

WAKE COUNTY, NC 233
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REGISTER OF DEEDS
PRESENTED & RECORDED ON
09/21/2015 16:12:57

BOOK:016157 PAGE:02449 - 02509

WAKE COUNTY REGISTER OF DEEDS CONDOMINIUM ~~FILE NO.~~ ^{MAP} *CM 2015, Pages 89-101*

Type of Instrument: DECLARATION OF BLOUNT STREET COMMONS CONDOMINIUM II
Prepared By and Mail To: Kenneth L. Eagle, 2235 Gateway Access Point, Suite 201, Raleigh, NC 27607

DECLARATION
OF
BLOUNT STREET COMMONS CONDOMINIUM II

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA, AS FOLLOWS: EXCEPT AS OTHERWISE PROVIDED IN THIS DECLARATION OR ANY APPLICABLE RULES AND REGULATIONS UNDER THIS DECLARATION: (A) NO OWNER SHALL DISPLAY A FLAG ON ANY PORTION OF THE PROPERTY SUBJECT TO THIS DECLARATION OTHER THAN IN OR ON A UNIT OWNED BY SUCH OWNER; AND (B) AN OWNER MAY DISPLAY ON A UNIT OWNED BY SUCH OWNER NO MORE THAN TWO (2) FLAGS AT ANY TIME, EACH OF WHICH, IF ON THE EXTERIOR OF A UNIT, SHALL BE DISPLAYED IN A BRACKET OR OTHER DEVICE APPROVED PURSUANT TO THIS DECLARATION OR ANY APPLICABLE RULES AND REGULATIONS UNDER THIS DECLARATION, AND EACH OF WHICH, WHETHER ON THE EXTERIOR OF A UNIT OR VISIBLE FROM THE EXTERIOR OF A UNIT, SHALL NOT EXCEED A SIZE OF 4 FEET BY 6 FEET.

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS BY AN OWNER IN OR ON A UNIT OWNED BY SUCH OWNER AS FOLLOWS: THIS DECLARATION OR THE RULES AND REGULATIONS UNDER THIS DECLARATION MAY PROVIDE FOR REASONABLE RESTRICTIONS ON THE TIME, PLACE, SIZE, NUMBER, AND MANNER OF DISPLAY OF POLITICAL SIGNS DISPLAYED IN OR ON UNITS, SUBJECT TO THE FOLLOWING: (A) RULES AND REGULATIONS MAY PROHIBIT THE DISPLAY OF POLITICAL SIGNS EARLIER THAN FORTY-FIVE (45) DAYS BEFORE THE DAY OF THE ELECTION AND LATER THAN SEVEN (7) DAYS AFTER THE DAY OF AN ELECTION; (B) ANY RESTRICTION ON THE SIZE AND NUMBER OF POLITICAL SIGNS ON IN OR ON A UNIT MAY NOT BE MORE RESTRICTIVE THAN ANY APPLICABLE CITY, TOWN, OR COUNTY ORDINANCE THAT REGULATES THE SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY; (C) IF THE LOCAL GOVERNMENT IN WHICH THE UNIT IS LOCATED DOES NOT REGULATE THE SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY, THE RULES AND REGULATIONS SHALL PERMIT, OR IN THE ABSENCE OF ANY APPLICABLE RULES AND REGULATIONS, THIS DECLARATION HEREBY PERMITS, ONE POLITICAL SIGN IN OR ON A UNIT WITH MAXIMUM DIMENSIONS OF 24 INCHES BY 24 INCHES, BUT SUBJECT TO ALL LEGAL REQUIREMENTS AND TO ALL APPLICABLE RULES AND REGULATIONS UNDER THIS DECLARATION. FOR PURPOSES OF THIS DECLARATION, INCLUDING THE RULES AND REGULATIONS, "POLITICAL SIGN" MEANS A SIGN THAT ATTEMPTS TO INFLUENCE THE OUTCOME OF AN ELECTION, INCLUDING SUPPORTING OR OPPOSING AN ISSUE ON THE ELECTION BALLOT.

