

WAKE COUNTY, NC 29
TAMMY L. BRUNNER
REGISTER OF DEEDS
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DECLARATION OF CONDOMINIUM

FOR

LAKE SHORE CONDOMINIUM, A LEASEHOLD CONDOMINIUM

(AS DEPICTED ON "PLAN OF CONDOMINIUM FOR LAKE SHORE
CONDOMINIUM" RECORDED CONTEMPORANEOUSLY HEREWITH
IN CONDOMINIUM MAP BOOK CM 2023, PAGES
38-47, IN THE OFFICE OF THE REGISTER OF
DEEDS, WAKE COUNTY, NORTH CAROLINA, INCORPORATED
HEREIN BY REFERENCE)

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

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

Drawn By and Return to:
Ellis & Winters LLP (DKB)
P.O. Box 33550
Raleigh, NC 27636

**NORTH CAROLINA
WAKE COUNTY**

**DECLARATION OF CONDOMINIUM
FOR
LAKE SHORE CONDOMINIUM,
A LEASEHOLD CONDOMINIUM**

NORTH SHORE 2441 LP, a North Carolina limited partnership (the "NS 2441") and NORTH SHORE 2501 LP, a North Carolina limited partnership (the "NS 2501") declare and establish this Declaration of Condominium as the plan of condominium ownership for Lake Shore Condominium, a leasehold condominium. Pursuant to the provisions of N.C. Gen. Stat. § 47C-2-106 and in its capacity as the ground lessor under the Ground Lease (as hereinafter defined) and as the declarant under the Master Declaration (as hereinafter defined), The Board of Trustees of the Endowment Fund of North Carolina State University, an entity created and existing pursuant to N.C. Gen. Stat. § 116-36 (the "Master Declarant") joins in and consents to the provisions of this Declaration. As required by N.C. Gen. Stat. § 47C-2-101(b), a certificate of completion is recorded on Sheet 3 of the Plan of Condominium as defined herein.

ARTICLE I.

DEFINITIONS

As used herein, the following terms and phrases shall have the meanings set forth below, or, if a term used in this Declaration is not defined below, it shall have the meaning set forth in the Act.

"Act" shall mean and refer to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

"Allocated Interest" shall mean the percentage of undivided interests in the Common Elements allocated to each Unit in accordance with the term of this Declaration.

"Additional Property" shall mean and refer to the real property shown and identified as "Additional Property" on the Plan of Condominium for which Declarant may acquire a leasehold interest under the Ground Lease and add such real property to the Condominium in accordance with Article IV hereof (entitled "Development Rights").

"Association" shall mean and refer to Lake Shore Condominium Homeowners Association Inc., its successors and assigns. Notwithstanding anything to the contrary all references to "Association" in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

"Bylaws" shall mean and refer to the Bylaws of the Association. Notwithstanding anything to the contrary all references to "Bylaws" in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

“Building Site Unit” shall mean and refer to a leasehold interest in that portion of the Condominium designated for separate ownership, said property more particularly described as that parcel of land within the vertical boundaries shown on the Plan of Condominium and identified thereon as “BUILDING SITE UNIT,” together with all improvements now or hereafter constructed thereon. For the avoidance of doubt, the Building Site Unit has no horizontal boundaries. No building improvements are currently located on the Building Site Unit.

“Common Elements” shall mean and refer to all of the real property, improvements and facilities of the Condominium other than the Units.

“Common Expense Assessments” shall mean and refer collectively to the assessments levied by the Association in accordance with Section 2 of Article VII hereof (entitled “Assessments”).

“Common Expenses” shall mean and refer to the expenditures made by, or financial liabilities of, the Association in connection with the administration and operation of the Condominium and the maintenance, repair or replacement of the Common Elements, and any expenses declared “Common Expenses” by the Condominium Instruments. For the avoidance of doubt, Common Expenses include, without limitation, all General Budgeted Expenses, all Phase 5 Budgeted Expenses and all Phase 6 Budgeted Expenses. Notwithstanding anything to the contrary all references to “Common Expenses” in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

“Condominium” shall mean and refer to the Property, the improvements located thereon, and all easement rights appurtenant thereto, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the Owners of those portions designated for separate ownership.

“Condominium Building(s)” shall mean and refer to the Phase 5 Building and any Phase 6 Building hereafter constructed on the Building Site Unit, as such building(s) may hereafter be constructed, re-constructed, altered or further improved in accordance with the terms of this Declaration.

“Condominium Instruments” shall mean and refer to this Declaration, the Articles of Incorporation and Bylaws of the Association, and the Rules and Regulations of the Association adopted pursuant to the terms of this Declaration, as the same may be from time to time amended or supplemented in accordance with their respective terms.

“Declarant” shall mean and refer to NS 2441 and/or NS 2501, their respective successors and assigns pursuant to an instrument recorded in the Wake County Registry, assigning or conveying any declarant right(s) or development right(s) reserved herein, all of which, except as otherwise herein expressly provided, shall be assignable and may be apportioned on a Unit-by-Unit or Condominium Building-by-Condominium Building basis. Notwithstanding anything to the contrary all references to “Declarant” in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

“Declarant’s Development Period” shall mean and refer to that period of time extending from the date this Declaration is recorded in the Wake County Registry, until such time as Declarant shall cease to own any Unit in the Condominium.

“Declaration” shall mean and refer to this Declaration of Condominium, as the same may be from time to time amended or supplemented in accordance with its terms. Notwithstanding anything to the contrary all references to “Declaration” in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

“Executive Board” or “Board” shall mean and refer to the governing body designated or selected in accordance with the terms of this Declaration and the Articles and Bylaws of the Association to act on behalf of the Association in all matters not expressly reserved to the Members of the Association by the Condominium Instruments or the Act.

“General Budgeted Expenses” shall mean and refer to all budgeted Common Expenses except for Phase 5 Budgeted Expenses and Phase 6 Budgeted Expenses.

“Ground Lease” shall mean and refer to that certain Option and Ground Lease Agreement dated July 9, 2014 by and between the Master Declarant, as Landlord, and PW North Shore LLC, a North Carolina limited liability company (“PW”), as Tenant, as more particularly described in that Second Amended and Restated Memorandum of Option to Ground Lease recorded in Book 18494, Page 1273, Wake County Registry, as partially assigned to NS 2441 pursuant to the Phase 5 Ground Lease Assignment and to NS 5201 pursuant to the Phase 6 Ground Lease Assignment. Notwithstanding anything to the contrary all references to any “Ground Lease” or “Ground Leases” in Section 4 of Article II hereof shall have the meaning ascribed to such terms in the Master Declaration.

“Limited Common Elements” shall mean and refer to any portion of the Common Elements reserved for the use of a particular Unit or a particular group of Units to the exclusion of other Units and designated as “Limited Common Elements.”

“Master Association” shall mean the North Shore Master Homeowners Association, Inc., a North Carolina nonprofit corporation.

“Master Declaration” shall mean that certain Master Declaration of Covenants, Conditions, and Restrictions for North Shore at Centennial Campus previously recorded in Book 15666, Page 1242 of the Wake County Registry on May 22, 2014, as amended at Book 15720, Page 2225 of the Wake County Registry and as may be subsequently amended. This Declaration is a “Sub-Declaration” of the Master Declaration as such term is defined in the Master Declaration.

“Member” shall mean and refer to every person or entity that holds membership in the Association.

“Occupancy Unit” shall mean and refer to each physical portion of the Condominium located within the Phase 5 Building or any Phase 6 Building hereafter constructed that is designated for separate ownership, and identified as a Unit pursuant to this Declaration and the Plan of Condominium or any amendments or supplements thereto recorded in accordance with

the terms hereof, together with its appurtenant Allocated Interest. The boundaries of each of the Occupancy Units are further defined to exclude all spaces and improvements lying:

1. Beneath the flooring material of all demising or load-bearing floors;
2. Beneath or behind the interior surfacing material of all demising walls, interior bearing walls and/or bearing partitions;
3. Above the interior surfacing material of the demising or load-bearing ceilings;

and further excluding all Utility Facilities for the furnishing of utilities and other services to the Common Elements and/or the Units; provided, however, any such Utility Facilities, servicing only one Unit and located within the Unit served shall be a part of the Unit to which such Utility Facilities furnishes utility service. All heating, ventilation and air conditioning equipment ("HVAC Equipment") and related facilities serving a single Occupancy Unit, wherever located, shall be a part of the Occupancy Unit served by such equipment. As used herein, "demising floors," "demising walls," and "demising ceilings" shall mean and refer to those floors, walls and ceilings of the Condominium that serve as a Unit boundary line as shown on the Plan of Condominium. As shown on the Plan of Condominium recorded as of the filing of this Declaration, the Condominium presently contains forty-four (44) Occupancy Units.

"Owner" or "Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a leasehold estate or interest to any Unit or subdivided portion thereof, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Notwithstanding anything to the contrary all references to "Owner" in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

"Period of Declarant Control" shall mean and refer to that period of time extending from the date this Declaration is recorded in the Wake County Registry, for so long as Declarant retains the right pursuant to the terms of this Declaration to designate and select a majority of the persons who shall serve as members of each Executive Board of the Association.

"Phase 5 Budgeted Expenses" shall mean all budgeted Common Expenses attributable to the Phase 5 Limited Common Elements, the Phase 5 Occupancy Units and the Phase 5 Building, including insurance to be maintained with respect to the Phase 5 Building, contingencies and reserves, and shall also include all Common Expenses associated with all parking areas within the Common Elements and any parking areas temporarily located on the Building Site Unit until the earlier of (i) such time, if any, as a certificate of occupancy is issued with respect to any Phase 6 Building or (ii) such time, if any, as substantially all of the Additional Property has been added to the Condominium, as such attributions of Common Expenses are determined by the Executive Board in its reasonable discretion.

"Phase 6 Budgeted Expenses" shall mean all budgeted Common Expenses following the conversion of the Building Site Unit to Phase 6 Occupancy Units attributable to the Phase 6 Limited Common Elements, the Phase 6 Occupancy Units and the Phase 6 Building, including

insurance to be maintained with respect to the Phase 6 Building, contingencies and reserves, as such attributions of Common Expenses are determined by the Executive Board in its reasonable discretion.

"Phase 5 Building" shall mean the existing four-story building containing forty-four (44) Occupancy Units as depicted on the Plan of Condominium.

"Phase 6 Building" shall mean any building now or hereafter constructed on the Building Site Unit in accordance with the terms of this Declaration, as further described in an amendment to this Declaration filed pursuant to Section 2 of Article IV hereof (entitled "Development Rights").

"Phase 5 Ground Lease Assignment" shall mean and refer to that certain partial assignment of the Ground Lease to NS 2441 pursuant to that certain Partial Assignment and Assumption of Development Agreement and Ground Lease dated effective as of February 3, 2021 and recorded in Book 18494, Page 1279, Wake County Registry (as corrected by instrument recorded in Book 18644, Page 2356, Wake County Registry), and exercised by NS 2441 as evidenced by that certain Amended and Restated Memorandum of Ground Lease dated May 1, 2023 and recorded in Deed Book 19324, Page 2304.

"Phase 6 Ground Lease Assignment" shall mean and refer to that certain partial assignment of the Ground Lease to NS 2501 pursuant to that certain Partial Assignment and Assumption of Development Agreement and Ground Lease dated effective as of May 1, 2023 and recorded in Book 19324, Page 2335, Wake County Registry, and exercised by NS 2501 as evidenced by that certain Memorandum of Ground Lease dated May 1, 2023 and recorded in Deed Book 19324, Page 2343.

"Phase 5 Limited Common Elements" shall mean and refer to all portions of the Phase 5 Building other than the Phase 5 Occupancy Units. Except for any portion of the Phase 5 Limited Common Elements assigned for the use of one or more particular Phase 5 Occupancy Unit(s) to the exclusion of other Phase 5 Occupancy Units pursuant to the terms of the Act, this Declaration or any amendment hereof, the Phase 5 Limited Common Elements are assigned to all Phase 5 Occupancy Units and designated for the exclusive use and enjoyment of the Owners and occupants of the Phase 5 Occupancy Units, their guests and invitees.

"Phase 6 Limited Common Elements" shall mean and refer to all portions of any Phase 6 Building hereafter constructed other than the Phase 6 Occupancy Units contained therein. Except for any portion of the Phase 6 Limited Common Elements assigned for the use of one or more particular Phase 6 Occupancy Unit(s) to the exclusion of other Phase 6 Occupancy Units pursuant to the terms of the Act, this Declaration or any amendment hereof, the Phase 6 Limited Common Elements shall be assigned to all Phase 6 Occupancy Units and designated for the exclusive use and enjoyment of the Owners and occupants of the Phase 6 Occupancy Units, their guests and invitees.

"Phase 5 Occupancy Unit" shall mean and refer to each Occupancy Unit now or hereafter located within the Phase 5 Building.

"Phase 6 Occupancy Unit" shall mean and refer to each Occupancy Unit now or hereafter located on any Phase 6 Building hereafter constructed.

"Phase 5 Property" shall mean that certain real property owned in fee by the Master Declarant and ground leased to NS 2441 pursuant to the Phase 5 Ground Lease Assignment.

"Phase 6 Property" shall mean that certain real property owned in fee by the Master Declarant and ground leased to NS 2501 pursuant to the Phase 6 Ground Lease Assignment.

"Plan of Condominium" or "Condominium Plan" shall mean and refer to the Plat and Plan of the Condominium for Lake Shore Condominium recorded contemporaneously herewith in Condominium Map Book CM 2023, Pages 38 - 47 in the Wake County Registry, as the same may be supplemented and amended from time to time pursuant to the terms of this Declaration or the Act. The Plan of Condominium includes a survey of the land and graphic depictions and plans of the improvements constituting the Condominium. The Plan of Condominium identifies the Units and Common Elements, and their respective locations and approximate dimensions. Each Unit has been assigned an identifying number or name on the Plan of Condominium and no Unit bears the same identifying number or name as any other Unit. The Plan of Condominium is hereby incorporated herein by reference.

"Property" shall mean and refer to the leasehold interest in all of the real property shown and depicted on the Plan of Condominium as "LEASEHOLD REAL ESTATE PHASE 5" and "LEASEHOLD REAL ESTATE PHASE 6," together with any appurtenant easements, and shall include all improvements now or hereafter constructed thereon, together with any Additional Property hereafter annexed to the Condominium in accordance with the terms of this Declaration. Notwithstanding anything to the contrary all references to "Property" in Section 4 of Article II hereof shall have the meaning ascribed to such term in the Master Declaration.

"Rules and Regulations" shall mean and refer to the initial rules and regulations of the Association governing the use, enjoyment and maintenance of the Common Elements, together with any additional reasonable rules and regulations promulgated for such purpose in accordance with the provisions of this Declaration, as the same from time-to-time may be modified or amended pursuant to said provisions.

"Reviewing Authority" shall mean and refer to the Declarant, during Declarant's Development Period, and thereafter shall mean and refer to the Association, acting through its Executive Board or an Architectural Review Committee duly appointed by the Executive Board.

"Unit" shall mean and refer to the Building Site Unit [until such time, if any, as the Building Site Unit is converted to Occupancy Units pursuant to Section 2 of Article IV hereof (entitled "Development Rights")], and all Occupancy Units now existing or hereafter established pursuant to the terms of this Declaration, and "Units" shall mean and refer to all such Units collectively.

"University" shall mean and refer to North Carolina State University.

“Utility Facilities” shall mean and refer to any sanitary sewer, water, power, gas, data, telephone, communication, drainage or other utility service line, cable, pipe, main, meter, conduit, connection or system.

“Wake County Registry” shall mean the Office of the Register of Deeds, Wake County, North Carolina.

ARTICLE II.

LEASEHOLD CONDOMINIUM

Section 1. Leasehold Estates. NS 2441 is ground lessee of the Phase 5 Property pursuant to the Phase 5 Ground Lease Assignment and NS 2501 is ground lessee of the Phase 6 Property pursuant to the Phase 6 Ground Lease Assignment. The Ground Lease, as it applies to the Phase 5 Property and the Phase 6 Property, will expire on May 1, 2122, at which time the Condominium shall revert *in toto* to Master Declarant, with all rights of each Unit Owner for any Unit within the Condominium transferring to Master Declarant and the Unit Owners shall have no further rights to the Property. The Property is a part of the master planned community known as “North Shore at Centennial Campus.” The Master Declarant and the University are hereby expressly and unconditionally made third party beneficiaries of this Declaration and the other Condominium Instruments, and shall be entitled, in their sole and absolute discretion, to enforce all or any of the provisions thereof. If any provision of this Declaration requires the approval of the Master Declarant or grants to the Master Declarant any other rights or privileges (including rights to receive any ownership or revisionary interest in the Property) and the Master Declarant has been dissolved without a successor or assign, all of such rights and privileges shall pass automatically to the University.

Section 2. Unit Owner Addendum. All Occupancy Units in the Condominium will be subject to the Unit Disclosure and Ground Lease Addendum (the “Unit Owner Addendum”), a copy of which shall be attached to and incorporated in every assignment of Declarant’s leasehold interest in an Occupancy Unit to a Unit Owner and which is also attached hereto and incorporated by reference as Exhibit C. The Unit Owner Addendum shall be deemed to be an amendment and restatement of the Ground Lease as to any Occupancy Unit properly assigned by Declarant to a Unit Owner in accordance with the terms of the Unit Owner Addendum. Accordingly, the Unit Owner Addendum shall control all rights and obligations of Unit Owners and Master Declarant, as landlord under the Ground Lease, with respect to the leasehold interest that a Unit Owner acquires in its Occupancy Unit, irrespective of any contrary provisions contained in or conflicting with the terms of the Ground Lease, and references in this Declaration to the Unit Owner Addendum shall exclude the Ground Lease. The Ground Lease, however, shall continue to control as between Declarant and Master Declarant with respect to Declarant’s leasehold interest in the Property except as may be expressly stated otherwise in the Ground Lease or the Unit Owner Addendum. Pursuant to Section 47C-2-106 of the Act, the Unit Owners are hereby advised that (i) the Unit Owners have no right to redeem the reversion of any Unit or any other portion of the Property from the Master Declarant at the end of the term of the Ground Lease and the Unit Owner Addendum; (ii) the Unit Owners have no right to remove any

improvements from the Unit or any other portion of the Property at the end of the term of the Ground Lease and the Unit Owner Addendum (excluding the personal property of the Unit Owner which may be removed); and (iii) the Unit Owners have no right to renew the Ground Lease or Unit Owner Addendum upon the expiration of the term of the Ground Lease and the Unit Owner Addendum.

Section 3. Disclaimers by Master Declarant and University. The following disclaimers, which are set forth in Article III of the Unit Owner Addendum, are hereby recited on behalf of the Master Declarant and the University (capitalized terms used in this Section 3 of ARTICLE II shall have the meanings set forth in the Unit Owner Addendum):

A. Neither Master Declarant nor the University has participated in the design, development, construction, or marketing of the Condominium. MASTER DECLARANT AND THE UNIVERSITY MAKE NO WARRANTY, EXPRESS OR IMPLIED AND EXPRESSLY DISCLAIM ANY OR ALL ORAL, WRITTEN, OR IMPLIED REPRESENTATIONS OR COMMITMENTS AS TO THE SUITABILITY OR FITNESS OF THE PROPERTY OR ANY IMPROVEMENTS CONSTRUCTED OR TO BE CONSTRUCTED THEREON FOR ANY PURPOSE, AS TO THE EXISTENCE OR NON-EXISTENCE OF RADON OR ANY OTHER SUBSTANCE ON OR ABOUT THE PROPERTY, OR AS TO THE MERCHANTABILITY, VALUE, QUALITY, CONDITION OR SALABILITY OF THE PROPERTY OR ANY IMPROVEMENTS CONSTRUCTED THEREON.

