrator shall have the authority to award injunctive relief and to impose sanctions under NCRCP Rule 11 and other applicable rules. All disputes relating to discovery which cannot immediately be resolved by the parties shall be submitted to the arbitrator for an expedited ruling. The arbitration shall be conducted by a single arbitrator mutually acceptable to the parties, or, if the parties are unable to agree upon a single arbitrator within 20 days of the date of the Arbitration Demand, then by a single arbitrator appointed by a Wake County Superior Court Judge. Unless the arbitrator awards otherwise, the cost of the arbitration shall be ratably borne by the parties to the proceeding.

10.11. Conflicts. In the case of any conflict between the Articles and the Bylaws, the Articles shall control; in the case of any conflict between the Declaration and the Bylaws, the Declaration shall control; and, in the case of any conflict between the Condominium Documents and the NCNCA or the Act, the Condominium Documents shall control except as otherwise expressly prohibited by law.

10.12. Notices. Except where another form of notice is specifically permitted in these Bylaws, to be effective a notice required under these Bylaws must be in writing, addressed to the appropriate

address/facsimile number noted in the Association's records or, if none, to the address noted on the most recent Wake County tax records for the Owner, or as otherwise noted in writing in accordance with this provision, and must either be: (a) hand delivered (deemed received on receipt or refusal of delivery); (b) delivered by a nationally recognized overnight express delivery service (deemed received the next business day); or (c) deposited in the United States Mail, registered or certified mail, postage prepaid, return receipt requested (deemed received the third business day after posting); or (d) sent by confirmed facsimile or email transmission during normal business hours (deemed received on confirmed receipt of transmission). Notice to the person designated in a valid, still effective proxy shall be deemed notice to all Members represented by that proxy. Each Member shall keep the Association informed of its address(es).

[END]

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting President of Mordecai Cottages Condominium Association, Inc., a North Carolina non-profit corporation, and

THAT the foregoing Bylaws constitute the Bylaws of said Association.



President

STATE OF NC
COUNTY OF WAKE

I, TARA M. CORN, a Notary Public of the County and State aforesaid, do hereby certify that David W. Russell personally appeared before me this day and acknowledged the due execution of the foregoing instrument. Witness my hand and official seal this the 30th day of October, 2025.



printed name: TARA M. CORN, Notary Public
My commission expires: January 16, 2029

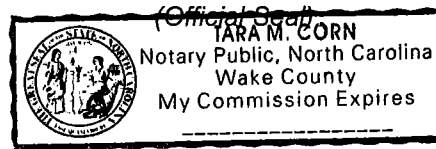


EXHIBIT E
Projected Budget

[Attached]

EXHIBIT F
List of Recorded Easements

- Matters shown on the plat recorded in Book of Maps Book of Maps 2021, Page 1682, Book of Maps 2022, Page 652, and Book of Maps 2022, Page 2036, Wake County Registry.
- Flood Water Easements recorded in Book 18899, Page 290, and Book 19120, Page 2253, Wake County Registry.
- Temporary Construction Easement recorded in Book 18899, Page 294, Wake County Registry.
- Private Cross Access Easement recorded in Book 19406, Page 2769, Wake County Registry.
- Declaration of Maintenance Covenant and Grant of Protective Easements for Stormwater Control Facilities recorded in Book 19407, Page 1, Wake County Registry.