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OF
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**DECLARATION
OF
BLOUNT STREET COMMONS CONDOMINIUM II**

PURSUANT TO CHAPTER 47C OF THE NORTH CAROLINA GENERAL STATUTES

NORTH CAROLINA CONDOMINIUM ACT

**WAKE COUNTY REGISTER OF DEEDS CONDOMINIUM ~~FILE NO.~~ MAP CM 2015,
Pages 89-101**

This Declaration Of Blount Street Commons Condominium II (the "Declaration") is made and effective on the date it is recorded in the Registry (the "Effective Date") by SM Raleigh, LLC, a North Carolina limited liability company, with its principal place of business located at 11111 Sunset Hills Road, Suite 200, Reston, Virginia 20190, hereinafter defined as "Declarant", and it establishes the condominium plan of ownership of Blount Street Commons Condominium II.

ESTABLISHMENT OF CONDOMINIUM OWNERSHIP

Declarant is the owner of the real property in the City of Raleigh, Wake County, North Carolina that is described on **Exhibit A** attached hereto and incorporated by reference (the "Land"). As shown on the Plans, Declarant has constructed on the Land one (1) Building containing eight (8) Condominium Units and other improvements, including Common Elements. Subject to the terms of this Declaration, Declarant desires to submit the Land and all existing and future improvements thereon (together, the "Property") to the terms and provisions of the North Carolina Condominium Act (the "Act") and to create a condominium pursuant to the Act.

Declarant in this Declaration reserves the "Development Rights" described in Article VII of this Declaration that permit Declarant, among other things, to add additional Units, and Declarant reserves the "Special Declarant Rights" described in Article VIII of this Declaration.

Declarant has organized, or will organize, a nonprofit, incorporated association of Unit Owners that will be delegated and assigned powers and obligations of maintaining and administering the Common Elements, of administering and enforcing the terms of this Declaration, including levying, collecting and disbursing the assessments and charges described in this Declaration and taking any steps or performing any acts deemed necessary or appropriate to preserve the values of the Condominium Units and to promote the recreation, health, safety and welfare of the Unit Owners.

NOW, THEREFORE, pursuant to the North Carolina Condominium Act that on the Effective Date is contained in Chapter 47C of the North Carolina General Statutes (the "Act"), Declarant declares that all of the Property shall be held, transferred, sold, conveyed, occupied and used, subject to the provisions of the Act and to all provisions of this Declaration and other Governing Documents, and that those provisions shall run with the Property to both burden and benefit Declarant, its successors and assigns, and all other Persons acquiring or owning an interest in the Property and their heirs, successors, and assigns.

**ARTICLE I
DEFINITIONS**

The following words and terms, when used in this Declaration or any amendment hereto, or in any Supplemental Declaration, unless amended or unless the context clearly indicates otherwise, are defined as follows (when these and other defined words or terms herein have an initial capital letter or letters, however, it is not required that their use in this Declaration, any amendment hereto, or any Supplemental Declaration, have initial capital letters in order to have the defined meaning). Terms and words used herein without definition shall have the meanings, if any, specified therefor in the "Definitions" section of the Act or, if not defined in the Act, in the "Definitions" section of the Nonprofit Corporation Act, or if not defined in either the Act or Nonprofit Corporation Act, any applicable definitions section of the Code, and, in the event of any conflict between the definitions contained herein and the definitions contained in the Act, the Nonprofit

Corporation Act or the Code, the Act, Nonprofit Corporation Act, and Code, in that order and as appropriate, shall control. Multiple words or terms defined by the same definition are used interchangeably herein. It should be noted that one or more definitions contain provisions in addition to the defined word or terms, and such additional provisions are part of this Declaration in the same manner and to the same extent as if they had been set out in an Article or Section of this Declaration other than this Article I.

Section 1.1 “Act” is defined as the North Carolina Condominium Act as it exists from time to time, including all amendments, supplements, and replacements thereof. On the Effective Date the Act is codified in Chapter 47C of the North Carolina General Statutes. References herein to any specific sections of the Act include any replacement sections or new sections of the Act that address the matters in the referenced section.

Section 1.2 “Allocated Interests” is defined as the undivided interests in the Common Elements, liability for Common Expenses, and votes in the Association allocated to each Unit, as described in **Exhibit B** attached hereto and incorporated by reference, or as may be replaced and superseded by a Supplemental Declaration recorded by Declarant in the exercise of its Development Rights under this Declaration to create additional Units.

Section 1.3 “Approving Authority” is defined as each of the following: Federal Housing Administration; Veterans Administration; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; or other, substantially similar Governmental Authority organization.

Section 1.4 “Articles” is defined as the articles of incorporation of the Association filed with the North Carolina Secretary of State, as they now or hereafter exist, including all amendments thereto adopted in accordance with Legal Requirements and the Governing Documents.