B. As of the date of the recording of this Declaration, it is possible future phases of development of the Property may never be completed or may be delayed indefinitely. MASTER DECLARANT AND THE UNIVERSITY MAKE NO WARRANTY, EXPRESS OR IMPLIED AND EXPRESSLY DISCLAIM ANY OR ALL ORAL, WRITTEN OR IMPLIED REPRESENTATIONS OR COMMITMENTS AS TO ANY FUTURE CONSTRUCTION AT THE PROPERTY. FURTHERMORE, MASTER DECLARANT AND THE UNIVERSITY MAKE NO WARRANTY, EXPRESS OR IMPLIED AND EXPRESSLY DISCLAIM ANY OR ALL ORAL, WRITTEN OR IMPLIED REPRESENTATIONS OR COMMITMENTS AS TO THE EFFECTS OR IMPACTS, IF ANY, WHICH ANY SUCH FUTURE CONSTRUCTION MIGHT HAVE ON INGRESS OR EGRESS TO THE PROPERTY AND WHETHER SUCH CONSTRUCTION MAY CAUSE CERTAIN INCONVENIENCES TO OWNERS, OCCUPANTS, OR THE ASSOCIATION.

C. The Property is located adjacent to or in proximity to Lake Raleigh, which is owned by the State and managed by the University. Master Declarant has no ownership interest in or rights to manage Lake Raleigh. NEITHER ACCESS TO, NOR USE OR ENJOYMENT OF, LAKE RALEIGH IS GRANTED TO ANY OWNER BY OWNERSHIP OF ANY LOT OR ANY PORTION THEREOF, NOR TO ANY OCCUPANT, NOR TO THE ASSOCIATION, EXCEPT AS EXPRESSLY STATED IN THE LAKE RALEIGH LICENSE AGREEMENT, AND MASTER DECLARANT MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE AVAILABILITY, TERMS, OR CONDITIONS OF ANY SUCH AGREEMENT.

D. LAKE RALEIGH IS NOT COMMON AREA, IS NOT LOCATED ON THE PROPERTY, AND IS SUBJECT TO THE EXCLUSIVE CONTROL OF THE UNIVERSITY

AND STATE. MASTER DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES, AND SHALL HAVE NO LIABILITY, WITH RESPECT TO (A) THE CONTINUED EXISTENCE OF LAKE RALEIGH; (B) THE PURITY OR ANY OTHER CHARACTERISTIC OF THE WATER IN LAKE RALEIGH; (C) THE MAINTENANCE OF ANY PARTICULAR WATER LEVEL AT ANY TIME OR SEASON IN LAKE RALEIGH; AND (D) ANY RIGHT TO USE FOR ANY PURPOSE OR ANY RIGHT TO ACCESS LAKE RALEIGH. PERSONAL, SPORTING, RECREATIONAL, OR OTHER USES OF LAKE RALEIGH BY THEIR VERY NATURE INCLUDE THE POTENTIAL FOR SERIOUS BODILY INJURY, INCLUDING DEATH. DECLARANT MAKES NO AND EXPRESSLY DISCLAIMS ANY AND ALL ORAL, WRITTEN, OR IMPLIED REPRESENTATIONS OR COMMITMENTS THAT LAKE RALEIGH IS AVAILABLE, FIT, USABLE, OR APPROPRIATE FOR ANY TYPE, OR MANNER OF PERSONAL, SPORTING, RECREATIONAL, OR OTHER USE. THE OWNERS AND ASSOCIATION HEREBY EXPRESSLY ASSUMES ALL RISKS ATTENDANT TO THE OWNERSHIP, USE, AND ENJOYMENT OF PROPERTY ADJACENT TO OR IN CLOSE PROXIMITY TO LAKE RALEIGH, INCLUDING THE USE OR MISUSE OF LAKE RALEIGH BY OWNERS, OCCUPANTS, OR THE ASSOCIATION.

Section 4. Master Declaration Provisions Republished. The following language is a matter of public record in the Master Declaration (Article XVII, Sections 1, 2, 3, 4 and 5), but the Declarant deems it sufficiently important that it is reprinted here as well (capitalized terms used in this Section 4 of ARTICLE II shall have the meanings set forth in the Master Declaration):

"1. Pursuant to the Ground Leases, Declarant intends to lease, or has leased, portions of the Property to Builders. Each Ground Lease will be evidenced by a Memorandum of Ground Lease recorded in the Wake County Registry, which includes a description of the portion of the Property subject to the Ground Lease. Attached to each Memorandum of Ground Lease shall be a Unit Owner Disclosure and Ground Lease Addendum that amends and restates the Ground Lease as to each Lot that comprises the Property subject to the Ground Lease upon the initial assignment of such Lot by Builder to an Owner. The leasehold interest in every Lot, and ownership of the Dwelling Unit thereon, acquired by an Owner shall be transferred and conveyed by an Assignment of Leasehold Interest (the form of which shall be attached to the Unit Owner Disclosure and Ground Lease Addendum) from Declarant, a Builder, or a predecessor Owner, which shall operate as a *pro tanto* assignment of a leasehold interest in the Lot and conveyance of the, Dwelling Unit thereon to the assignee Owner and shall vest the assignee Owner with an exclusive leasehold interest in the Lot and ownership of the Dwelling Unit thereon until the expiration of the term of the Ground Lease (as modified by the Unit Owner Disclosure and Ground Lease Addendum), as set forth in the Memorandum of Ground Lease (the "Ground Lease Term"). Upon the sale of any Dwelling Unit, the Lot Owner shall assign to the subsequent Lot Owner its leasehold interest in the corresponding Lot (and its corresponding percentage of undivided leasehold interest as stated in any applicable condominium declaration) by an Assignment of Leasehold Interest in accordance with the Unit Owner Disclosure and Ground Lease Addendum. Declarant shall not recognize or otherwise be bound by or be deemed to have consented to or approved any assignment of leasehold interest in a Lot or sale of any Dwelling Unit unless and until the assignor Lot Owner and the assignee Lot Owner execute the

Assignment of Leasehold Interest in the required form, whereupon such assignee Owner (and any first mortgagee thereof) shall be entitled to all rights of an Owner and bound by all obligations and liabilities of Lot Owner under the Unit Owner Disclosure and Ground Lease Addendum. The assignor Owner shall remain liable after closing of the assignment and sale of any Lot and Dwelling Unit for performance of such Owner's obligations under the Unit Owner Disclosure and Ground Lease Addendum through the date of closing, notwithstanding the assignor Owner's assignment of its leasehold interest in a Lot to a new Lot Owner, except as expressly stated herein.

2. Every Owner is advised: (i) the Owners have no right to redeem the reversion of any Lot or the Property from Declarant at the end of the Ground Lease Term; (ii) the Owners have no right to remove any Improvements from the Property at the end of the Ground Lease Term, including any Dwelling Unit, Limited Common Areas, Common Areas, or any portion thereof (excluding the personal property of the Owner or occupants); and (iii) the Owners have no right to renew the Ground Lease, as modified by the Unit Owner Disclosure and Ground Lease Addendum. Upon expiration of the Ground Lease Term, all ownership rights of the Owners and any leasehold rights of the Owners and Occupants in the Lots and Dwelling Units shall cease, and the fee ownership of all Dwelling Units shall pass to Declarant, who shall continue to be the fee owner of the Lots, unencumbered by any Ground Lease. The acquisition of any Lot or Dwelling Unit by Declarant (including acquisition by reason of an Owner's failure to cure a default under the Declaration, the Bylaws, or the Unit Owner Disclosure and Ground Lease Addendum) shall not merge Declarant's fee simple interest with the leasehold interest under the Ground Lease, as modified by the Unit Owner Disclosure and Ground Lease Addendum, even if all Lots and/or Dwelling Units are acquired by Declarant.

3. As used in this Article, "Common Expenses" shall include those items identified as "Unit Owner Charges" in the Unit Owner Disclosure and Ground Lease Addendum. In addition to other Common Expenses of the Association, such Common Expenses for purposes of this Article include the following items as defined in the Unit Owner Disclosure and Ground Lease Addendum: (a) the Centennial Campus Maintenance Payment; (b) Landlord Expenditures; (c) costs of utilities; (d) Impositions; and (e) any amounts paid or advanced by Declarant to cure any default of an Owner under the Unit Owner Disclosure and Ground Lease Addendum or any default of the Association under the Declaration. Declarant shall have the right to recover these Common Expenses pursuant to the terms of the Declaration and the Unit Owner Disclosure and Ground Lease Addendum, subject to Article VI of the Declaration.

4. Though damages would be difficult to measure, the failure of an Owner and/or the Association to abide by the terms, covenants, and restrictions contained in the Declaration and the rules and regulations applicable to the Property would result in irreparable damage to the University and its reputation. Accordingly, in addition to the other enforcement rights contained in the Declaration, the University, during the term of the Declaration, shall have the right, but not the obligation, to enforce all rules, regulations, restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Declaration by proceeding at law or in equity against any person or persons violating or attempting to violate any such rules, regulations, restrictions, conditions, covenants, reservation, liens or charges, either to restrain violation thereof or to recover damages therefor. The University shall have all appropriate remedies at law or in equity to enforce the provisions of the Declaration, the Bylaws of the

Association, and any duly authorized and promulgated rules, regulations, restrictions, conditions, or covenants governing the Property, specifically including the rules and regulations promulgated by the University relating to the Property and Centennial Campus. All rights, remedies and privileges granted or reserved to Declarant pursuant to any term, provision, covenant, or condition of the Declaration shall be cumulative, and the exercising of any one or more shall not constitute an election of remedies, nor shall it preclude Declarant or the University from exercising such other and additional rights, remedies, or privileges as may be available at law or in equity. In addition, the Association or any Owner may enforce the terms of the Declaration against the Association or any Owner, if such Owner or the Association fails to comply with the provisions of the Declaration.

5. The Association hereby covenants and agrees that it shall exercise its power of enforcement under the Declaration to maintain a first-class community consistent in appearance and quality with other residential communities in the Raleigh area, and it shall, upon the request of Declarant or the University, enforce any restriction, condition, covenant, reservation, lien or charge contained in the Declaration deemed by Declarant or the University, in their reasonable discretion, to have been violated, using all remedies available to the Association at law or in equity. Declarant reserves the right and easement, but not the obligation, to go upon any portion of the Common Area at any time to repair and maintain such Common Area when needed, in Declarant's reasonable discretion, to bring such Common Area within the standards required by the Declaration or other applicable restrictions or covenants. If Declarant enters the Common Area to perform such maintenance or repair, the Association shall reimburse Declarant in full for the reasonable cost of such work, which shall be collected by the Association as Common Expenses. The failure of Declarant, the Association, or by any Owner to enforce any restrictions, conditions, covenants, reservations, liens, or charges in the Declaration shall in no event be deemed a waiver of the right to do so thereafter."

ARTICLE III.

ESTABLISHMENT OF CONDOMINIUM

Section 1. Submission of Property. Declarant does hereby submit the Property, together with all improvements now or hereafter located thereon to condominium ownership under the provisions of the Act, and hereby declares the same to be a leasehold condominium to be known and identified as "Lake Shore Condominium" sometimes hereinafter referred to as the "Condominium." Notwithstanding anything to the contrary set forth herein, the Master Declarant, as an instrumentality of the State of North Carolina, does not intent to subject itself, the University, the State of North Carolina or any property interest of the Master Declarant, the University or the State of North Carolina to the Act.

Section 2. Ownership of Units. Each Unit shall be conveyed and treated as an individual property capable of independent use and conveyance, and the Unit Owner of each Unit shall also possess, as an appurtenance to the leasehold interest of each said Unit, an Allocated Interest in the Common Elements. Upon recordation of this Declaration in the Wake County Registry, NS 2441 is the Owner of the Phase 5 Occupancy Units and NS 2501 is the Owner of the Building Site Unit.

Section 3. Allocated Interest in the Common Elements. The Allocated Interest appurtenant to each Unit as of the date of this Declaration is as set out on Exhibit A attached hereto and made a part hereof. Fifty percent (50%) of the Allocated Interests has been allocated among the forty-four (44) Phase 5 Occupancy Units based on the relative estimated number of square feet of floor area contained in each Phase 5 Occupancy Unit as determined by Declarant's architect and set forth on Exhibit A, when compared to the aggregate estimated number of square feet contained in all of the Phase 5 Occupancy Units. Absent gross error, the square footage of each Phase 5 Occupancy Unit set forth on Exhibit A conclusively shall be deemed the actual number of square feet of floor area contained in such Unit for the purpose of determining the Allocated Interest to be allocated to such Unit. The square footage of each Phase 5 Occupancy Unit set forth on Exhibit A is provided for the sole purpose of apportioning the Allocated Interests and may not be relied upon for any other purpose. The remaining fifty percent (50%) of the Allocated Interests has been allocated to the Building Site Unit. At such time, if any, as the Phase 6 Building is constructed and the Building Site Unit is converted to Phase 6 Occupancy Units and Common Elements pursuant to Section 2 of Article IV hereof (entitled "Development Rights"), the Allocated Interests appurtenant to the Building Site Unit shall be allocated among the Phase 6 Occupancy Units based on the relative number of square feet of floor area contained in each Occupancy Unit as such square footages are determined by Declarant's architect. The square footage of each Phase 6 Occupancy Unit and the reallocated Allocated Interests shall be set forth in the amendment to this Declaration recorded pursuant to Section 2 of Article IV hereof (entitled "Development Rights").

Section 4. Easements in Favor of Declarant. Declarant shall be deemed to have and hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for the exercise of any right of the Declarant reserved in this Declaration. In addition, Declarant shall be deemed to have and hereby reserves such easements on, across and over the Common Elements as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Declaration or under the Act.

Section 5. Separate Conveyance of Common Element Interest Prohibited. Except as otherwise provided in this Declaration, the Allocated Interest in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the Allocated Interest in the Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such Allocated Interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transaction which purports to grant any right, interest or lien in, to or upon a Unit shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its Allocated Interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the Identifying Number or name assigned thereto in the Plan of Condominium without limitation or exception, shall be deemed and construed to affect the entire Unit and its Allocated Interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its Allocated

Interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

Section 6. Condominium Subject to Matters of Record. The Units, Common Elements and Limited Common Elements shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use thereof and setting forth the obligations and responsibilities incident to ownership of each Unit and its Allocated Interest in the Common Elements, and said Units, Common Elements and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium. Listed on Exhibit B, attached hereto and incorporated herein by this reference, is the recording data for all restrictions, easements and licenses which have been recorded prior to this Declaration and which now affect the Condominium.

Section 7. Development of Building Site Unit by Owner. Any Owner of the Building Site Unit shall have the right to construct the Phase 6 Building in accordance with designs approved by the Reviewing Authority and the Master Declarant. Upon substantial completion of such construction, the Building Site Unit Owner shall prepare for review and approval of the Reviewing Authority and the Master Declarant an amendment to this Declaration and the Plan of Condominium subdividing the Building Site Unit into not more than forty nine (49) Phase 6 Occupancy Units and Common Elements. The amendment shall describe, and assign identifying numbers to all new Occupancy Units created thereby, describe the new Common Elements and Limited Common Elements created thereby, and in the case of the latter, designate the Phase 6 Occupancy Unit(s) to which such Limited Common Elements are reserved. The amendment shall provide for the reallocation of all Allocated Interests previously assigned to the Building Site Unit (50% of the Allocated Interests) among the Phase 6 Occupancy Units based on the relative estimated number of square feet of floor area contained in each Phase 6 Occupancy Unit as determined by the Building Site Unit Owner's architect, when compared to the aggregate estimated number of square feet contained in all of the Phase 6 Occupancy Units. With the approval of the Reviewing Authority and the Master Declarant as to the form and accuracy of the amendment, the Owner of the Building Site Unit shall cause the amendment to be recorded in the Wake County Registry.

ARTICLE IV.

DEVELOPMENT RIGHTS

Section 1. Addition of Real Estate to Condominium; Creation of Additional. Declarant hereby reserves the right for ten (10) years from the date of recording of this Declaration to add, from time to time, all or any portion of the Additional Property to the Condominium, and to thereby establish upon such Additional Property additional Common Elements, all without the consent of any Unit Owner or mortgagee; provided, however, consent of the Master Declarant shall be required. Declarant shall have no obligation of any kind to add any Additional Property. In the event Declarant elects to exercise its development right to add, from time to time, any Additional Property, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Declaration in the Wake County Registry, such amendment to refer specifically to the recording data identifying this Declaration. The

amendment shall describe the new Common Elements and any new Limited Common Elements thereby created and, in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. The Amendment also may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the added properties, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. In addition, to the execution and recordation of the amendment to the Declaration, Declarant shall record in the Wake County Registry, supplemental plats and plans of the Condominium evidencing the changes affected by Declarant's exercise of its development rights, any such plats and plans shall become a part of the Plan of Condominium as herein defined. Declarant reserves the right to design, construct and complete roadway, parking, sidewalk, lighting, landscaping and other similar improvements on the Additional Property.

Section 2. Development of Building Site Unit; Conversion of Building Site Unit to Phase 6 Occupancy Units and Common Elements. Declarant, if the Owner of the Building Site Unit, shall have the following development rights with respect to the Building Site Unit, subject only to the approval of the Master Declarant, for a period of ten (10) years from the date of recording of this Declaration:

A. Declarant shall have the right to design, construct, complete and exercise control over the course of development of any and all improvements located or to be located on the Building Site Unit.

B. Following completion of the Phase 6 Building, Declarant shall prepare and cause to be filed in the Wake County Registry an amendment to this Declaration and the Plan of Condominium subdividing the Building Site Unit into Phase 6 Occupancy Units and Common Elements. Such amendment shall describe, and assign identifying numbers to all new Occupancy Units created thereby, describe the new Common Elements and Limited Common Elements created thereby, and in the case of the latter, designate the Phase 6 Occupancy Unit(s) to which such Limited Common Elements are reserved. Such amendment shall provide for the reallocation of all Allocated Interests previously assigned to the Building Site Unit (50% of the Allocated Interests) among the Phase 6 Occupancy Units based on the relative estimated number of square feet of floor area contained in each Phase 6 Occupancy Unit as determined by Declarant's architect, when compared to the aggregate estimated number of square feet contained in all of the Phase 6 Occupancy Units.

Section 3. Maximum Number of Units. The maximum number of Phase 6 Occupancy Units that may be created pursuant to the development rights herein reserved and established is forty nine (49), for a maximum total number of Occupancy Units of ninety three (93) Occupancy Units. No rights have been reserved or established to create additional Building Site Units. Accordingly, the maximum number of Building Site Units is one (1).

Section 4. Common Elements. Declarant reserves the right to complete and to further improve and develop the Common Elements and the right to maintain sales offices, management

offices, signs advertising the Condominium, and model Units within the Common Elements and Units owned by Declarant.