Section 1.5 “Association” is defined as Blount Street Commons Condominium II Association, Inc., a corporation organized and existing under the North Carolina Nonprofit Corporation Act pursuant to and in accordance with this Declaration, the Bylaws, and the Act, which is to serve as the Association of Unit Owners for the Condominium.

Section 1.6 “Board of Directors” or “Board” is defined as the governing body from time to time of the Association as constituted in accordance with the Governing Documents and Legal Requirements, and is the same entity as the “executive board” defined in the Act. A “Director” is a natural person appointed or elected to serve as a member of the Board in accordance with the Governing Documents.

Section 1.7 “Building” is defined as a structure constructed on the Land that contains one or more Condominium Units.

Section 1.8 “Bylaws” is defined as the bylaws of the Association, and all amendments to such bylaws that may from time to time be adopted in accordance with Legal Requirements and the Governing Documents.

Section 1.9 “City” or “City of Raleigh” or “Raleigh” is defined as the City of Raleigh, North Carolina, a North Carolina municipal corporation.

Section 1.10 “Code” is defined as the ordinances of the City as they exists from time to time, including all amendments, supplements, and replacements thereof, and including all duly adopted regulations, rules, directives, and policies of the City pursuant to or in furtherance of the Code. The Property is subject to applicable Code provisions, whether or not the specific Code provision is cited herein, and whether or not any specific Code provision cited herein is cited correctly or incorrectly, or subsequently is amended.

Section 1.11 "Common Elements" is defined as all portions of the Property other than the Units, as depicted on the Plans and as more particularly described in Section 6.1 of this Declaration.

Section 1.12 "Common Expenses" is defined as expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses specifically include ad valorem taxes, public assessments or governmental liens levied against the Common Elements, expenses for maintenance obligations of the Association, all sums lawfully assessed by the Master Association against the real property subject to this Declaration and to be paid by the Association as provided in the Master Declaration, and maintenance of Stormwater Control Measures, if any, installed on or serving the Property.

Section 1.13 "Condominium" is defined as Blount Street Commons Condominium II, as established by the subjection of the Property to the terms of the Act by this Declaration.

Section 1.14 "Condominium File" is defined as the file or files in the Registry in which the Plans for the Condominium is recorded. The Condominium File for the Property initially subjected to this Declaration is described on the first page of the text of this Declaration.

Section 1.15 "Declarant" is defined as SM Raleigh, LLC, a North Carolina limited liability company. The word "Declarant" also includes" (i) any Person to whom or which Declarant assigns or delegates any or all of the rights and/or obligations of Declarant under this Declaration by an assignment of Declarant's rights executed and recorded in the Registry in the manner required by Legal Requirements; (ii) any Person to whom any rights and/or obligations of Declarant are assigned or assumed in accordance with Legal Requirements; and (iii) any Person designated by Declarant as its "affiliate".

Section 1.16 "Declarant Control Period" or "Period of Declarant Control" is defined as the period commencing on the date of the recording of this Declaration in the Registry and continuing until the earlier of (i) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units (including Units that may be created pursuant to Special Declarant Rights) to an Owner other than Declarant; (ii) two (2) years after Declarant ceases to offer Units for sale in the ordinary course of business; (iii) two (2) years after any Development Right provided in Article VII was last exercised; (iv) the later of the date that is seven (7) years immediately following the date of the recording of this Declaration in the Registry or the date that is five (5) years immediately following the date of the recording of the most recently recorded amendment to this Declaration by Declarant to exercise its rights to add Units to the Condominium; or (v) the date, if any, upon which Declarant voluntarily terminates the Declarant Control Period.

Section 1.17 "Declaration" is defined as this Declaration of Condominium, including all amendments to this Declaration adopted in accordance with the terms of this Declaration and Legal Requirements for adoption of amendments and including all Supplemental Declarations to this Declaration.

Section 1.18 "Development Rights" is defined as and includes all of the rights reserved by Declarant in this Declaration to do any or all of the following: create Units, Common Elements, or Limited Common Elements; subdivide Units or covert Units into Common Elements; and withdraw real estate from the Condominium.

Section 1.19 "fiscal year" of the Association is defined as the calendar year until such time, if any, as the Board establishes a different fiscal year for the Association; provided, however, the first fiscal year of the Association shall run from the date of the recording in the Registry of the first deed conveying title to a Unit from Declarant to another Person (other than a successor Declarant) through December 31 of that calendar year.