Section 5. Common Element Easements. Declarant hereby reserves and shall be entitled to use such easements through the Common Elements as may be necessary or convenient for the purpose of making improvements within the Condominium or within real estate which may be added to the Condominium, including, without limitation, easements for ingress, egress and regress, easements for the staging of construction materials and utility easements.

Section 6. Right to Withdraw Property. Declarant hereby reserves for ten (10) years from the date of recording of this Declaration the right, with only the consent of Master Declarant, to withdraw from this Declaration certain portions of the Property on which roadway and related improvements have been constructed, said portions identified on the Plan of Condominium as "Willow Marsh Place", as well as adjacent property on which sidewalks, lighting and landscaping have been installed, but expressly excluding all street parking spaces abutting such roadways, for the purpose of assigning or conveying the Common Element leasehold interest in such property to the University, the Master Declarant and/or the Master Association for control and maintenance pursuant to the Master Declaration. This right to withdraw property shall extend to any portion of the Additional Property hereafter annexed to the Condominium on which roadway and related improvements have been constructed. The withdrawn property shall be subject to an easement in favor of the Unit Owners as set forth in the Master Declaration. In the event Declarant exercises this right to withdraw such property from the Condominium, Declarant shall cause to be prepared and recorded in the Office of the Register of Deeds, Wake County, North Carolina, amendments to this Declaration and the Plan of condominium evidencing the changes affected by Declarant's exercise of this development right.

Section 7. Scope of Development Rights. Any and all of the development rights herein reserved and established may be exercised as to any, all or none of the real estate in which such rights have been reserved and established, at different times and from time to time, and in any sequence, all in the sole discretion of the Declarant. Nothing in this Article IV (including, without limitation, the time periods referenced herein) shall be deemed to provide Declarant any greater development rights with respect to the Property than Declarant may possess pursuant to the Ground Lease or that certain Development Agreement dated July 9, 2014 by and between the Master Declarant and PW, as amended and assigned in whole or in part from PW to Declarant.

ARTICLE V. ADMINISTRATION OF THE CONDOMINIUM BY THE ASSOCIATION

Section 1. Association Purpose. The Association has been organized to provide for the administration of the Condominium by the Unit Owners, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of the Condominium Instruments. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted all of the powers and authorities granted to non-profit

corporations under the law pursuant to which the Association is chartered, and all of the powers and privileges which may be granted the Association under any other applicable laws of the State of North Carolina, including the Act, which powers include, without limitation, the power and authority to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board of said Association may deem to be in the best interests of the Unit Owners and the Association and to grant such easements, leases, licenses, and concessions through or over the Common Elements, including reciprocal cross easements for access, parking and landscaping, as the Executive Board of the Association may deem in the best interest of the Unit Owners and the Association. The Association shall be a "Sub-Association" of the Master Association with all rights and obligations of a Sub-Association as set forth in the Master Declaration.

Section 2. Association Membership. The Unit Owner(s) of each Unit shall automatically become Members of the Association upon such Owner's(s') acquisition of an leasehold interest to any Unit and its Allocated Interest in the Common Elements, and the membership of such Unit Owner(s) shall terminate automatically upon divestment of such Unit Owner's(s') leasehold interest in such Unit, regardless of the means by which such leasehold interest may be divested.

Section 3. Membership Voting. The total vote of the Association shall be apportioned among the Unit Owner(s) of the Units in proportion to the Allocated Interests appurtenant to such Units, as such Allocated Interests may change in accordance with the terms of this Declaration. On all matters which the membership of the Association shall be entitled to vote, the votes of the Unit Owners shall cast in such manner as may be provided in the Bylaws of the Association. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership except as set forth in Article XVIII hereof (entitled "Rights Reserved to Eligible Lenders").

Section 4. Agreements with Master Association and Others. The Association may enter into agreements with the Master Association for the provision of community services and the collection of dues. More particularly the Association may enter into an agreement with the Master Association to assist the Association in performing any functions or providing, or enabling them to provide, any of the services the Association is required or authorized to perform or provide under the Association's governing documents. The Association also shall have the authority to enter into such agreements with the Master Association, including granting easements or licenses in favor of the Master Association, as it may deem advisable for the maintenance, operation, regulation, conservation and beautification of the Property and for the health, comfort, safety, security, and general welfare of the owners and occupants of the Property. Further, the Association may contract with other nonprofit corporations or associations, including the Master Association, that exist for purposes substantially similar to those for which the Association exists with respect to the Maintenance of property, common area, or common elements owned by any such corporation or association.

ARTICLE VI.

EXECUTIVE BOARD

Section 1. Right of Declarant to Representation on Executive Board. For the period commencing on the date the Association is formed and ending one hundred twenty (120) days after the conveyance of seventy-five percent (75%) of the units (including units which may be created pursuant to development rights herein reserved or established) to Unit Owners other than a declarant, but in any event no longer than two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business or five (5) years from the date of recording of this Declaration, whichever occurs first, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Association, except as follows:

A. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the units (including units which may be created pursuant to development rights herein reserved or established) to Unit Owners other than a declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant; and

B. Not later than sixty (60) days after conveyance of fifty percent (50%) of the units (including units which may be created pursuant to development rights herein reserved or established) to Unit Owners other than a declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Unit Owners other than Declarant.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed.

Section 2. Number of Executive Board Members. Initially the Executive Board shall consist of one (1) Executive Board Member appointed by Declarant. Commencing at such time as twenty-five percent (25%) of the units (including units which may be created pursuant to development rights herein reserved or established) have been conveyed to Unit Owners other than a declarant the Executive Board shall consist of three (3) Executive Board Members. From and after such time as Declarant is no longer entitled to appoint any Executive Board Members pursuant to Section 1 of this Article, the Executive Board shall consist of six (6) Executive Board Members and thereafter half of the Executive Board Members shall be elected by the Owners of the Phase 5 Occupancy Units and half of the Executive Board Members shall be elected by the Owners of the Phase 6 Occupancy Units.

Section 3. Authority of Executive Board. Except as otherwise expressly provided or otherwise required by the Act, all powers and authority granted to or otherwise established with

respect to the Association pursuant to the Condominium Instruments shall be exercisable by the Executive Board.

ARTICLE VII. ASSESSMENTS

Section 1. Assessments Generally. Declarant, for each Unit owned, and each Owner by acceptance of an assignment of leasehold interest therefor, whether or not it shall be so expressed in such assignment, hereby covenant and agree to pay the Association all assessments or charges levied by the Association pursuant to the terms of the Condominium Instruments or the Act, including, without limitation, Common Expense Assessments and Individual Assessments.

Section 2. Adoption of a Budget; Establishment of Common Expense Assessments. The Executive Board shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Unit). Such budget shall project all Common Expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium, including reasonable allowances for contingencies and reserves, if deemed appropriate by the Executive Board of the Association. The budget shall separately itemize all Phase 5 Budgeted Expenses and all Phase 6 Budgeted Expenses. All other budgeted expenses are herein referred to as "General Budgeted Expenses." Within thirty (30) days after adoption of the budget by the Executive Board, the Executive Board shall provide a copy of said budget or a summary thereof to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the budget or summary to the Unit Owners. There shall be no requirement that a quorum be present at the meeting. If the General Budgeted Expenses provided for in the proposed budget do not exceed 115% of the General Budgeted Expenses for the prior year (annualized for the any partial year), the General Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least eighty percent (80%) of the votes of the entire membership vote to reject the budget. If the General Budgeted Expenses provided for in the proposed budget exceed 115% of the General Budgeted Expenses for the prior year (annualized for the any partial year), the General Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least a majority of the votes of the entire membership vote to reject the budget. If the Phase 5 Budgeted Expenses provided for in the proposed budget do not exceed 115% of the Phase 5 Budgeted Expenses for the prior year (annualized for the any partial year), the Phase 5 Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least eighty percent (80%) of the votes of the Phase 5 Occupancy Unit Owners vote to reject the budget. If the Phase 5 Budgeted Expenses provided for in the proposed budget exceed 115% of the Phase 5 Budgeted Expenses for the prior year (annualized for any partial year), the Phase 5 Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least a majority of the votes of the Phase 5 Occupancy Unit Owners vote to reject the budget. The Phase 6 Budgeted Expenses for the calendar year (or portion thereof) in which the conversion of the Building Site Unit to Phase 6 Occupancy Units occurs shall be ratified by Declarant. Thereafter, if the Phase 6 Budgeted Expenses provided for

in the proposed budget do not exceed 115% of the Phase 6 Budgeted Expenses for the prior year (annualized for the any partial year), the Phase 6 Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least eighty percent (80%) of the votes of the Phase 6 Occupancy Unit Owners vote to reject the budget. If the Phase 6 Budgeted Expenses provided for in the proposed budget exceed 115% of the Phase 6 Budgeted Expenses for the prior year (annualized for the any partial year), the Phase 6 Budgeted Expenses set forth in the proposed budget shall be deemed ratified unless Members entitled to cast at least a majority of the votes of the Phase 6 Occupancy Unit Owners vote to reject the budget. In the event the Executive Board fails to propose a budget or fails to call a meeting for the ratification of a proposed budget or a proposed budget is rejected, the budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board. With respect to any category of the budgeted expenses rejected by the Members, that portion of the budget last ratified with respect to such category of budgeted expenses shall be continued until such time as the Unit Owners ratify a revised budget proposed by the Executive Board with respect to such budgeted expenses. Based on the ratified budget, or portion thereof, the Board shall set the total amount of Common Expense Assessments for each Unit by assessing the General Budget Expenses among all Units on the basis of Allocated Interests, the Phase 5 Budgeted Expenses among all Phase 5 Occupancy Units on the basis of Allocated Interests, and the Phase 6 Budgeted Expenses among all Phase 6 Occupancy Units on the basis of Allocated Interests; provided, however, with respect to budgeted expenses attributable to Phase 5 Limited Common Elements assigned to fewer than all Phase 5 Occupancy Units and budgeted expenses attributable to Phase 6 Limited Common Elements assigned to fewer than all Phase 6 Occupancy Units, the Board, in its reasonable discretion, consistently applied, may allocate such budgeted expenses to only the Occupancy Units to which such Limited Common Elements are assigned on the basis of relative Allocated Interests of such Units. Once such Common Expense Assessments are established, the Association shall send written notice of the Common Expense Assessment and the due date established by the Board to the Owner(s) of each Unit. The Executive Board may revise the budget and adjust the Common Expense Assessment levied pursuant to the budget from time to time during the year, subject to the notice requirements and the right of the Members to reject the revised budget in accordance with the foregoing provisions.

Section 3. Working Capital Contributions. Upon acquisition of record title to a Unit by the first Owner other than Declarant, a contribution in an amount equal two times the monthly installment of the then current Common Expense Assessment levied by the Association against such Unit shall be due and owing to the Association from the purchaser of such Unit (a "Working Capital Contribution"). The Working Capital Contribution shall be in addition to, not in lieu of, Common Expense Assessments or any applicable Individual Assessment with respect to such Unit. The Working Capital Contribution shall be payable at closing, shall not be prorated, and the Association shall have the same rights for collection of the Working Capital Contribution as for the collection of Assessments hereunder if it is not paid. The Working Capital Contribution referred to in this paragraph is payable only one time, and will not be charged to subsequent purchasers of a Unit once paid. Working Capital Contribution funds, in the reasonable discretion of the Executive Board, may be used to meet the current obligations of the Association, to establish reserves or otherwise in accordance with the current ratified Association budget.

Section 4. Individual Assessments. In addition to Common Expense Assessments, the Association shall have the power to levy assessments against one or more Units for the following Association expenses ("Individual Assessments"):

- a. fines for violations of the provisions of Condominium Instruments levied in accordance with the Condominium Instruments and the Act;
- b. assessments levied against Owners for misuse and damage to the Common Elements by such Owners or the occupants of such Owner's Unit or their Invitees;
- c. any expense under the Act or this Condominium Declaration which the Association becomes obligated to pay and pays on behalf of an Owner or such Owner's Unit and which the Association is entitled recoup from such Owner;
- d. any expense, including any expense that would otherwise be characterized as a Common Expense, that is associated with the maintenance, repair or replacement of a Limited Common Element or otherwise benefits fewer than all of the Units, and which in the reasonable and consistently-applied discretion of the Board, is appropriately assessed against the Units to which such Limited Common Elements are allocated or the Units receiving such benefit, as the case may be, in accordance with such Units' Allocated Interests or in proportion to the benefit received, as reasonably determined in the discretion of the Board; and
- e. late payment charges, interest on unpaid Assessments, costs of collection, including without limitation court costs, service charges, and attorney's fees as provided in the Act, and charges for dishonored checks; all as established by the Board from time to time.

Section 5. Lien for Assessments. The Association shall be entitled to establish and enforce a lien for delinquent Assessments against any Unit in accordance with the terms and provisions of Section 47C-3-116 of the Act. Pursuant to the provisions of N.C.G.S. § 47-3-116(b), any such lien is subordinate to all mortgages and deeds of trust recorded prior to the filing of a claim of lien with respect to delinquent Assessments.

Section 6. Delinquent Assessments. In the event any Assessment remains unpaid for more than thirty (30) days after the due date of such Assessment, a late charge shall be assessed in an amount from time to time established by the Association within the limits imposed by the Act, and thereafter the Association shall be entitled to collect interest on all unpaid delinquent Assessment amounts until paid at the highest rate authorized by the Act or other applicable law. The Association shall have the right to recover such Assessments, together with interest thereon, late charges and the expenses of the collection, including attorney's fees, in an action to recover the same brought against such Unit's Owner, or by foreclosure of the lien on such Unit granted by N.C.G.S. § 47C-3-116.

Section 7. Statement of Assessments or Other Charges. The Board shall, for a reasonable fee, promptly provide any purchaser, Unit Owner, encumbrancer, or prospective

encumbrancer of an Unit so requesting the same in writing, with a written statement of all unpaid Assessments or other charges due from the Owner of that Unit or with respect to such Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement.

Section 8. Master Association Assessments. The Master Declarant and/or the Master Association shall have the power to levy assessments of the Master Association against the Units and to collect same from the Unit Owners in the manner established pursuant to the Master Declaration.

Section 9. Collection of Master Association Assessments. The Association may at any time and from time to time enter into an agreement with the Master Association to provide for the billing and collection of annual dues and special assessments under the Master Declaration (including, without limitation, the Centennial Campus Maintenance Payments) and the subsequent turnover of such amounts to the Master Association as applicable. Unless otherwise agreed, if the Association pays all dues or assessments owed to the Master Association in a timely manner and elects to collect such dues or assessments to reimburse the Association for such up-front payment, the Association shall be deemed to have the right, but not the obligation, to enforce and collect any dues or assessments of the Master Association against a Unit Owner in the same capacity as the Master Association would have, and the Association shall have the right to enforce such collection rights pursuant to this Declaration and/or the applicable Master Declaration.

ARTICLE VIII.

COMMON ELEMENTS

Section 1. Common Elements Generally. All portions of the Condominium other than the Units shall constitute Common Elements, including all easements and other appurtenant rights and obligations herein or otherwise established with respect to the Condominium.

Section 2. Limited Common Elements. The Limited Common Elements shall include the Phase 5 Limited Common Elements and the Phase 6 Limited Common Elements. Certain portions of the Phase 5 Limited Common Elements may be designated as a Limited Common Element serving a particular Phase 5 Occupancy Unit or a particular group of Phase 5 Occupancy Units and certain portions of the Phase 6 Limited Common Elements may be designated as a Limited Common Element serving a particular Phase 6 Occupancy Unit or a particular group of Phase 6 Occupancy Units. All doors, windows, patios, and balconies that serve a single Occupancy Unit are Limited Common Elements allocated exclusively for the use of such Unit, and each Unit Owner shall be responsible for the cleanliness and orderliness of such Limited Common Elements.

Section 3. Perpetual Easement Over Common Elements. Subject to the Rules and Regulations of the Association, the terms of this Declaration and other matters of record, the Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Unit Owners for their use and the use of their employees, invitees and guests, for all proper and normal purposes, and for the furnishing of

services and facilities for which the Common Elements are reasonably intended and for the enjoyment of said Unit Owners.

Section 4. Assignment of Parking Spaces and Storage Areas. Declarant, during Declarant's Development Period, and thereafter the Association, shall have the right to make assignments of parking spaces located within the Common Elements to Unit Owners, storage areas located within the Phase 5 Limited Common Elements to Phase 5 Occupancy Unit Owners and any storage areas hereafter located in the Phase 6 Building and identified as Phase 6 Limited Common Elements to Phase 6 Occupancy Unit Owners. Any such assignments of parking spaces or storage areas shall be made pursuant to guidelines from time-to-time promulgated by Declarant or the Association, as the case may be, and except as expressly permitted by such guidelines and with the consent and approval of Declarant, during Declarant's Development Period, and thereafter the Association, any such assignment of a parking space or storage area is not transferable by the Unit Owner to an assignee of such Owner's Unit or to another Unit Owner, or otherwise. Declarant, during Declarant's Development Period, and thereafter the Association, may from time-to-time relocate any assigned parking space or storage area.

Section 5. Conveyance or Encumbrance of Common Elements; Granting of Easements. Portions of the Common Elements may be conveyed or subjected to a security interest if approved in accordance with the Act and provided such conveyance or encumbrance will not disrupt utility service to, or interfere with or obstruct ingress, egress and regress to, or from, the Units. Notwithstanding the foregoing, however, the Association shall have the authority and power to grant such easements, leases, licenses, and concessions through or over the Common Elements that do not disrupt utility service to, or interfere with or obstruct ingress, egress and regress to, or from, the Units, including reciprocal cross easements for access, parking and landscaping, as the Executive Board of the Association may deem in the best interest of the Unit Owners and the Association without a vote or the consent of the Unit Owners or the holders of first mortgage or deed of trust liens, including, without limitation, such easements in favor of the Master Association as it may deem advisable.

Section 6. Rules and Regulations. The use of Common Elements, including the Limited Common Elements, by the Unit Owners, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be from time-to-time prescribed and established by the Executive Board to govern such use.

Section 7. Maintenance of Heating, Ventilation, Air Conditioning ("HVAC") and other Equipment Located on Roofs. Any maintenance or repairs to any HVAC component at the request of a Unit Owner requiring access to any portion of the roof of any Building may be performed only by a licensed HVAC contractor approved by the Association annually for performing such work. Access to any portion of a roof for any purpose is further limited by the requirement that any contractor desiring access to a roof must provide to the Association reasonable notice of the desire for such access and must be accompanied by an authorized representative of the Association. The Owner on whose behalf access is requested and such Owner's contractor must provide to the Association such assurances as the Association may reasonably require with respect to the conduct of work on the roof and any damage that may result.

Section 8. Improvements to Common Elements. The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements (including the right to grant and establish upon, over and across the Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and the Common Elements) which do not materially prejudice the rights of any Unit Owner in the use and enjoyment of his Unit, provided the making of such alterations and improvements (and the granting of any such easements) are approved by Declarant, during Declarant's Development Period. The costs of such alterations or improvements shall be Common Expenses and to the extent reflected in a ratified budget shall be assessed and collected from the Unit Owners.

Section 9. No Partition of Common Elements. Recognizing that the proper use of a Unit by its Unit Owner(s) is dependent upon the use and enjoyment of the Common Elements in common with the Unit Owners of other Units, and that it is in the interest of all Unit Owners that the ownership of the Common Elements be retained in common by the Unit Owners, it is hereby declared that the Allocated Interest in the Common Elements appurtenant to each Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division.

Section 10. Master Association Rights and Privileges. Each Unit Owner shall be entitled to enjoy all applicable easements, rights and privileges set forth in the Master Declaration. Each Unit Owner shall be a Member of the Master Association and shall be subject to and beneficiaries of all covenants, conditions, restrictions, easements, dues assessments, rights and privileges set forth in the Master Declaration.

ARTICLE IX.

USE RESTRICTIONS APPLICABLE TO UNITS

It is the intent of the Declarant that the Property be developed and maintained as a first-class residential development. To that end, the following covenants, conditions and restrictions are hereby placed on the Property, which covenants, conditions and restrictions shall run with the Land and are imposed as a limitation and burden on each Unit, its Owner(s) and occupant(s), and their invitee(s).

A. The use and occupancy of each Unit shall be in compliance with all Laws.

B. No Unit Owner shall do, suffer, or permit to be done, anything in his Unit or within the Property which would impair the soundness or safety of the Condominium, or which would be noxious or offensive or an interference with the peaceful possession and proper use of other Units, or which would require any alteration of or addition to any of the Common Elements to maintain compliance with any applicable law or regulation, or which would otherwise be in violation of Law, or which would cause the insurance rates for the insurance carried by the Association, or by any other Owner with respect to such Owner's Unit or personal property kept on the Property, to increase above the commercially reasonable rates available for similar purposes.

C. No Owner, Unit occupant or invitee shall use, store or maintain any hazardous substances or materials anywhere on the Property in any manner except that routine cleaning supplies may be used and stored in compliance with applicable law. Without limiting the effect of the foregoing sentence, each Owner shall cause its Unit to comply at all times with all now existing or hereafter enacted or issued statutes, laws, rules, ordinances, orders, permits, and regulations of all state, federal, local and other governmental and regulatory authorities, agencies and bodies applicable to the Property pertaining to environmental matters or regulating, prohibiting or otherwise having to do with asbestos, lead and all other toxic, radioactive, or hazardous wastes or material including, but not limited to, the Federal Clean Air Act, the Federal Water Pollution Control Act, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as from time to time amended.

D. Except as required to be permitted by applicable law, including regulations of the Federal Communications Commission, no television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of the Condominium unless installed in strict compliance with specifications as to location, size, appearance, and other aspects of any such installation from time to time established and set forth in the rules and regulations of the Association. The Owner(s) of any Unit for which an antenna, satellite dish, or other utility device is installed pursuant to the terms of this Section shall indemnify, defend, and hold the Declarant (during the Development Period) and the Association (except to the extent such loss is covered by insurance maintained by 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 device.

E. All window treatments which can be seen at any time from the outside of the Building(s) must comply with the specifications established in the rules and regulations of the Association.

F. At any given time not more than twenty five percent (25%) of the total number of Units within the Condominium may be investor-owned (i.e., a Unit that is not occupied by an Owner as a principal residence of such Owner). Any lease of any Unit shall (i) be in writing, (ii) expressly provide that occupancy thereunder must be in a manner consistent with the Condominium Instruments, (iii) provide that the terms and conditions of the Condominium Instruments shall be complied with by the tenant(s), their guests and invitees, (iv) contain an acknowledgment by tenant that tenant has received and reviewed the Condominium Instruments and agrees to abide by their terms and conditions, and (v) be subject to review by the Association and the Master Association as to compliance with the foregoing provisions and as to whether such lease will cause the cap on investor-owned Units to be exceeded. Any lease entered into by a Unit Owner pursuant to the provisions of this paragraph shall be deemed to contain the requirements set forth herein whether or not they are actually contained therein and the Unit Owner and the tenant of any such lease shall be bound by these provisions. Prior to any occupancy pursuant to a lease, the Unit Owner shall furnish to the Board a copy of the lease that meets all requirements herein.

G. Each Unit shall be used only for single-family residential and related purposes permitted under the Master Declaration.

H. No more than two persons over the age of eighteen who are not family members may reside in any Unit for more than thirty (30) consecutive days in any one calendar year. As used herein, family members shall mean and refer to spouses, parents, parents-in-law, brothers, sisters, children, and grandchildren.

I. Non-domestic pets shall not be allowed in any Unit. Subject to compliance with the Rules and Regulations of the Association, domestic pets may be maintained provided they are not kept or maintained for commercial purposes or for breeding. The Rules and Regulations from time to time promulgated by the Association may regulate the number, size, and types of domestic pets that may be maintained. The Association may require that any pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten (10) days' written notice from the Association. All pets shall be kept on a leash except when in a Unit. The Unit Owner shall be responsible for removing all feces left on the Property by any pets occupying such Owner's Unit.

J. The balconies and terraces adjacent to each Unit (if applicable) shall be kept in a clean, neat and orderly condition at all times, and shall not be used for the storage of garbage or for the drying of laundry. No indoor-outdoor carpeting, hot tub or other pool shall be installed on any balcony or terrace. Cooking grills may not be used or stored on any balcony or terrace. Notwithstanding the nature of the item or any consent of the Board, if any item placed or stored on a terrace or balcony is determined by the Executive Board, in its sole discretion, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the Condominium, the Board may require that such item promptly and permanently be removed. In the event that an Owner neglects or fails to remove any item at the request of the Board, the Association may provide such removal. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Unit at all reasonable times for such purpose and the cost of such removal shall be assessed against such Unit as an Individual Assessment.

K. Other than signs erected by Declarant during the Development Period, no sign of any nature, including political signs and "for rent" or "for sale" and other similar signs, and no decorative flag or other ornamentation shall be installed or displayed within any Unit such that it is visible from the exterior of any Building or on or about the exterior of any Unit, the Limited Common Elements or the Common Elements except as may be permitted in accordance with the Rules and Regulations of the Association or otherwise approved by the Association or as required by legal proceedings.

ARTICLE X.

MAINTENANCE AND REPAIR OF UNITS BY UNIT OWNERS

Every Unit Owner shall perform promptly all maintenance and repair work within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part

belonging to other Unit Owners, every Unit Owner being expressly responsible for the damages and liability which his failure to do so may engender. Each Unit Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans or other appliances or equipment, including any utility fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Unit whether located in the Unit or the Common Elements. Each Unit Owner shall further be responsible and liable for the maintenance, repair and replacement of the interior surface of any and all walls, ceilings and floors within his Unit including painting, decorating and furnishings, and all other accessories which such Unit Owner may desire to place or maintain in his Unit. Whenever the maintenance, repair and replacement of any item for which a Unit Owner is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that such Unit Owner shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

If a Unit Owner fails to perform any maintenance or repair within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, the Association may perform such maintenance as it deems necessary, twenty days (20) after giving written notice to such Unit Owner of the necessary maintenance; provided, however, during Declarant's Development Period, the performance of such maintenance by the Association shall require Declarant's prior written consent. The cost of such maintenance performed by the Association shall be assessed exclusively against such Unit Owner and the assessment shall be the personal obligation of such Unit Owner and a lien against such Unit to the same extent provided hereunder with respect to Common Expense Assessments.

Each Owner shall be responsible for maintaining such Owner's Unit, and the Unit Owners collectively shall be responsible for causing the Association to maintain the Common Elements and Limited Common Elements in accordance with the Master Declaration.

ARTICLE XI.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

Except as otherwise herein provided, and to the extent funded by Common Expense Assessments, other assessments and charges levied and collected by the Association and, if applicable, casualty proceeds payable to the Association, the Association shall be responsible for the maintenance, repair and replacement of all of the Common Elements. The Association shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary in the exercise and discharge of its maintenance rights and obligations reserved and imposed by this Declaration or under the Act. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair

at its expense is occasioned by any act of a Unit Owner, or the tenant, family member, occupant, employee, servant, agent or guest of such Unit Owner, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement and the Unit Owner who is responsible for the act causing the damage (whether done by the Unit Owner or the tenant, family member, occupant, employee, servant, agent or guest of such Unit Owner) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductible provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

ARTICLE XII.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

Section 1. Emergency Entry. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Unit Owner is present at the time of such emergency, the Executive Board of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter any Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

Section 2. Right of Entry for Repairs, Alterations or Improvements. Whenever it may be deemed necessary or otherwise expedient for Declarant or the Association (on behalf of itself or any Unit Owner) to enter any Unit for any of the purposes set forth below, the Unit Owner(s) of such Unit shall permit the licensed contractors, subcontractors and other authorized agents of Declarant, the Association, or the Unit Owner(s) requesting entry, as the case may be, to enter such Unit for such purpose:

- (i) performing any improvement, maintenance, alteration or repair to any Common Elements, including any Limited Common Elements, whether or not such Limited Common Elements serves the Unit entered, or
- (ii) performing any improvement, maintenance, alteration or repair to any equipment, improvements, wires, pipes and other facilities or conduits serving another Unit but most appropriately accessible through the entered Unit.

Such entry shall be made only at reasonable times and with reasonable advance notice and all activities conducted in the Unit shall be conducted in such a way as to minimize any interference with the use and occupancy of the Unit. In such instances, Declarant, the Association or the Unit Owner requesting entry, as the case may be, shall promptly restore the entered Unit to the condition existing prior to entry and shall indemnify, defend and hold harmless the Unit Owner(s) of the entered Unit from and against any loss, damage or liability incurred as a result of such entry.

ARTICLE XIII.

LIMITATION ON RIGHT OF UNIT OWNER
TO ALTER AND MODIFY UNITS;
NO RIGHT TO ALTER COMMON ELEMENTS

Section 1. Limitation on Right of Unit Owners to Alter Units. A Unit Owner may make improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium or unduly interfere with the use and occupancy of the other Units.

Section 2. No Right to Alter Common Elements. The Reviewing Authority shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium or in any manner alter the appearance of the exterior of the Condominium Building (including painting or other decoration, the installation of electrical wiring, television or radio antennae or any other objects or devices which may protrude through the walls or roof of the Condominium) without the written consent of the Reviewing Authority being first had and obtained. No Unit Owner shall cause or allow any object to be fixed to the Common Elements or to any Limited Common Elements or in any manner change the appearance of the Common Elements or Limited Common Elements without the written consent of the Reviewing Authority being first had and obtained. In the event that an Owner neglects or fails to remove any item at the request of the Reviewing Authority, the Reviewing Authority may provide such removal. In order to enable the Reviewing Authority to accomplish the foregoing, there is hereby reserved to the Reviewing Authority the right to unobstructed access over and upon each Unit at all reasonable times for such purpose and the cost of such removal shall be added to and become a part of the assessment to which such Unit is subject.

Section 3. Reviewing Authority Approval. Any Unit Owner other than Declarant desiring to make any improvement, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, and a proposed schedule of days and hours to accomplish the work specified, to the Reviewing Authority which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition to the granting of approval of any request made under this Article, the Reviewing Authority may require that the Unit Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Unit Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Reviewing Authority. Thereafter, the Unit Owner, and any subsequent Owner of the Unit, by acceptance of an assignment of leasehold interest therefor, whether or not it shall be so expressed in such assignment, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be assessed exclusively against, and shall be the personal obligation of, the Unit Owner(s) of such Unit and a lien against such Unit to the same extent as set forth herein with respect to Assessments.

Section 4. Subdivision. No Occupancy Unit may be subdivided.

ARTICLE XIV.
INSURANCE, RECONSTRUCTION AND REPAIR

Section 1. Association Insurance. The Association shall be required to obtain and maintain insurance policies that include (i) property insurance on the Common Elements and Units (exclusive of improvements or betterments installed after the Unit is conveyed by Declarant to a Unit Owner other than Declarant) insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, with coverage, after application of any deductibles, of not less than one hundred percent (100%) of replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies, as such replacement cost is determined by an evaluation of the company providing such insurance, which evaluation may be relied on by the Board; (ii) liability insurance covering all occurrences commonly insured against including death, bodily injury, and property damage, arising out of or in connection with the use ownership or maintenance of the Common Elements, in amounts not less than \$1,000,000 per occurrence and \$2,000,000.00 annual aggregate; (iii) to the extent reasonably available, fidelity coverage against dishonest acts by the Association's officers, board members, directors, trustees and employees, and all others who are responsible for handling funds of the Association with such coverage limits and endorsements as may from time to time be required by applicable Federal National Mortgage Association guidelines; and (iv) such additional insurance and coverage as may be required by the terms of the Ground Lease and the Master Declaration. In addition to other insurance required by this Section, the Association shall obtain, as a Common Expense, worker's compensation insurance if and to the extent required by law, and may elect, in the discretion of the Board, to obtain fidelity coverage, directors' and officers' liability coverage, and flood insurance, if available and advisable.

Section 2. Additional Provisions. The insurance to be maintained pursuant to subsections (i) and (ii) of Section 1 of this Article shall include a Separation of Insureds provision and shall provide that: (i) each Unit Owner is an insured under the policy with respect to liability arising out of such Owner's interest in the Common Elements and/or membership in the Association; (ii) the insurer waives its right of subrogation under the policy against any Unit Owner or members of such Unit Owner's household; (iii) no act or omission by any Unit Owner, unless acting within the scope or authority on behalf of the Association, will preclude recovery under the policy; (vi) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and (v) the insurer shall issue certificates or memoranda of insurance to the Association and, upon request, to any Unit Owner, mortgagee, or beneficiary under a deed of trust, and the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner, and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses. Such policies of insurance also shall name the University, the State of North Carolina, the Master Association and Master Declarant (the "Additional Insured Parties") as additional insured parties and shall contain a waiver of subrogation by the insurer as to any and all claims against the

Additional Insured Parties and any defenses based upon co-insurance or invalidity arising from the acts of the insureds.

Section 3. Required Owner Insurance. The Unit Owner(s) of each Occupancy Unit shall obtain and keep in force, at the expense of such Unit Owner(s), a condominium unit owners insurance policy (a HO-6 policy or a policy providing equivalent coverage). Said policy shall at a minimum provide coverage for (i) any improvements and betterments to the Unit made or acquired at the expense of a Unit Owner following the initial acquisition from Declarant and (ii) any gap insurance that may exist by virtue of the deductible applicable insurance maintained by the Association. It is recommended that Unit Owners also obtain coverage in sufficient amounts to insure against loss or damage to personal property used in or incidental to the occupancy of the Unit, additional living expenses, vandalism or malicious mischief, theft, personal liability and the like. Every Unit Owner shall provide to the Executive Board upon request a copy of the Unit Owner's policy of insurance or other certificate of coverage evidencing the existence of the insurance required herein. Owners shall use their best efforts to obtain such insurance policies that shall include provisions waiving (i) any right of the insurer to subrogation claims against the Association, against the Additional Insured Parties and against Unit Owners and their household members, employees, and invitees, as well as their tenants and such tenant's employees and invitees; and (ii) any right of the insurer to contribution or proration because of the Association's casualty and public liability policy. Notwithstanding the foregoing, the Association and each Unit Owner waive all rights of subrogation against each other to extent of any insurance coverage obtained by each.

Section 4. Association Reporting Requirements. The Association shall comply with all reporting requirements of a Sub-Association as set forth in the Master Declaration, including without limitation, the insurance reporting requirements of Article VII, Section 7 of the Master Declaration.

Section 5. Payment of Deductibles. Notwithstanding anything herein to the contrary, in the event of a loss covered by the insurance described in subsection (i) of Section 1 of this Article, each Unit Owner shall be responsible for payment of the costs and repairs to such Owner's Unit that are not covered by insurance due to the applicability of any deductible provision, or if more than one Unit is damaged, the affected Unit Owners shall pay the cost of the deductible in proportion to the damages sustained. If not promptly paid, the Association may assess the Unit Owner(s) and the same shall become a lien against the Unit(s) as provided herein.

ARTICLE XV. CONDEMNATION OF UNITS OR COMMON ELEMENTS

Section 1. Unit Condemnation. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award thereof shall be paid to the Unit Owner. If the condemning authority does not acquire the Unit's share of Allocated Interest in the Common Elements, that Unit's Allocated Interest shall be automatically reallocated to all remaining Units in proportion to each remaining Unit's (exclusive of the condemned Unit) respective Allocated Interest prior to the taking. The Association shall prepare, execute and record an amendment to

the Declaration reflecting such reallocation. Any portion of a Unit remaining after condemnation of that Unit shall thereafter be a part of the Common Elements.

Section 2. Limited Common Element Condemnation. In the event a portion of the Limited Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of Limited Common Elements shall be paid to the Association as trustee for Unit Owners, and the Association shall apportion the award among the Unit Owners of Units to which such Limited Common Elements were allocated at the time of the taking, in shares of equal value, or in such other proportion as the Association, in its sole discretion, shall determine.

Section 3. Common Element Condemnation. In the event a portion of the Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the Common Elements not payable directly to a Unit Owner shall be paid to the Association.

ARTICLE XVI.

ASSOCIATION TO MAINTAIN REGISTER OF UNIT OWNERS AND MORTGAGEES

The Association shall at all times maintain a register setting forth the names of the Unit Owners. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. The holder of any mortgage or mortgages upon any Unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

ARTICLE XVII.

TERMINATION AND AMENDMENT

Section 1. Termination. The Condominium may be terminated only with full compliance of the requirements of the Act and with the written consent and approval of the Master Declarant and the written consent and approval of Declarant during Declarant's Development Period.

Section 2. Amendment. This Declaration of Condominium may be amended in the following manner:

A. Subject to the provisions of Article XVIII hereof (entitled "Rights Reserved to Eligible Lenders") and except as otherwise provided herein or by the Act, the affirmative vote or written consent of Unit Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated shall be required to amend this Declaration. In addition, any

amendment to this Declaration shall require the consent and joinder of the Master Declarant and of Declarant during Declarant's Development Period. Upon adoption such Amendment or Amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such Amendment or Amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Public Records of Wake County, North Carolina. Such Amendment or Amendments shall specifically refer to the recording data identifying the Declaration of Condominium and shall become effective upon recordation. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to all Unit Owners, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments.

B. Declarant shall have the right to file amendments to this Declaration pursuant to Article IV hereof (entitled "Development Rights"), without the consent or joinder of any Unit Owners or their mortgagees.

C. The Association shall have the right to file amendments to this Declaration pursuant to the provisions of N.C.G.S. §§ 47C-1-107, and 47C-2-106(d), without the consent of any Unit Owners or their mortgagees.

D. Certain Unit Owners, acting in conjunction with the Association, shall have the right to file amendments to this Declaration as set forth in N.C.G.S. §§ 47C-2-108(b) without the consent of other Unit Owners or their mortgagees not parties to the amendment.

E. Notwithstanding the foregoing provisions of this Article, no amendment to this Declaration shall abridge, amend or alter the right of Declarant to designate and select members of each Executive Board of the Association, or otherwise alter, amend or modify the rights and privileges granted and reserved in any Condominium Instrument in favor of the Declarant, may be adopted or become effective without the prior written consent of Declarant.

ARTICLE XVIII.