Section 1.20 "Governing Documents" is defined as the Master Declaration (including all amendments and supplements to the Master Declaration), this Declaration, all plats of the Condominium, the Plans, the Articles, the Bylaws,

the Rules and Regulations, and Board resolutions, as the foregoing may be amended, deleted, or supplemented from time to time, and including all attachments and exhibits thereto.

Section 1.21 “Governmental Authority” or “Governmental Authorities” or “Governmental Entity” or “Governmental Entities” is defined as the City, the County of Wake, North Carolina, the State of North Carolina, the United States of America, and all other governmental entities and quasi-governmental entities that have jurisdiction over the Property or any part thereof, and all applicable departments, divisions, sections, branches, agencies, and other subdivisions of such Governmental Authorities.

Section 1.22 “herein” is defined as included in this Declaration.

Section 1.23 “include” or “including” is defined as being inclusive of, but not limited to, the particular matter described, unless otherwise clearly obvious from the context.

Section 1.24 “Land” is defined as the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, but together with all easements, rights, and appurtenances belonging or appertaining to the Land. The real property constituting the Land is more particularly described on **Exhibit A** attached hereto and incorporated by reference.

Section 1.25 “Legal Requirement” is defined as any or all of the following, as applicable: any law, ordinance, regulation or requirement, including the Act, the Nonprofit Corporation Act, and the Code, of any Governmental Authority having jurisdiction over the Property or any portion thereof, including any branch, department, division, section, branch, agency, or other subdivision of any of the foregoing Governmental Authorities or quasi governmental authorities. Legal Requirements apply to the exercise of all rights or the taking of all actions under this Declaration by Declarant, the Association, or any other Person, whether or not this Declaration states that a specific right or action is subject to Legal Requirements or must be exercised or taken in accordance with Legal Requirements.

Section 1.26 “Limited Common Elements” is defined as those portions of the Common Elements established by this Declaration or the Act for the exclusive use and benefit of one or more, but fewer than all, of the Units.

Section 1.27 “maintain”, “maintaining”, “maintenance”, or any similar term used herein, is defined to include any one or more of the following, as the context requires: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering, and preservation.

Section 1.28 “Master Association” is defined as Blount Street Commons Master Property Association, Inc., a North Carolina non-profit corporation, which is the association established with respect to the Master Declaration, and including its successors or assigns.

Section 1.29 “Master Declaration” is defined as the Master Declaration of Covenants, Conditions, and Restrictions for Blount Street Commons, recorded in Book 12967, Page 2215, Wake County Registry, and including all amendments and supplements thereto adopted in accordance with the requirements of the Master Declaration. The Property is subject to the Master Declaration.

Section 1.30 “Mortgage” or “Deed of Trust” is defined as any mortgage or deed of trust that creates a security interest in a Unit.

Section 1.31 "Mortgagee" is defined as and includes the Federal National Mortgage Association, Government National Mortgage Association, Veteran's Administration, Federal Housing Authority, United States Department of Housing and Urban Development, banks, savings and loan associations, insurance companies, and other lenders who have a Mortgage on a Unit. An "Eligible Mortgagee" is a Mortgagee who has given written notice to the Board of all of the following: its name; its address to which notices from the Association is to be sent; a description of the Unit subject to its Mortgage (either by Unit number or address); and a request for all rights or certain specified rights of an Eligible Mortgagee under this Declaration.

Section 1.32 "Nonprofit Corporation Act" is defined as the "North Carolina Nonprofit Corporation Act" as it exists from time to time, including all amendments, supplements, and replacements thereof. On the Effective Date the Nonprofit Corporation Act is codified in Chapter 55A of the North Carolina General Statutes.

Section 1.33 "Owner" or "Unit Owner" is defined as the owner of record in the Registry, whether one or more persons or entities, of fee simple title to any Unit, excluding those Persons having an interest in any Unit solely as security for the payment or performance of an obligation.

Section 1.34 "Garage" is defined as that portion of a Building that is shown on the Plans as a garage. Each Garage is allocated to a Unit as described in **Exhibit B** and is part of the Unit to which it is allocated, even though, with respect to Upper Units, the boundaries of the Garage are not contiguous with the boundaries of the Unit. With respect to any Upper Unit, a Garage also includes the stairwell that goes from that Unit's Garage to the bottom floor of that Unit, together with the steps and other improvements in the stairwell. The driveway that connects a Garage to the nearest public or private street or private alleyway or Common Element used for vehicular access from the Condominium to the nearest public street right of way, is a Limited Common Element for the Unit to which that Garage is allocated.