RIGHTS RESERVED TO ELIGIBLE LENDERS

Section 1. Eligible Lender Defined. "Eligible Lender" or "Eligible Lenders," as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by real property and eligible insurers and governmental guarantors of such secured loans that hold a first lien deed of trust or mortgage on a Unit and have served or caused to be served written notice upon the Association by Registered or Certified Mail addressed to the Association of its desire that the provisions of this Declaration be applicable to it, which notice shall (i) identify the Unit or Units upon which such lender holds a mortgage or mortgages and any Unit it owns, (2) contain facts sufficient to identify such mortgage or mortgages and (3) designate the place to which notices are to be given to it by the Association.

Section 2. Notice Rights of Eligible Lenders. In addition to any other rights set forth in this Declaration, so long as any Eligible Lender or Eligible Lenders shall hold any first mortgage on any Unit or Units such Eligible Lender or Eligible Lenders shall have the following rights:

B. To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association and to be furnished copies of all such policies.

C. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by an independent accountant designated by the Association, such financial statement and report to be furnished by May 15 of each calendar year.

D. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration, or the Articles of Incorporation and Bylaws of the Association requiring the consent of a percentage of Eligible Lenders or the proposed termination or abandonment of the Condominium. Such notice shall state the nature of the Amendment or action being proposed.

E. To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Unit Owner owning a Unit encumbered by a mortgage held by the Eligible Lender or Eligible Lenders, such notice to be given in writing and to be sent to the principal office of such Eligible Lender or Eligible Lenders, or to the place which it or they may designate in writing.

F. To be given notice of any condemnation loss or casualty loss which affects a material portion of the Common Elements or a material portion of the Unit on which it holds a mortgage or deed of trust.

Section 3. Rights of Eligible Lenders to Approve Certain Amendments. Any amendment to this Declaration adopted by the Unit Owners pursuant to Section 2.A. of Article XVII hereof (entitled "Termination and Amendment") (expressly excluding amendments adopted pursuant to Sections 2.B, 2.C and 2.D of said Article) affecting a material change shall require the consent of Eligible Lenders representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by Eligible Lenders. Proposed changes to any of the following provisions shall constitute material change: (i) alteration of method of allocating voting rights; (ii) changes to method of establishing assessment amounts; (iii) material changes in maintenance responsibilities; (iv) reallocation of Allocated Interests; (v) modification of Unit boundaries; (vi) conversion of Units into Common Elements or vice versa; (vi) expansion or contraction of the Condominium; (vii) insurance requirements; (viii) additional leasing restrictions; (ix) additional restrictions on a Unit Owner's right to sell or transfer his or her Unit; (x) any requirement that the Association self-manage; (xi) material changes concerning restoration or repair of the Condominium Improvements (after damage or partial destruction); (xii) modifications to any provisions that expressly benefit mortgage holders, insurers or

guarantors. The consent and approval of an Eligible Lender shall be conclusively presumed when an Eligible Lender fails to submit a response to any written proposal for an amendment within sixty (60) days after notice of the proposed amendment is delivered to such Eligible Lender at the address provided to the Association by certified mail or registered mail with a "return receipt" requested.

ARTICLE XIX.

GENERAL PROVISIONS

Section 1. Severability. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

Section 2. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

Section 3. Binding on Assigns and Subsequent Unit Owners. The restrictions and burdens imposed by the covenants of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in Common Elements. This Declaration shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Unit Owners, and their respective heirs, legal representatives, successors and assigns.

Section 4. Contracts Entered into by Association. The undertakings and contracts entered into by or on behalf of the Association (including contracts for the management of the Condominium) during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association shall be binding upon the Association in the same manner as though such undertakings and contracts had been entered into by or on behalf of the Association after the Executive Board duly elected by the membership of the Association takes office; provided, however that (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and a declarant or an affiliate of a declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated by the Association without penalty at any time after the Executive Board a majority of the members of which are elected by the Unit Owners takes office, effective upon written notice to the other party. Notice of the substance of the provisions of this Section shall be set out in each contract entered into by or on behalf of the Association during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association.

Section 5. Master Declaration Conflicts. Whenever there is a conflict between the provisions of the Master Declaration and those herein, the provisions of the Master Declaration shall control.

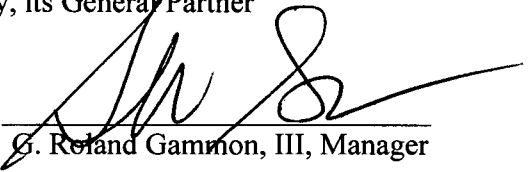
Section 6. Disclaimer by City of Raleigh. Pursuant to its Municipal Code, the City of Raleigh refuses to be responsible for failing to provide any emergency or regular public service to such developments or their occupants when such failure is due to the lack of access to certain roads or streets that are not public due to inadequate design or construction, blocking of access routes or other factors of similar consequence. The Raleigh Fire Department has similar policies and thereby refuses to be responsible for failing to provide any emergency or regular service to such developments or their occupants when such failure is due to the lack of access to certain roads or streets that are not public due to inadequate design or construction, blocking of access routes or other factors of similar consequence.

IN WITNESS WHEREOF, the undersigned, as Declarant hereunder, have caused this Declaration to be executed effective as of 1st day of May, 20.

North Shore 2441 LP, A North Carolina Limited Partnership

By: PW North Shore LLC, A North Carolina limited liability company, its General Partner

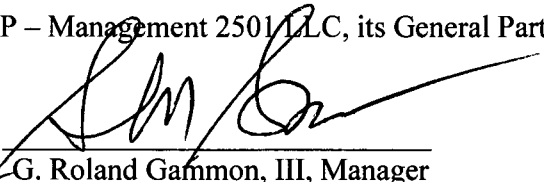
By:


G. Roland Gammon, III, Manager

North Shore 2501 LP, A North Carolina Limited Partnership

By: WOP – Management 2501 LLC, its General Partner

By:


G. Roland Gammon, III, Manager

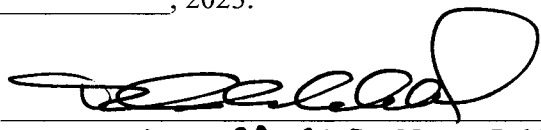
STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, DAVID CARPENTER GADD, a Notary Public for Wake County, State of North Carolina, certify that G. Roland Gammon, III, personally appeared before me this day, stated that he is a Manager of PW North Shore LLC, a limited liability company organized and existing under the laws of the State of North Carolina, being the General Partner of North Shore 2441 LP, a North Carolina limited partnership, and as such, he, being authorized to do so, executed the foregoing on behalf of PW North Shore LLC as General Partner of North Shore 2441 LP.

This the 1st day of May, 2023.

DAVID CARPENTER GADD
NOTARY PUBLIC
WAKE COUNTY, N.C.


DAVID CARPENTER GADD, Notary Public

My commission expires: 3/20/2025

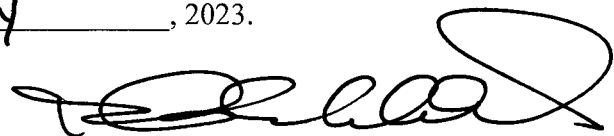
STATE OF NORTH CAROLINA

COUNTY OF Wake

I, DAVID CARPENTER GADD, a Notary Public for Wake County, State of North Carolina, certify that G. Roland Gammon, III, personally appeared before me this day, stated that he is a Manager of WOP – Management 2501 LLC, a limited liability company organized and existing under the laws of the State of North Carolina, being the General Partner of North Shore 2501 LP, a North Carolina limited partnership, and as such, he, being authorized to do so, executed the foregoing on behalf of PW North Shore LLC as General Partner of North Shore 2501 LP.

This the 1st day of May, 2023.

DAVID CARPENTER GADD
NOTARY PUBLIC
WAKE COUNTY, N.C.


DAVID CARPENTER GADD, Notary Public

My commission expires: 3/20/2025

PROPERTY OWNER/MASTER DECLARANT:

THE BOARD OF TRUSTEES OF THE
ENDOWMENT FUND OF NORTH CAROLINA
STATE UNIVERSITYBy: Charles Maimone

Name: Charles A. Maimone

Title: Treasurer

STATE OF NORTH CAROLINA

COUNTY OF

I, Margaret A. Davis, a Notary Public for
Wake County, State of NC, do hereby certify that
 Charles A. Maimone, Treasurer of THE BOARD OF TRUSTEES OF THE ENDOWMENT
 FUND OF NORTH CAROLINA STATE UNIVERSITY, an entity organized pursuant to
 N.C.G.S. §116-36 personally came before me this day and acknowledged that s/he is
Treasurer of THE BOARD OF TRUSTEES OF THE
 ENDOWMENT FUND OF NORTH CAROLINA STATE UNIVERSITY and that by authority
 duly given and as the act of the Board, the foregoing instrument was signed in its name by
Charles A. Maimone of
 THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND OF NORTH CAROLINA
 STATE UNIVERSITY, by authority given and as the act and deed of said entity.

28 IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal, this the
day of April, 2023.

Margaret A. Davis
 _____, Notary Public

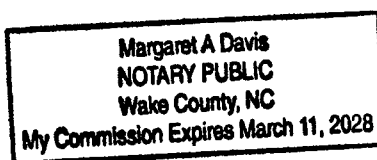
My commission expires: 3-11-2028

EXHIBIT A**UNITS' ALLOCATED INTERESTS
AND VOTING PERCENTAGES****BUILDING SITE UNIT: 50% ALLOCATED INTERESTS**

PHASE 5 OCCUPANCY UNITS		
<u>Unit #</u>	<u>Square Footage</u>	<u>Allocated Interests</u>
105	1,159	1.57%
106	643	0.87%
107	714	0.97%
108	714	0.97%
109	714	0.97%
110	1,159	1.57%
202	806	1.09%
203	1,058	1.43%
204	698	0.94%
205	1,159	1.57%
206	643	0.87%
207	714	0.97%
208	714	0.97%
209	714	0.97%
210	1,159	1.57%
211	698	0.94%
212	1,058	1.43%
213	738	1.00%
301	692	0.94%
302	806	1.09%
303	1,058	1.43%
304	698	0.94%
305	1,159	1.57%
306	643	0.87%
307	714	0.97%
308	714	0.97%
309	714	0.97%
310	1,159	1.57%

311	698	0.94%
312	1,058	1.43%
313	738	1.00%
401	692	0.94%
402	806	1.09%
403	1,058	1.43%
404	698	0.94%
405	1,159	1.57%
406	643	0.87%
407	714	0.97%
408	714	0.97%
409	714	0.97%
410	1,159	1.57%
411	698	0.94%
412	1,058	1.43%
413	738	1.00%
	<u>36,964</u>	<u>50.00%</u>

EXHIBIT B**MATTERS OF RECORD**

- 1) Amended and Restated Memorandum of Option to Ground Lease recorded at Deed Book 16064, Page 953, Wake County Registry.
- 2) Second Amended and Restated Memorandum of Option to Ground Lease recorded at Deed Book 18494, Page 1273, Wake County Registry.
- 3) Partial Assignment and Assumption of Development Agreement and Ground Lease recorded at Deed Book 18494, page 1279, Wake County Registry, and corrected by the instrument recorded at Book 18644, Page 2362, Wake County Registry.
- 4) Second Amended and Restated Memorandum of Option to Ground Lease recorded in Deed Book 18494, Page 1273, Wake County Registry.
- 5) Unit Disclosure and Ground Lease Addendum Recorded at Deed Book 16065, Page 338, Wake County Registry.
- 6) Master Declaration of Covenants, Conditions and Restrictions for North Shore at Centennial Campus recorded at Deed Book 15666, Page 1242, Wake County Registry.
- 7) Amended and Restated Declaration of Restrictions recorded at Deed Book 16064, Page 941, Wake County Registry.
- 8) Amendment to the Master Declaration of Covenants, Conditions and Restrictions for North Shore at Centennial Campus recorded at Deed Book 15720, Page 2225, Wake County Registry.
- 9) Easement from State of North Carolina recorded at Deed Book 7676, Page 532, Wake County Registry.
- 10) Easement in favor of Carolina and Power and Light recorded at Deed Book 8839, Page 1801, Wake County Registry.
- 11) Declaration of Rights, Privileges and Easements recorded at Deed Book 9451, Page 182, Wake County Registry.
- 12) Declaration of Restrictions recorded at Deed Book 9451, Page 190, Wake County Registry.
- 13) Sanitary Sewer Easements in favor of the City of Raleigh as shown at Deed Book 4781, Page 689, and Book of Maps 1990, Pages 373-375 and Book of Maps 2003, Page 2022, Wake County Registry.
- 14) Sanitary Sewer Easements in favor of the City of Raleigh as shown on the maps recorded in Book of Maps 2001, Page 285, and Book of Maps 2021, Page 1072, Wake County Registry.
- 15) Cross Access Easement with the State of North Carolina recorded at Deed Book 18627, Page 373, Wake County Registry.

- 16) Master Declaration of Easements, Covenants, Restrictions and Cost-Sharing for Centennial Campus recorded at Deed Book 18977, Page 1253, Wake County Registry.
- 17) Easements in favor of Duke Energy Progress recorded at Deed Book 19060, Page 2137, and Deed Book 19200, Page 1929, Wake County Registry.
- 18) Easements in favor of Carolina Power and Light Company recorded in Deed Book 1293, Page 589; Deed Book 2259, Page 371; Deed Book 2862, Page 716; Deed Book 2739, Page 282; Deed Book 4783, Page 261; Deed Book 7109, Page 139; Deed Book 7181, Page 978; Deed Book 14140, Page 2646, Wake County Registry.
- 19) Easements in favor of Progress Energy as recorded in Deed Book 10951, Page 2717, Wake County Registry.
- 20) Easements in favor of Southern Bell as recorded in Deed Book 5224, Page 326, Wake County Registry.
- 21) Easements in favor of PSNC as recorded in Deed Book 4651, Page 355; Deed Book 4651, Page 360; Deed Book 10362, Page 345; Deed Book 13482, Page 1888, Wake County Registry.
- 22) Amended and Restated Memorandum of Ground Lease recorded in Book 19324, Page 2304, Wake County Registry.
- 23) Partial Assignment and Assumption of Development Agreement and Ground Lease recorded in Book 19324, Page 2335, Wake County Registry.
- 24) Memorandum of Ground Lease recorded in Book 19324, Page 2343, Wake County Registry.
- 25) Standard service and utility easements and rights of way;
- 26) Easements and other matters shown or noted on the Plan of Condominium; and
- 27) Easements, restrictions and other matters arising pursuant to this Declaration of Condominium.

EXHIBIT C

UNIT OWNER DISCLOSURE AND GROUND LEASE ADDENDUM

THIS UNIT OWNER DISCLOSURE AND GROUND LEASE ADDENDUM (the “Addendum”) is hereby incorporated into and made a part of that certain Option and Ground Lease Agreement dated July 9, 2014 (as amended, the “Lease”), by and between **THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND OF NORTH CAROLINA STATE UNIVERSITY**, an entity created and existing pursuant to N.C. Gen. Stat. § 116-36, its successors and assigns (“Landlord”), and **NORTH SHORE 2441 LP**, a North Carolina limited liability company, its permitted successors and assigns (“Developer”), and shall be binding upon any Unit Owner acquiring a Unit in the Project (as such terms are defined below). A copy of this Addendum has been, or shall be, attached to and recorded with the Memorandum of Ground Lease to be recorded in the Wake County Registry for each phase of the Project leased to Developer under the Lease. Landlord and Unit Owner may be referred to collectively herein as the “Parties” and each individually as a “Party.”

PRELIMINARY STATEMENTS:

- (1) Pursuant to the Lease, Landlord agreed to lease a portion of its property on Centennial Campus to Developer for the purpose of developing and constructing residential housing and conveying Units in the master planned community known as “*North Shore at Centennial Campus*.”
- (2) Title to any Unit, as defined below, shall pass and be acquired through an assignment *pro tanto* of a portion of the premises leased by Landlord to Developer under the Lease (i.e., the “Premises,” as defined below), which assignment shall be in the form of the “Assignment of Leasehold Interest” contained in Exhibit A of this Addendum.
- (3) Pursuant to the provisions of the Lease, Landlord and Developer have agreed that upon the assignment of Developer’s interest in any Unit to a Unit Owner pursuant to an Assignment of Leasehold Interest, the Lease shall be deemed amended and restated as to such Unit such that the provisions of this Addendum, together with all exhibits, separate agreements, and restrictions referenced herein, the Assignment of Leasehold Interest and all instruments of record relating to the Project (collectively, the “Unit Leasehold Documents”) shall control exclusively all rights and obligations of Unit Owner and Landlord with respect to the leasehold interest of Unit Owner in its Unit. Therefore, each Unit Owner shall look solely to the provisions of this Addendum and the other Unit Leasehold Documents to determine its rights and obligations with respect to its Unit. This Addendum may be attached to any Assignment of Leasehold Interest, however, failure to do so shall in no way affect the continued validity or effectiveness of the Lease Memorandum or this Addendum as to a Unit.

ARTICLE I. BASIC LEASE INFORMATION; DEFINITIONS.

1.1 Basic Lease Information. In addition to the terms that are defined elsewhere in this Addendum, the following terms shall have the meanings set forth below:

1.1.1 **ACCESS EASEMENT:** A non-exclusive easement and right of ingress, egress, and access by Unit Owner, in common with other Unit Owners, Residents, tenants, occupants, licensees and invitees, over and across all roads located on Centennial Campus, as such roads may exist from time to time, to and from the Unit for the Term, subject to that Easement recorded

in Book 7676, Page 0532, in the Wake County Registry. Landlord reserves the right, at any time and from time to time and in Landlord's sole and absolute discretion, to obstruct, close, alter, relocate and/or change the layout of the roads located on Centennial Campus outside the Project. Accordingly, Unit Owner shall have no rights pursuant to the Access Easement with respect to any particular road or means of access located on Centennial Campus outside the Project, but shall be entitled only to a general right of ingress, egress, and access over the roads on Centennial Campus (as they may be altered from time to time) from a public right of way to the building in which the Unit is located. Landlord further reserves the right to obstruct temporarily all ingress, egress, and access to and from the building in which the Unit is located in the event of an emergency, as determined by Landlord in its sole and absolute discretion.

1.1.2. **ASSIGNMENT OF LEASEHOLD INTEREST:** The instrument by which any Unit Owner shall acquire title to, and an assignment of, the leasehold interest in its Unit, which instrument shall be in the form of the "Assignment of Leasehold Interest" contained in Exhibit A of this Addendum.

1.1.3. **CENTENNIAL CAMPUS:** North Carolina State University's Centennial Campus, which is partially owned by Landlord and partially owned by the State of North Carolina and allocated to and operated by the University.

1.1.4. **CENTENNIAL CAMPUS COMMON AREA(S):** All sidewalks, access roads and drives, landscape areas, parks, courtyards, malls, greenbelts, surface-ways, tunnels, pedestrian walkways, bicycle paths and parcel pickup stations, and all other areas, space, utilities, facilities, equipment, and signs on or about Centennial Campus and made available by the University, in its sole discretion, for the non-exclusive common use and benefit of tenants, occupants, licensees, and invitees of Centennial Campus, including Unit Owner, during the Term. All Centennial Campus Common Areas shall be subject to the exclusive management and control of Landlord and/or the University, as appropriate. Landlord reserves for itself and the University, as appropriate, the right to close, restrict, remove, replace, relocate and/or otherwise alter, temporarily or permanently, any and all Centennial Campus Common Area(s), in Landlord and/or the University's sole and absolute discretion.

1.1.5 **CCCA LICENSE:** A non-exclusive license from Landlord to each Unit Owner to use the Centennial Campus Common Area(s) for their intended purposes and in strict accordance with any guidelines, rules or regulations adopted by Landlord and/or the University. The CCCA License shall be appurtenant to the Unit and irrevocable during the Term, but may be (i) suspended temporarily, in whole or in part, as to all or any Persons, (ii) revoked, in Landlord's reasonable discretion and to the extent permitted by applicable law, as to all or part of the Centennial Campus Common Area(s) with respect to registered sex offenders, convicted felons, or other groups or subsets of Persons (including Unit Owner or any Resident) with comparable legal classifications or distinguishing characteristics, or (iii) revoked, in Landlord's sole and absolute discretion, as to all or part of the Centennial Campus Common Area(s) with respect to particular Persons (including Unit Owner or any Resident(s)) for failure of such Persons to comply with any Centennial Campus Common Area guidelines, rules or regulations. The CCCA License shall be deemed automatically granted by Landlord to a Unit Owner upon the proper execution and recordation of an Assignment of Leasehold Interest to such Unit Owner.

1.1.6. **CITY:** The City of Raleigh, a municipality and political subdivision of the State of North Carolina.

1.1.7. COMMON AREAS: All Improvements designated as Common Areas on the Land in any Declaration. Common Areas shall include “common elements” (as such term is defined and used in the Condominium Act) of any legally-formed condominium of which the Unit is a part.

1.1.8. CONDOMINIUM: The residential condominium established upon all or any portion of the Premises in accordance with the Condominium Act, which shall be known initially as “LAKE SHORE, a condominium.”

1.1.9. CONDOMINIUM ACT: The North Carolina Condominium Act, Section 47C-1-101 *et seq.* of the General Statutes of North Carolina, as amended. Although the Project is established in conformance with the Condominium Act and this Addendum references to the Condominium Act, Landlord, as an instrumentality of the State, does not intend to subject itself, the University, or the State, or any property owned by Landlord, the University, or the State, to the Condominium Act.

1.1.10. CENTENNIAL CAMPUS DECLARATIONS: The restrictions on the use and occupancy of the Unit and certain rights, privileges, and easements reserved unto Landlord as set forth in a Declaration of Restrictions recorded in Book 9451, Page 190, as amended and restated in an Amended and Restated Declaration of Restrictions recorded in Book 16064, Page 941, and in a Declaration of Rights, Privileges and Easements recorded in Book 9451, Page 182, all recorded in the Wake County Registry, as amended from time to time.

1.1.11. DECLARATION: Any instrument creating a scheme of easements, covenants, conditions, and/or restrictions applicable to the Project or any group of Units within the Project, including the Master Declaration and the declaration(s) of any Sub-Association(s), as such instruments may be amended from time to time with the approval of Landlord. Any Sub-Association Declaration(s), including amendments thereto, shall be subject to the approval of Landlord and subject and subordinate to the Master Declaration.

1.1.12. DEVELOPER: North Shore 2441 LP, its permitted successors and assigns (excluding any Unit Owner).

1.1.13. IMPROVEMENTS: The buildings, facilities and all other landscaping or structures now or hereafter located or constructed on the Land and made subject to any Declaration, whether placed thereon by Landlord, Developer, a third-party developer or builder, the Master Association, a Sub-Association or Unit Owner(s).

1.1.14 LAND: The parcel(s) of land located on Centennial Campus described on Exhibit A to the Option Memorandum. Although Landlord has given Developer the option to lease and the right to develop portions of the Land in a manner that will bring portions of the Land into the Project, Developer has no obligation to do so, and Landlord expressly disclaims all representations and warranties, express or implied, that all of the Land or any other property owned by Landlord will be developed and made part of the Project or remain subject to the Master Declaration.

1.1.15 LANDLORD: The Board of Trustees of the Endowment Fund of North Carolina State University, its successors and assigns.

1.1.16. LANDLORD'S ADDRESS:

To:
 North Carolina State University
 University Real Estate & Development
 1017 Main Campus Drive, Suite 2400
 Raleigh, NC 27606

With a Required Copy to:
 North Carolina State University
 Office of General Counsel
 304 Holladay Hall
 Campus Box 7008
 Raleigh NC 27695-7008

1.1.17. LEASE: That certain Option and Ground Lease Agreement dated July 9, 2014, by and between Landlord, as landlord, and Developer, as tenant, as amended by that Amendment to Option and Ground Lease Agreement dated June 12, 2015, that Second Amendment to Option and Ground Lease Agreement dated February 3, 2020 and that Third Amendment to Option and Ground Lease Agreement dated May 6, 2021.

1.1.18. PREMISES: That portion of the Land leased by Landlord to Developer under the Lease, which portion is more particularly described in the Lease Memorandum. The Premises may be comprised of more than one phase of the Project evidenced by more than one Lease Memorandum with Developer recorded in the Wake County Registry.

1.1.19. LEASE MEMORANDUM: The Memorandum of Ground Lease between Landlord, as landlord, and Developer, as tenant, that provides constructive notice of Developer's lease of the Premises and is recorded in the Wake County Registry, to which this Addendum is attached as Exhibit B. More than one Memorandum of Ground Lease may be recorded in the Wake County Registry for multiple phases of the Project leased by Developer.

1.1.20. MASTER ASSOCIATION: North Shore Master Homeowners Association, Inc., a North Carolina nonprofit corporation incorporated under the North Carolina Nonprofit Corporation Act, Section 55A-1-01, et seq. of the General Statutes of North Carolina, as amended, to serve as the "Association" under the Master Declaration, and its successors and assigns.

1.1.21. MASTER DECLARATION: That certain Master Declaration of Covenants, Conditions, and Restrictions for North Shore at Centennial Campus recorded in Book 15666, Page 1242, Wake County Registry, which creates a scheme of easements, covenants, conditions and restrictions applicable to the Project, Land, Premises, Units, Unit Owners, Residents, and all parties having any interest in the Land or Units.

1.1.22. PERSON: Any individual, trust, estate, governmental authority, partnership, limited liability company, joint venture, corporation, company, firm or other entity whatsoever, including any Unit Owner or Resident.

1.1.23. PROJECT: That certain residential housing project upon the Land (including the Premises). The Project shall be known initially as "*North Shore at Centennial Campus*," as established pursuant to the Master Declaration. Developer has the option to lease and the right to develop portions of the Project in phases, and Landlord expressly disclaims all representations and warranties, express or implied, that all or any portion of the Project will be developed or completed by Developer.

1.1.24. **RESIDENT:** Any Unit Owner and/or lessee of a Unit Owner, and/or any guest, invitee, licensee or family member of a Unit Owner or a Unit Owner lessee, residing in a Unit.

1.1.25. **STATE:** The State of North Carolina.

1.1.26. **SUB-ASSOCIATION:** Any North Carolina nonprofit corporation incorporated under the North Carolina Nonprofit Corporation Act to serve as the "Association" under a Declaration that is subordinate to the Master Declaration, and its successors or assigns.

1.1.27. **TERM:** The term of the Lease, as amended and restated by this Addendum, as more particularly set forth and described in the Lease Memorandum.

1.1.28 **UNIT:** A physical portion of the Improvements designated for separate ownership or occupancy and constituting a part of the Project. Each Unit Owner's Unit shall be specifically identified on Exhibit A to the Assignment of Leasehold Interest pursuant to which such Unit Owner acquires title to its Unit. Each Unit shall include Unit Owner's percentage of undivided interest in the common elements of the Condominium.

1.1.29. **UNIT OWNER:** The current owner of the Unit and holder of a leasehold interest in the Unit (being named as the "Assignee" in the Assignment of Leasehold Interest pursuant to which such Unit and leasehold interest were conveyed and assigned), its permitted successors and assigns. Collectively, the "Unit Owners" are all Persons currently owning Units and holding leasehold interests in the Land, which have been acquired by means of an Assignment of Leasehold Interest.

1.1.30. **UNIVERSITY:** North Carolina State University, its successors and assigns.

1.2 Exhibits. The following exhibit is attached to this Addendum and made part of this Addendum:

EXHIBIT A - Form of Assignment of Leasehold Interest

ARTICLE II. UNIT, TERM, USE AND APPURTENANCES.

2.1 Lease of Unit. In consideration of the payments, rents, covenants, agreements and conditions herein set forth that Unit Owner agrees to pay, keep and perform, Landlord hereby acknowledges and consents to the transfer of title to the Unit and the assignment *pro tanto* of the leasehold interest in the Unit to Unit Owner by means of the Assignment of Leasehold Interest. Subject to the terms of this Addendum and all matters of record, Unit Owner, and its successors and assigns, shall HAVE AND HOLD the leasehold interest in the Unit for the Term.

2.2 Term; Ownership of Improvements; Surrender. Subject to the terms, provisions and conditions hereof, this Addendum shall continue in force for the balance of the Term. During the Term, ownership of the Unit shall be in Unit Owner or its successors or assigns pursuant to an Assignment of Leasehold Interest. Upon the expiration of the Term, all rights, title and interest of Unit Owner in or to its Unit, and any appurtenances thereto, including the Access Easement and the CCCA License, shall automatically cease and immediately terminate, and this Addendum shall be of no further force or effect except with respect to those rights or obligations enumerated herein that expressly survive the expiration of the Term. Notwithstanding anything herein to the contrary, any legally created condominium formed on the Land pursuant to a Declaration shall continue in effect upon the expiration of the Term with all rights of each Unit Owner for any Unit

within such condominium transferring to Landlord, and such condominium shall not terminate unless expressly terminated by Landlord in accordance with applicable law.

At the end of the Term, Unit Owner shall promptly quit and surrender the Unit, in good order, condition, and repair, ordinary wear and tear and damage by condemnation and casualty excepted, and in broom clean condition unless previously demolished or removed by Unit Owner, the Master Association, a Sub-Association, or Landlord pursuant to the terms of this Addendum, having removed any personal property, trade fixtures, equipment, and moveable furniture owned by and placed on the Unit by Unit Owner; provided no trade fixtures or equipment will be removed that will result in impairing the structural integrity of the Improvements or if removal of such trade fixtures or equipment will impair the operation of the Improvements. Unit Owner shall fully repair any damage occasioned by the removal of any trade fixtures, equipment, furniture, and personal property from the Unit. No alterations or additions described in Section 7.4 or Improvements shall be removed without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. All trade fixtures, equipment, furniture, alterations, additions, and Improvements not so removed will be deemed conclusively to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to any Person and without obligation to account for them; and Landlord may collect from the responsible Unit Owner all reasonable expenses incurred in connection with such property, including the cost of repairing any damage to the Improvements caused by the removal of such property. The obligation of Unit Owner to observe and perform this covenant will survive the expiration of this Addendum. Landlord shall have such additional liens with respect any property remaining at the Unit as provided under North Carolina law including Section 44A-2 of the North Carolina General Statutes. All Improvements shall remain at the Unit at the end of the Term unless removal is required by a specific provision of this Addendum.

2.3 Use. The Unit shall be used exclusively for residential purposes and such ancillary uses as may be permitted under the Centennial Campus Declarations and the Master Declaration.

2.4 Appurtenances. Landlord hereby grants to Unit Owner the Access Easement and the CCCA License. The Access Easement and CCCA License each shall be an appurtenance to the Unit and shall not be assignable except in connection with the assignment of Unit Owner's interest in the Unit using the Assignment of Leasehold Interest.

2.5 Residents. Residents of the Unit shall be permitted licensees of Unit Owner and shall be permitted to make use of the Unit and all appurtenances thereto, including the Access Easement and the CCCA License, to the same extent, and subject to the same limitations, as Unit Owner under this Addendum. Unit Owner shall be responsible for, and shall ensure compliance by, all Residents of the Unit with all terms, covenants, conditions and restrictions of this Addendum, the Centennial Campus Declarations, the Master Declaration and any Sub-Association Declaration.

ARTICLE III. DISCLOSURES.

3.1 UNIT LEASED "AS IS". NEITHER LANDLORD NOR UNIVERSITY HAVE PARTICIPATED IN THE DESIGN, DEVELOPMENT, CONSTRUCTION, OR MARKETING OF THE COMMUNITY. LANDLORD AND UNIVERSITY EACH MAKES NO WARRANTY, EXPRESS OR IMPLIED, AND EXPRESSLY DISCLAIMS ANY OR ALL ORAL, WRITTEN, OR IMPLIED REPRESENTATIONS OR COMMITMENTS, AS TO THE SUITABILITY OR FITNESS OF THE UNIT OR ANY IMPROVEMENTS CONSTRUCTED OR TO BE CONSTRUCTED THEREON FOR ANY PURPOSE, AS TO THE EXISTENCE OR

NON-EXISTENCE OF RADON OR ANY OTHER SUBSTANCE ON OR ABOUT THE UNIT, OR AS TO THE MERCHANTABILITY, VALUE, QUALITY, CONDITION, OR SALABILITY OF THE UNIT OR ANY IMPROVEMENTS CONSTRUCTED THEREIN.

AS OF THE DATE OF THE RECORDING OF THE MASTER DECLARATION OR ANY AMENDMENT OR SUPPLEMENT THERETO, CONSTRUCTION OF ANY REMAINING FUTURE PHASES OF THE COMMUNITY WILL HAVE NOT BEEN COMPLETED, AND FUTURE PHASES OF THE COMMUNITY, IF ANY, WILL NOT HAVE BEEN INCORPORATED INTO THE COMMUNITY, AND IT IS POSSIBLE THAT FUTURE PHASES OF THE COMMUNITY MAY NEVER BE COMPLETED OR INCORPORATED INTO THE COMMUNITY DURING THE TERM. DEVELOPER, LANDLORD, AND THE UNIVERSITY EACH MAKES NO WARRANTY, EXPRESS OR IMPLIED, AND EXPRESSLY DISCLAIMS ANY AND ALL ORAL, WRITTEN OR IMPLIED REPRESENTATIONS OR COMMITMENTS AS TO ANY FUTURE CONSTRUCTION UPON THE LAND. FURTHERMORE, LANDLORD AND THE UNIVERSITY EACH MAKES NO WARRANTY, EXPRESS OR IMPLIED, AND EXPRESSLY DISCLAIMS ANY OR ALL ORAL, WRITTEN OR IMPLIED REPRESENTATIONS OR COMMITMENTS AS TO THE EFFECTS OR IMPACTS, IF ANY, WHICH ANY SUCH FUTURE CONSTRUCTION MIGHT HAVE ON INGRESS OR EGRESS TO THE UNIT AND WHETHER SUCH CONSTRUCTION MAY CAUSE CERTAIN INCONVENIENCES TO UNIT OWNERS OR RESIDENTS.

3.2 Lake Raleigh. The Unit is located in proximity to Lake Raleigh, which is owned by the State of North Carolina and managed by the University. Landlord has no ownership interest in or rights to manage Lake Raleigh. NEITHER ACCESS TO, NOR USE OR ENJOYMENT OF, LAKE RALEIGH IS GRANTED TO ANY UNIT OWNER, OR ANY RESIDENT, EXCEPT AS MAY BE EXPRESSLY PERMITTED IN A SEPARATE LICENSE AGREEMENT WITH THE UNIVERSITY, AND NO UNIT OWNER OR RESIDENT SHALL BUILD OR CONSTRUCT ANYTHING ON THE SHORE OF LAKE RALEIGH IN THE ABSENCE OF SUCH AN AGREEMENT.

LAKE RALEIGH IS NOT A COMMON AREA AND IS SUBJECT TO THE EXCLUSIVE CONTROL OF THE UNIVERSITY. LANDLORD MAKES NO REPRESENTATION OR WARRANTY AND SHALL HAVE NO LIABILITY WITH RESPECT TO: (A) THE CONTINUED EXISTENCE OF LAKE RALEIGH; (B) THE PURITY OR ANY OTHER CHARACTERISTIC OF THE WATER IN LAKE RALEIGH; (C) THE MAINTENANCE OF ANY PARTICULAR WATER LEVEL AT ANY TIME OR SEASON IN LAKE RALEIGH; (D) THE RIGHT TO USE LAKE RALEIGH FOR ANY PURPOSE; OR (E) ANY RIGHT TO ACCESS THE WATER OF LAKE RALEIGH.

PERSONAL, SPORTING, RECREATIONAL, OR OTHER USE OF LAKE RALEIGH BY ITS VERY NATURE INCLUDES THE POTENTIAL FOR SERIOUS BODILY INJURY, INCLUDING DEATH. LANDLORD MAKES NO, AND EXPRESSLY DISCLAIMS ANY AND ALL, ORAL, WRITTEN, OR IMPLIED REPRESENTATIONS, COMMITMENTS OR WARRANTIES THAT LAKE RALEIGH IS AVAILABLE, FIT, USABLE OR APPROPRIATE FOR ANY TYPE OR MANNER OF PERSONAL, SPORTING, RECREATIONAL, OR OTHER USE. AS BETWEEN UNIT OWNER AND LANDLORD, UNIT OWNER ASSUMES ALL RISKS ATTENDANT TO ANY IMPROVEMENTS OWNED BY UNIT OWNER AND ADJACENT TO OR IN PROXIMITY TO LAKE RALEIGH.

ARTICLE IV. RENT.

4.1 Base Rent. Although Developer has agreed in the Lease to pay certain rent (“Base Rent”) to Landlord as partial consideration for the rights granted to Developer by Landlord, Unit Owner shall have no obligation to pay any Base Rent.

4.2 Unit Owner Charges. Unit Owner covenants and agrees to pay the amounts set forth below in this Section and elsewhere in this Addendum (collectively, “Unit Owner Charges”). All Unit Owner Charges shall be deemed “rent”, regardless of whether paid to Landlord or any other party. Unless Landlord gives Unit Owner written notice to pay the Unit Owner Charges to Landlord or a designee of Landlord, Unit Owner shall make all required payments of the Unit Owner Charges to the Master Association as part of and in the manner set forth for collection of “Common Expenses” in the Master Declaration for the benefit of Landlord, whereupon the Master Association shall be responsible for forwarding payment to Landlord and/or the University, in accordance with the provisions of the Master Declaration. If written notice is received from Landlord to make payments of the Unit Owner Charges to Landlord (or its designee) or directly to the University, Unit Owner shall make all subsequent payments of the Unit Owner Charges to the party specified in Landlord’s notice at the same time and in the same manner as set forth for payments of “Common Expenses” under the Master Declaration, and Unit Owner shall be in default if such Unit Owner Charges are not paid in accordance with the provisions of the Master Declaration and as specified in Landlord’s notice. Except as otherwise specified herein, Unit Owner Charges shall be paid by Unit Owner for the benefit of Landlord without demand. Any amounts payable to Landlord and/or the University as Unit Owner Charges shall be absolutely net to Landlord and/or the University and without diminution by reason of any Impositions or Landlord Expenditures, all of which shall be borne by Unit Owner as set forth in this Addendum.

4.2.1 Assessments. Unit Owner shall be responsible for, and shall pay throughout the Term, any and all assessments, fees, charges, or other sums due and owing under the Master Declaration and the Declaration of any Sub-Association and attributable to the Unit, whether designated therein as “Common Expenses” or otherwise.

4.2.2. Centennial Campus Maintenance Payment. Unit Owner shall be responsible for, and shall pay throughout the Term, the “Centennial Campus Maintenance Payment” in return for the management, operation, maintenance, repair, and servicing of the Centennial Campus Common Areas by the University and supervisory expenses and fees with respect thereto. The University shall have the right to increase the Centennial Campus Maintenance Payment to cover increases in the University’s costs of performing such functions. The University is an intended third party beneficiary of this Addendum as it relates to Unit Owner’s payment of the Centennial Campus Maintenance Payment and shall have the right to enforce such obligation of Unit Owner directly.

4.2.3. Landlord Expenditures. Unit Owner shall bear all costs and expenses advanced by Landlord that are, in Landlord’s reasonable opinion, necessary to cure defaults or correct deficiencies or shortfalls in the obligations of Unit Owner under this Addendum (including any reasonable attorneys’ fees incurred by Landlord in connection with such default or Landlord’s cure thereof and any payments made by Landlord pursuant to Section 8.6.4), the Master Declaration, or the Centennial Campus Declarations (collectively, the “Landlord Expenditures”). Unit Owner shall pay any Landlord Expenditures individually assessed against such Unit Owner

or its Unit within twenty (20) days following receipt of an invoice therefor from Landlord. Landlord Expenditures shall accrue interest at the prime rate of interest posted by Bank of America, or the prime rate of a comparable bank as reasonably determined by Landlord if Bank of America's prime rate is not available, plus 3% from the date payment is due until paid.

4.2.4. Utilities and Impositions. Unit Owner shall pay directly to the billing party all costs of utilities servicing the Unit and the total amount of any and all Impositions (as defined below) that may be imposed on the Unit by any governmental authorities, and such amounts shall be paid prior to the date on which any fine, penalty, interest or cost may be added for nonpayment.

For purposes of this Addendum, Impositions shall include all taxes, assessments (including all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term hereof), water, sewer or other rents, rates and charges, excises, levies, license fees, permit fees, inspection fees, impact fees and other authorization fees and other charges in each case whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereon), which at any time during or in respect of the Term hereof may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Unit or any part thereof or the personal property located therein or any rent therefrom or any estate, right, or interest therein or any occupancy, use or possession of or activity conducted at the Unit or any part thereof.

ARTICLE V. RIGHTS RESERVED TO UNIT MORTGAGEES

5.1 Terms and Provisions. Each Unit Owner may mortgage its interest in the Unit under one or more leasehold mortgages or deeds of trust. The holders of first lien unit mortgages (each a "Unit Mortgage" and the holder of thereof each a "Unit Mortgagee") shall have the rights and obligations set forth in the Master Declaration with respect to holders of mortgages and deed of trust upon the Unit.

ARTICLE VI. LANDLORD'S COVENANTS.

6.1 Landlord's Covenants. Landlord covenants and agrees with Unit Owner that so long as Unit Owner pays the Unit Owner Charges due hereunder and observes and performs all the terms, covenants, and conditions of this Addendum on Unit Owner's part to be observed and performed, Unit Owner may peaceably and quietly enjoy the Unit subject, nevertheless, to the terms and conditions of this Addendum, the Centennial Campus Declarations, the Master Declaration, any Sub-Association Declaration and all applicable covenants, restrictions, easements, and conditions of public record, and all applicable laws, rules, and regulations, and possession of the Unit by Unit Owner will not be disturbed by anyone claiming by, through, or under Landlord.

ARTICLE VII. UNIT OWNER COVENANTS.

7.1 Payments by Unit Owner. Unit Owner shall timely make all payments of Unit Owner Charges in the manner provided in Article IV of this Addendum. Unit Owner Charges shall not be subordinated or in any way made inferior to any rights of any third party, including the rights of any Unit Mortgagee.

7.2 Repairs, Maintenance and Care of the Unit.

7.2.1. By possession or occupancy of the Unit, Unit Owner acknowledges it has inspected the Unit and found them to be satisfactory with respect to the express obligations of Landlord set forth in this Addendum. Unit Owner, acting with other Unit Owners through the Master Association and/or any Sub-Association, as set forth in the applicable Declaration, shall maintain the Project in a clean, attractive condition and in good repair, and Unit Owner shall not commit or allow any waste to be committed on or to any portion of the Unit.

7.2.2. Landlord shall have no obligation or responsibility for maintenance upon any part of the Project, except as expressly set forth in Section 4.2.2. Unit Owner, acting with other Unit Owners through the Master Association and/or any Sub-Association, shall maintain the Project in the manner set forth in the applicable Declaration.

7.3 Use of Streets, Entrances and Driveways Within the Project. The interest of a Unit Owner in the Unit is subject to the rights of Landlord and the University, their employees, agents, invitees, licensees, and contractors to use at all times all streets, driveways, entrances and exits within the Project, without restriction, so long as Landlord's and/or the University's use does not unreasonably interfere with the right of quiet enjoyment of the Unit Owners.

7.4 Alterations, Additions. No exterior modifications, alterations, or additions to the Unit, including any change in paint colors, exterior building surfaces, windows, or any change that affects the Common Areas ("Exterior Alterations"), shall be made without Landlord's prior written consent, which consent shall not be unreasonably withheld. Unit Owner may make interior modifications, alterations, repairs, or additions to the Unit ("Interior Alterations") without Landlord's prior written consent; provided that no such Interior Alterations shall impair the structural integrity or operation of the Unit or other Improvements.

7.5 Compliance with Laws. Unit Owner shall comply with all federal, state, and municipal laws, regulations, ordinances, policies, rules, and regulations now or hereafter in effect applicable to its use, occupancy, and operation of the Unit, the Unit and/or other Improvements. In addition to the foregoing, Unit Owner shall comply with all applicable rules, regulations, and policies of the University. Failure to comply shall be a default under this Addendum and grounds for suspension or revocation of the CCCA License by the University with respect to any offending Person and for legal action by the University and/or Landlord for recovery of damages, injunction, or other relief. Information regarding the University's rules, regulations and policies is available on the University's Website. Questions regarding the rules, regulations and policies of the University should be directed to the office of the Director of Real Estate for the University, 1017 Main Campus Drive, Suite 2400, Raleigh, NC 27606, or such other location as the University may notify the Master Association in writing.

7.6 Landlord's Right of Access; Campus Security.

7.6.1. Subject to the reasonable rights of Unit Owner in the Unit (except in the event of an emergency), Landlord, the University, and their authorized representatives shall have the right to enter the Unit at all reasonable hours as may be necessary in the ordinary course of their administration of Centennial Campus, including providing security within Centennial Campus, for the purpose of inspecting the Unit, and for excavation and installation of utilities and other Improvements upon the Common Areas associated with the development of adjacent properties, so long as such entry does not unduly disrupt or disturb use of the Unit by Unit Owner.

7.6.2. The Unit and the Common Areas are and shall be subject to the jurisdiction of the University Police pursuant to the provisions of Section 116-40.5 of the North Carolina

General Statutes and pursuant to the provisions of the Centennial Campus Declarations, and each Unit Owner and Occupant, their tenants, subtenants, invitees, guests, heirs, successors and assigns, shall comply with all applicable rules and regulations promulgated by the University Police.

7.7 Liens.

7.7.1. Unit Owner is not an agent of Landlord and shall have no authority to cause or permit Landlord's interest in the Unit to be made subject to any materialmen's or mechanics' liens of any kind, for any reason whatsoever, including with respect to any work on the Unit performed by or on behalf of, or materials supplied to Unit Owner. In furtherance of the foregoing, Landlord may require Unit Owner to deliver to Landlord, in a form acceptable to Landlord, an acknowledgment from each contractor, subcontractor, mechanic, or laborer performing work on the Unit releasing and waiving any right of lien they might otherwise have against Landlord or Landlord's interest in the Unit, and an agreement to look exclusively to Unit Owner for nonpayment as a condition to the allowance of such parties to conduct work or provide materials and supplies to the Unit, the buildings, and/or any Improvements.

7.7.2. If any mechanics', materialmen's or other liens or claims of liens are filed against the Unit by reason of the acts or omissions of Unit Owner, Unit Owner shall cause the lien to be canceled, discharged, and/or removed of record by bonds or otherwise, including the methods set forth in N.C. Gen. Stat. § 44A-16, within twenty (20) days after any action is filed to enforce such lien. Should Unit Owner fail to cause such lien to be so canceled, discharged, and/or removed of record within said twenty (20) days after an action is filed to enforce such lien, such failure shall be an Event of Default (as defined in Section 8.6 below) hereunder, and Landlord may exercise any or all remedies available to Landlord pursuant to Article VIII hereof, or in lieu thereof, Landlord may, at its option, discharge the same by having the lien canceled, discharged, and/or removed of record or otherwise, in accordance with the provisions of N.C. Gen. Stat. § 44A-16(5) or (6) until such time as the lien becomes a judgment, at which time Landlord shall have the right to pay the amount of such judgment, and Unit Owner shall pay on demand the amount so paid and all costs and expenses incurred by Landlord including reasonable attorneys' fees in processing such discharge. Any such payment by Landlord shall be a Landlord Expenditure pursuant to Section 4.2.3 above. Landlord and Unit Owner each agrees to give prompt written notice to the other of any notice received of a lien or claim filed against the Unit.

7.8 Other Restrictions. In addition to all obligations and liabilities set forth in this Addendum, Unit Owner shall be bound by all obligations and liabilities set forth in the Master Declaration and any Sub-Association Declaration and all exhibits thereto, the Bylaws of the Master Association and any Sub-Association (including all rules and regulations promulgated thereunder), the Centennial Campus Declarations, and the University's policies, rules and regulations, as they may be amended from time to time.

ARTICLE VIII. MUTUAL COVENANTS; DEFAULT; ADDITIONAL MATTERS.

8.1 Casualty and Condemnation.

8.1.1. If, during the Term, the Unit or any other Improvements on the Unit shall be damaged or destroyed by fire or other casualty, the repair or reconstruction of the Unit or other Improvements and payment of insurance proceeds shall be governed by the Master Declaration. In no event shall Landlord have any obligation to repair, restore, or replace the Unit or other Improvements damaged or destroyed by fire or other casualty.

8.1.2. In the event of a taking or condemnation by any competent authority for any public or quasi-public use or purpose of the whole or any part of the Unit at any time during the Term, Landlord and Unit Owner (and any Unit Owner Mortgagee) shall be entitled to share in the proceeds of any condemnation award in proportion to the value of their respective interests in the Unit, as applicable, as of the date of such taking or condemnation. Specifically, Unit Owner shall be entitled to the value of its present interest in the Unit (after accounting to Unit Owner Mortgagee for the balance of any unpaid principle and interest owing to Unit Owner Mortgagee), and Landlord shall be entitled to the present value of its reversionary interest in the Unit. In no event shall Landlord have any obligation to repair, restore or replace the Unit or other Improvements as a result of such taking or condemnation.

8.2 Waiver of Landlord's and/or University's Liability; Unit Owner Indemnification.

Neither Landlord nor the University shall be liable to Unit Owner or to any other Person whomsoever, and Unit Owner hereby expressly waives, releases and forever discharges Landlord and the University from liability, for any injury to person or damage to property on or about the Project, including the Unit, caused by the acts or omissions of any or all of the Unit Owners, Residents, or their agents or visitors, or of any other person entering upon the Unit, or caused by the Improvements located within the Project becoming out of repair, or caused by leakage of gas, oil, water or steam or by electricity emanating from the Improvements, or due to any cause whatsoever, unless directly caused by the sole negligence or misconduct of Landlord, its agents or employees; provided, notwithstanding any other provision herein to the contrary, Landlord's liability is strictly limited to the provisions of the State of North Carolina Tort Claims Act (N.C. Gen. Stat. §§143-291, *et seq.*).

8.3 Release; Waiver of Subrogation. Notwithstanding that any loss or damage may be due to, or result from, the negligent or willful act(s) of Landlord or its employees or agents, Unit Owner, for itself and its insurers, waives and releases Landlord from any and all claims, demands, actions, and causes of action that Unit Owner may have or claims to have against Landlord for loss or damage to persons or property, both real and personal, caused by or resulting from casualties actually insured against by Unit Owner or that could be covered by Unit Owner under a standard special form homeowner's insurance policy. All policies of insurance required by this Addendum shall contain a provision wherein the insurer waives all rights of subrogation against Landlord. These obligations shall survive the expiration or termination of the Lease.

8.4 Holding Over. The Lease, and any rights of Unit Owner pursuant to this Addendum, shall terminate at the end of the Term without the necessity of any notice from either Landlord or Unit Owner, and Landlord's right to the Unit shall be as stated in Section 2.2 and elsewhere herein, and Unit Owner hereby waives notice to vacate the Unit and agrees that Landlord shall be entitled to the summary recovery of possession of the Unit should Unit Owner hold over to the same extent as if statutory notice had been given. If Unit Owner, or anyone claiming by, through or under Unit Owner, shall fail to vacate and surrender the Unit to Landlord at the end of the Term, then Unit Owner shall pay to Landlord for the duration of such holdover, in addition to all other amounts owed pursuant to this Addendum, rent for the Unit in an amount equal to one hundred fifty percent (150%) of the then fair market value rental rate for the Unit, as reasonably determined by Landlord. Such holdover rent shall be paid monthly, in advance, and without notice, demand, setoff, counterclaim, or deduction, to Landlord's address for notices under this Addendum or to such other address or party as Landlord may direct by written notice to Unit Owner. No holdover by Unit Owner or acceptance of holdover rent by Landlord shall operate to extend the Term or create a term of years, and Unit Owner shall constitute a tenant at sufferance throughout any such holdover period. During any holdover period, Unit Owner shall be bound by

and observe all terms, covenants, and conditions of this Addendum to be performed or observed by Unit Owner.

8.5 Assignment. Prior to the sale or transfer of the Unit and assignment of Unit Owner's leasehold interest in the Unit, and as a condition precedent thereto, the transferring Unit Owner and the transferee Unit Owner (the "Intended Assignee") shall enter into an Assignment of Leasehold Interest in the form attached as Exhibit A. The Assignment of Leasehold Interest shall convey the Unit and assign the leasehold interest in the Unit to the Intended Assignee. Landlord shall not be required to recognize, approve, or consent to, or otherwise be bound by, any transfer of any Unit unless the Intended Assignee has executed the form of Assignment of Leasehold Interest, whereupon the Intended Assignee shall be entitled to all the rights and bound by all obligations and liabilities set forth in this Addendum, and the transferring Unit Owner shall be released from all obligations and liability arising under this Addendum and first accruing after the effective date of such transfer. Unit Owner shall not sell, assign, transfer or convey its ownership of the Unit or leasehold interest in the Unit, or any portion thereof, in any manner other than that set forth above without Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion.

Notwithstanding the foregoing paragraph or anything in this Addendum to the contrary, Landlord may, but shall not be required to, accept and agree to be bound by any sale or transfer of a Unit or assignment of a leasehold interest in the Unit by deed or other means of conveyance, regardless of form, in which case the Intended Assignee shall be deemed to have accepted and agreed to the terms and conditions of this Addendum to the same extent as if the Intended Assignee had validly acquired the Unit and leasehold interest in the Unit by the form Assignment of Leasehold Interest; provided such acceptance by Landlord shall not release the transferring Unit Owner from its obligations or liability hereunder. Upon Landlord's request, any Intended Assignee whose interest in the Unit is recognized by Landlord despite not having been acquired by means of the form Assignment of Leasehold Interest, will execute and record in the Wake County Registry (at the Intended Assignee's expense) an acknowledgement accepting and agreeing to all terms and conditions of this Addendum. Any such acceptance by Landlord of a non-conforming transfer must be in writing to be effective.

8.6 Default by Unit Owner. Each of the following occurrences shall constitute an "Event of Default":

- (a) Failure by Unit Owner to make timely payment of any Unit Owner Charges or other sums payable under this Addendum when and as they become due and payable, which failure is not cured within ten (10) business days after notice of late payment from Landlord;
- (b) Failure by Unit Owner to make timely payment of any charges or assessments due and payable by Unit Owner under the Master Declaration or any Sub-Association Declaration when and as they become due and payable, which failure is not cured within the applicable period stated in the Master Declaration or Sub-Association Declaration following notice from the Master Association or Sub-Association, as applicable;
- (c) Failure by Unit Owner to perform or comply with any other agreements, terms, covenants or conditions to be performed or complied with by Unit Owner under the Centennial Campus Declarations, the Master Declaration or any Sub-

Association Declaration, which failure continues beyond any applicable cure period stated in the applicable Declaration; or

- (d) Failure by Unit Owner to perform or comply with any other agreements, terms, covenants or conditions of this Addendum to be performed or complied with by Unit Owner, which failure continues for a period of sixty (60) days after notice from Landlord to Unit Owner specifying such default; provided such cure period may be extended for additional reasonable additional time if consented to by Landlord, which consent shall not be unreasonably withheld so long as Unit Owner promptly commenced to cure the applicable default and is diligently pursuing such cure.

8.6.1. This Addendum and the leasehold estate of Unit Owner are subject to the limitation that if and whenever any Event of Default shall occur, Landlord may pursue any and all remedies available at law or in equity; provided Landlord shall only be entitled to terminate the leasehold estate of any Unit Owner for failure of Unit Owner to pay the Unit Owner Charges, and Landlord hereby agrees that it shall not otherwise terminate the leasehold interest of Unit Owner in the Unit during the Term except by foreclosure of a "Landlord's Lien" as hereinafter provided. Any Unit Owner Charges or other sums payable to Landlord under this Addendum remaining unpaid by Unit Owner for a period of sixty (60) days or longer shall constitute a lien upon the Unit in favor of Landlord when filed of record in the Office of the Clerk of Superior Court for Wake County, North Carolina, in the manner provided for by Article 8 of Chapter 44 of the North Carolina General Statutes. This Landlord's lien ("Landlord's Lien") may be foreclosed in like manner as a mortgage or deed of trust on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. All Unit Owner Charges and interest, penalties, fees, and late charges that may be imposed by Landlord under this Addendum shall be enforceable as liens in the foregoing manner. The Landlord's Lien herein described shall be prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances for first lien Unit Mortgages, and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit.

8.6.2. Except upon foreclosure of a Landlord's Lien, exercise by Landlord of any one or more remedies shall not constitute an acceptance by Landlord of surrender of the Unit by Unit Owner, whether express or by operation of law, it being understood that such surrender can be effected only by the written agreement of Landlord. Notwithstanding the acquisition of the Unit by Landlord, by purchase, foreclosure, or otherwise, fee title to the Land and the leasehold estate in the Unit shall not merge, but shall remain separate and distinct.

8.6.3. Upon the termination of Unit Owner's leasehold interest in the Unit for Unit Owner's failure to pay the Unit Owner Charges and/or the foreclosure of a Landlord's Lien, Unit Owner shall also pay to Landlord: (i) the cost of removing from the Unit and storing the property of Unit Owner or any Resident or other occupant, (ii) the reasonable cost of repairing, altering, remodeling or otherwise putting the Unit into substantially the same condition and quality as existed upon completion of construction, as modified by alterations by Unit Owner permitted by the terms of this Addendum, reasonable wear and tear and damage by insured casualty excepted, and acceptable to a new tenant or tenants; and (iii) all reasonable expenses incurred by Landlord in enforcing Landlord's remedies, including reasonable attorneys' fees and court costs. Notwithstanding anything herein to the contrary, to the extent that any cost or expense of Landlord described in this Section 8.6.3 is otherwise charged to Unit Owner as a Landlord Expense pursuant to Section 4.2.3, Unit Owner shall not be required to reimburse Landlord twice for the same cost or expense.

8.6.4. If Unit Owner should fail to make any payment, perform any obligation, or cure any default hereunder, Landlord, without obligation to do so and without thereby waiving such failure or default, may make such payment, perform such obligation, and/or remedy such other default for the account of Unit Owner (and enter the Unit for such purpose), and Unit Owner shall pay upon demand as additional rent, all costs, expenses and disbursements (including reasonable attorney's fees) incurred by Landlord in taking such remedial action.

8.6.5. If Unit Owner or any of Unit Owner's successors and assigns shall ever enter into any Unit Mortgage, and if any Unit Mortgagee sends to Landlord a true copy thereof, together with written notice specifying the name and address of the Unit Mortgagee and the pertinent recording data with respect to such Unit Mortgage, then so long as any such Unit Mortgage shall remain unsatisfied of record, or until written notice of satisfaction is given by the Unit Mortgagee to Landlord, the following provisions shall apply:

(a) Except as set forth with respect to a default by Unit Owner in the terms of this Addendum, there shall be no cancellation, surrender, or modification of this Addendum by joint action of Landlord and Unit Owner without the prior written consent of the Unit Mortgagee, and Landlord shall not accept Unit Owner's voluntary surrender of the Unit so long as the Unit Mortgage is outstanding.

(b) While such Unit Mortgage remains unsatisfied of record, Landlord shall simultaneously serve upon the Unit Mortgagee a copy of any notice of default or other notice under this Addendum served upon Unit Owner. If any default occurs pursuant to any provision of this Addendum, and before the expiration of sixty (60) days from the date of service of notice of default upon such Unit Mortgagee, such Unit Mortgagee pays to Landlord the Unit Owner Charges and other payments herein provided for and then in default, then Landlord shall not be entitled to terminate such Unit Owner's leasehold interest or foreclose upon the Landlord's Lien, as applicable.

(c) In the event of the commencement of a bankruptcy proceeding concerning Unit Owner, the Landlord agrees and acknowledges that the actual or deemed rejection of Unit Owner's leasehold interest under any provision of the Bankruptcy Code, or any successor law having similar effect, shall not effect a termination of the leasehold interest of Unit Owner or affect or impair the mortgagee's lien thereon or rights with respect thereto.

8.7 Interest on Delinquent Payments. Any payments of Unit Owner required hereunder, whether as rental or otherwise, shall bear interest from the date due until paid at the maximum contract rate permitted at law or at the prime rate as of the date due (as published in the Wall Street Journal or such other nationally-recognized business publication as may reasonably be selected by Landlord if the Wall Street Journal no longer publishes a prime rate) plus 3%, whichever is less.

8.8 Landlord's Default; Limitation of Liability. Landlord shall not be in default in the performance of any of Landlord's obligations hereunder unless and until both: (i) written notice is submitted by Unit Owner to Landlord properly specifying how Landlord has failed to perform any required obligation, and (ii) Landlord has failed to perform such obligations within sixty (60) days following receipt of written notice (or such additional time as is reasonably required to correct any such default). Landlord shall have no liability for any incidental or consequential damages of Unit Owner, or anyone claiming by, through or under Unit Owner, for any reason whatsoever. Notwithstanding anything in this Addendum to the contrary, Landlord's liability to Unit Owner under the Lease, as modified by this Addendum, shall at all times be limited to the

value of Landlord's interest in the Unit. Further, Landlord's liability is strictly limited by the provisions of the State of North Carolina Tort Claims Act (N.C. Gen. Stat. §§143-291, *et seq.*).

8.9 Interest of Landlord. The fee simple ownership interest of Landlord of the Land shall be prior, superior and paramount to the lien of any mortgage, or deed of trust that may now or hereafter affect the interest of Unit Owner in and to the Unit, or any part thereof.

ARTICLE IX. MISCELLANEOUS.

9.1 Environmental Matters.

9.1.1. No Hazardous Materials (as hereinafter defined) shall be used, stored, generated, or disposed of on or in the Unit, except in conformity with all applicable legal requirements. If, Hazardous Materials are used, stored, generated, or disposed of on or in the Unit, except as permitted above, or if the Unit become contaminated in any manner for which Unit Owner is legally liable, Unit Owner shall indemnify and hold harmless Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses arising during or after the Term and arising as a result of such contamination by Unit Owner. This indemnification includes any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state, or local agency or political subdivision

9.1.2. Residents shall not discharge, spill, leak, emit, dispose of, or permit to be discharged, spilled, leaked, emitted, or disposed of, any material on, at, or in the Unit or the buildings or into the atmosphere, ground, sewer system, or any body of water, contrary to any applicable legal requirements if that material (including materials that may be so determined by any governmental authority or so designated by notice from the Landlord to Unit Owner) does or may pollute or cause contamination, or may adversely affect (i) the health, welfare, or safety of persons whether located in or at the Unit, building, or elsewhere, or (ii) the condition, use or enjoyment of the Unit or any other real or personal property.

9.1.3. As used herein, the term "Hazardous Material(s)" means asbestos, polychlorinated biphenyls, petroleum products, above ground storage tanks, underground storage tanks, and any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous waste," "restrictive hazardous waste," or "toxic substances" or words of similar import under any applicable law or under the regulations adopted or publications promulgated pursuant thereto, including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC 6901 *et seq.*; the Hazardous Materials Transportation Act, 49 USC 1801 *et seq.*, the Federal Water Pollution Control Act, 33 USC 1251 *et seq.* or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of property adjacent to or surrounding the Unit or adjacent property. Any household products shall be excluded from the definition of the term "Hazardous Materials".

9.2 TIME OF ESSENCE. IN ALL INSTANCES IN WHICH LANDLORD OR UNIT OWNER IS REQUIRED HEREUNDER TO PAY ANY SUM OR DO ANY ACT AT A PARTICULAR INDICATED TIME OR WITHIN AN INDICATED PERIOD, IT IS UNDERSTOOD AND STIPULATED THAT TIME IS OF THE ESSENCE, SUBJECT TO THE TERMS OF SECTION 9.11.

9.3 Notices and Payments. All notices, requests, demands and other communications required or permitted to be given under this Addendum shall be in writing and shall be sent to Landlord at the address set forth in Article I of this Addendum, or to Unit Owner at the mailing address maintained for Unit Owner by the Master Association and, failing that, to the Unit. Each communication shall be deemed validly given if in writing and delivered by commercial courier; sent by facsimile or e-mail; sent by registered or certified mail, return receipt requested; or sent by commercial overnight delivery service to the applicable address (or to any other address the party to be notified may have designated to the sender by notice properly given under this paragraph). Any notice given by facsimile or e-mail must also be sent by commercial overnight delivery service for the delivery of such notice to be validly given. Such notices shall be deemed received (a) when delivered or when delivery is refused as indicated on the courier's records (if sent by courier or commercial overnight delivery service); (b) on the same business day after the notice was sent by facsimile or e-mail; or (c) two (2) business days after the date postmarked when sent by mail. Notices shall be addressed as follows:

9.4 Attornment. Unit Owner shall attorn and be bound to any of Landlord's assigns or successors under this Addendum in accordance with all terms, covenants, and conditions set forth in this Addendum.

9.5 Entire Agreement. This Addendum and any written addenda referred to herein and all exhibits hereto (which are expressly incorporated herein by this reference) shall constitute the entire agreement between Landlord and Unit Owner and no prior written or prior or contemporaneous oral promises or representations shall be binding. This Addendum shall not be amended, changed or extended except by written instrument signed by all Parties and the Unit Mortgagee, if any Unit Mortgage is then outstanding.

9.6 Governing Law. The law of the State of North Carolina shall govern the validity, performance and enforcement of this Addendum, and this Addendum shall be construed pursuant to such laws.

9.7 Binding Effect. The provisions of this Addendum shall run with title to the Land and be binding upon and inure to the benefit of all heirs, executors, administrators, successors and assigns of the Parties and Unit Owners. Nothing herein shall alter the restrictions on assignment and subletting applicable to a Unit Owner hereunder or under any Declaration.

9.8 Relationship of the Parties. This Addendum shall not act to create any legal relationship between Landlord and Unit Owner other than a landlord and tenant relationship. The Project is being developed, designed, constructed, marketed, and sold solely by Developer, and neither Landlord nor the University shall be liable for any act or omission of Developer.

9.9 Severability. If any term, covenant, or condition of this Addendum, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Addendum, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Addendum shall be valid and enforceable to the fullest extent permitted by law.

9.10 Waiver and Release. Unit Owner, as a material part of the consideration to Landlord for the rights granted pursuant to this Addendum, by this Section 9.10 waives and releases all claims against Landlord and its employees and agents, the University, and the State of North Carolina

with respect to all matters for which Landlord has disclaimed liability pursuant to the provisions of this Addendum.

9.11 Force Majeure. Neither Landlord nor Unit Owner shall have any liability to the other due to either Party's failure to perform any of its obligations under this Addendum if the failure is due to reasons beyond such Party's reasonable control, including strikes or other labor difficulties, inability to obtain necessary governmental permits and approvals (including buildings permits or certificates of occupancy), unavailability or scarcity of materials, war, riot, civil insurrection, accidents, acts of God, and governmental obligations; and as a result of any reasons beyond such Party's reasonable control (including those enumerated above), the period for such Party's performance will be extended day for day for the duration of the cause of such Party's failure.

9.12 No Waiver. The waiver by Landlord of any agreement, condition, or provision contained in this Addendum will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Addendum, nor will any custom or practice that may develop between the Parties in the administration of the terms of this Addendum be construed to waive or lessen the right of Landlord to insist upon the performance by Unit Owner in strict accordance with the terms of this Addendum. The subsequent acceptance of any payment by Landlord will not be deemed to be a waiver of any preceding breach by Unit Owner of any agreement, condition, or provision of this Addendum, other than the failure of Unit Owner to pay the particular payment and acceptance of such payment.

9.13 Attorneys' Fees. Wherever reference is made to "attorneys' fees" or "reasonable attorneys' fees" under this Addendum, such term(s) shall be deemed to mean attorneys' fees reasonably incurred at standard hourly billing rates.

9.14 Principles of Interpretation. In this Addendum, unless the context requires otherwise: (a) pronouns of whatever gender shall include natural persons, corporations, and associations of every kind and character; (b) the singular shall include the plural and vice versa when and as often as may be appropriate; (c) references to statutes or regulations include all statutory and regulatory provisions consolidating, amending, or replacing the statute or regulation; (d) references to contracts and agreements shall be deemed to include all amendments thereto; (e) the words "include", "includes", and "including" are to be interpreted as if they were followed by either the phrase "without limitation" or "but not limited to"; (f) references to an "Article", "Section", "section", or "paragraph" shall mean an article or section of this Addendum; (g) headings and titles of sections, paragraphs, and articles are for convenience only and shall not be construed to affect the meaning of this Addendum; (h) the word "shall" is mandatory; (i) all Exhibits, attachments, or documents attached to this Addendum or referred to in this Addendum are incorporated by reference into this Addendum as if fully set forth herein; (j) whenever the terms "hereof," "hereby," "herein," or words of similar import are used in this Addendum, they shall be construed as referring to this Addendum in its entirety rather than to a particular section or provision, unless the context specifically indicates to the contrary; and (k) all recitals and exhibits to this Addendum are incorporated herein by reference.

EXHIBIT A TO UNIT OWNER DISCLOSURE AND GROUND LEASE ADDENDUM**Prepared by and return to:**

ASSIGNMENT OF LEASEHOLD INTEREST (UNIT # _____)

THIS ASSIGNMENT OF LEASEHOLD INTEREST (this "Assignment"), dated as of the ____ day of _____, 20____, by and between _____, [an individual resident of _____/a _____ corporation/limited liability company/limited/general partnership] ("**Assignor**"), and _____, [an individual resident of _____/a _____ corporation/limited liability company/limited/general partnership] ("**Assignee**").

All capitalized terms not otherwise defined in this Assignment shall have the definitions set forth in the Unit Owner Disclosures and Ground Lease Addendum, as more particularly described below.

A. Pursuant to that Option and Ground Lease Agreement dated as of July 9, 2014 (as amended, the "**Lease**"), The Board of Trustees of the Endowment Fund of North Carolina State University ("**Landlord**") leased to PW North Shore LLC, a North Carolina limited liability company ("**Developer**"), the right and option to lease certain real property located on the Centennial Campus of North Carolina State University in the City of Raleigh, Wake County, North Carolina, for the purpose of developing a master planned community (the "**Community**").

B. Developer or Developer's permitted assignee exercised its option to lease a portion of the land subject to the Lease, which land is more particularly described as the "Premises" in Exhibit A of a Memorandum of Ground Lease recorded in Book _____, Page _____, Wake County Registry (the "Memorandum").

C. **Exhibit B** of the Memorandum contains a Unit Owner Disclosure and Ground Lease Addendum (the "**Addendum**"), which includes certain disclosures relating to the Community and the nature of the interest that can be acquired and transferred by unit owners within the Community.

D. The real property described on Exhibit A to this Assignment (the “Unit”) is a part of the Premises and Community and is in all respects subject to the terms of the Addendum.

E. Assignee desires to acquire all of Assignor’s right, title and interest in and to Assignor’s leasehold interest in the Unit.

F. Assignor has agreed to assign to Assignee all of Assignor’s right, title and interest in and to its leasehold interest in the Unit, and Assignee has agreed to assume all obligations of Unit Owner as stated in the Addendum.

NOW, THEREFORE, in consideration of the premises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

Each Unit Owner shall look solely to the provisions of this Addendum and the other Unit Leasehold Documents to determine its rights and obligations with respect to its Unit.

1. Assignor hereby assigns, bargains, sells and conveys unto Assignee and its heirs, successors and assigns, all of Assignor’s right, title and interest in and to its leasehold interest in the Unit. This Assignment is an assignment to Assignee of Assignor’s rights and obligations established by the Lease to the extent applicable to the Unit. Notwithstanding the foregoing, from the date of this Assignment until the end of the term of the Lease on April __, 2122, pursuant to the terms of Lease, the rights and obligations of Assignee with respect to the Unit shall be governed by the Addendum, which is hereby incorporated by reference and expressly made a part of this Assignment.

2. Pursuant to the provisions of the Lease and the Addendum, the consent of Landlord to an assignment of leasehold interest in a unit (including the Unit) pursuant to this form of Assignment is not required. Assignee hereby agrees that Landlord is a third-party beneficiary of this Assignment and shall be entitled to rely upon the covenants, obligations and agreements of Assignor and Assignee set forth herein.

3. Assignee hereby attorns to Landlord, recognizes Landlord as Assignee’s landlord for the balance of the Term and agrees with Landlord to observe and perform and be bound by those obligations of Unit Owner set forth in the Addendum during Assignee’s period of ownership of the Unit, and acknowledges that on April __, 2122, the Unit and all improvements located thereon shall revert to the Landlord in accordance with the provisions of the Addendum, and thereafter Assignee shall have no interest whatsoever in the Unit.

4. Assignee hereby acknowledges and agrees that, pursuant to the terms of the Addendum, Assignee is hereby required to pay Landlord, as additional rent, all sums due from Assignee to Landlord pursuant to the terms of the Addendum, including without limitation, the Additional Payments (as defined in the Addendum) specified therein. Unless written notice is given by Landlord to Assignee to make any such payments directly to Landlord, all such payments shall be made to the Association pursuant to the provisions of the Master Declaration of Covenants, Conditions, and Restrictions for North Shore at Centennial Campus recorded in Book 15666, Page 1242, Wake County Registry.

5. Assignee hereby acknowledge that neither the Landlord nor North Carolina State University has participated in the design, construction, development or marketing of the Community in which the Unit and its appurtenant interest in the Common Areas is located.

Assignee further acknowledges the disclosures, disclaimers of warranties, representations, commitments and similar matters by the Landlord and North Carolina State University contained in the Addendum and hereby agrees to be bound thereby to the same extent as if they are set forth in this Assignment.

6. This Assignment is made subject to, without limitation:

(a) Declaration of Restrictions recorded in Book 9451, Page 190, Wake County Registry, as amended and restated in an Amended and Restated Declaration of Restrictions recorded in Book 16064, Page 941, Wake County Registry;

(b) Declaration of Rights, Privileges and Easements recorded in Book 9451, Page 182, Wake County Registry;

(c) Master Declaration of Covenants, Conditions, and Restrictions for North Shore at Centennial Campus recorded in Book 15666, Page 1242, Wake County Registry;

(d) The Declaration of Condominium recorded in Book _____, Page _____, Wake County Registry and the Bylaws, Rules and Regulations and other governing documents for the Community;

(e) The Addendum; and

(f) All easements, restrictions and rights-of-way and other matters of public record.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Assignor has signed this instrument and has adopted as their seal the word "SEAL" appearing beside their name with the intention of signing this instrument under seal.

ASSIGNOR:

_____(SEAL)

_____(SEAL)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____, personally appeared before me this day and acknowledged the execution of the foregoing instrument under seal. Witness my hand and official stamp or seal, this _____ day of _____, 20__.

Date: _____

By: _____

Print Name: _____
Notary Public

[SEAL OR STAMP]

My Commission Expires: _____

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____, personally appeared before me this day and acknowledged the execution of the foregoing instrument under seal. Witness my hand and official stamp or seal, this _____ day of _____, 20__.

Date: _____

By: _____

Print Name: _____
Notary Public

[SEAL OR STAMP]

My Commission Expires: _____

IN WITNESS WHEREOF, Assignee has signed this instrument and has adopted as their seal the word “SEAL” appearing beside their name with the intention of signing this instrument under seal.

ASSIGNEE:

_____(SEAL)

_____(SEAL)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____, personally appeared before me this day and acknowledged the execution of the foregoing instrument under seal. Witness my hand and official stamp or seal, this _____ day of _____, 20__.

Date: _____

By: _____

Print Name: _____
Notary Public

[SEAL OR STAMP]

My Commission Expires: _____

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____, personally appeared before me this day and acknowledged the execution of the foregoing instrument under seal. Witness my hand and official stamp or seal, this _____ day of _____, 20__.

Date: _____

By: _____

Print Name: _____
Notary Public

[SEAL OR STAMP]

My Commission Expires: _____

EXHIBIT A TO ASSIGNMENT OF LEASEHOLD INTEREST

[INSERT DESCRIPTION OF UNIT]



BOOK:019324 PAGE:02374 - 02441

Please retain yellow trailer page

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

Tammy L. Brunner
Register of Deeds

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

☐ New Time Stamp

☐ \$25 Non-Standard Fee

☐ Additional Document Fee

☐ Additional Reference Fee

This Customer Group

_____ # of Excessive Entities

_____ # of Time Stamps Needed

This Document

 08 # of Pages