Section 1.35 "Person" is defined to include any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, Governmental Authority, or other legal or commercial entity.

Section 1.36 "Plans" is defined as the plats, plans, and specifications of the Condominium or applicable portion thereof recorded under the name of the Condominium in the Condominium File in the Registry, all of which are incorporated by reference as if fully set out herein. Plans include any amendments or supplements to those Plans that may be filed in the Condominium File in the Registry as allowed by the Governing Documents or Legal Requirements. The word Plans as used in this Declaration includes the words "plat" and "plan" as used in the Act when referring to plats and plans required to be filed in the Registry.

Section 1.37 "Property" is defined as the Land, together with the Buildings, Units, and all other improvements and structures located on the Land, and including all appurtenant easements and rights in the Land for the Association or any Owner, but excluding the following that are owned by the Master Association, a Governmental Authority, or a utility provider: (i) improvements other than Units; and (ii) easement rights in, on, over, or under the Property.

Section 1.38 "property manager" or "management company" is defined as a Person employed by the Association to manage or assist in the management of the business and property of the Association.

Section 1.39 "Registry" is defined as the office of the Register of Deeds (or any successor office under applicable law) for the North Carolina County or Counties in which deeds, plats, easements, Mortgages and Deeds of Trust for the Property or any part thereof are recorded. All references herein to recording or to any requirement to record a document or plat refer to recording in the Registry of the County or Counties in which the applicable portion of the Property is situated.

Section 1.40 "Rules and Regulations" is defined as rules, regulations, requirements, policies, prohibitions, and/or conditions with respect to any one or more of the following that are adopted from time to time by the Declarant or the

Association: (i) use of the Property or any part thereof, including the Common Elements, or (ii) the conduct of Persons while in or on the Property or any part thereof, including the Common Elements, or (iii) implementation and enforcement of the Governing Documents, or (iv) any other matters that the Declarant or Board, as applicable, determines to adopt as part of the Association's Rules and Regulations.

The Board may adopt, amend, modify, and enforce Rules and Regulations for the use and operation of the Common Elements and/or for the implementation and enforcement of the Governing Documents without having to comply with the procedures specified herein for adoption, amending, modifying, and enforcing other Rules and Regulations. Such Rules and Regulations with respect to use and operation of the Common Elements and/or implementation and enforcement of the Governing Documents also may be referred to herein as "Board Policies".

Section 1.41 "Special Declarant Rights" is defined as any or all of the following rights reserved for the benefit of Declarant by this Declaration or by other Governing Documents or Legal Requirements: to complete improvements indicated on Plans filed with the Declaration or any Supplemental Declaration; to exercise any Development Right; to maintain sales offices, management offices, signs advertising the Condominium, and models; to use easements through the Common Elements for the purpose of making improvements within the Property; to make the Condominium part of a larger condominium; to appoint or remove any officer of the Association or director of the Board of the Association during any Period of Declarant Control; and other rights of the Declarant described in the Governing Documents or granted to or reserved for the Declarant in Legal Requirements.

Section 1.42 "Stoop" is defined as the steps and landing at the top of the steps that serves a Lower Unit and an Upper Unit in the Condominium, and which is depicted as "Limited Common Element For 2 Units" on the Plans. The Plans indicate the Units served by each Stoop. A Stoop is Limited Common Area that is allocated to the Lower Unit and Upper Unit that it serves.

Section 1.43 "Stormwater Control Measures" or "Stormwater Control Facilities", such terms being used interchangeably herein and in any maintenance covenant or agreement with respect to Stormwater Control Measures for the Property required by any applicable Governmental Authority (a "Stormwater Agreement"), is defined as one or more of the following devices and measures, together with associated private drainage easements utilized for conveying stormwater (however identified on a plat, map or in a recorded document) that serves the Property and which are located outside of public street rights-of-way and outside of drainage easements for which a Governmental Authority has accepted the maintenance obligation, including, but not limited to, conduits, inlets, channels, pipes, drains, level spreaders, ditches, grassed swales, sand filters, wetponds, dry detention basins, wetlands, permanently protected or preserved undisturbed open space areas, bio-retention areas, retention or detention ponds, and other equipment, facilities, devices and measures necessary to collect, convey, store, discharge, and control stormwater runoff and pollutants for any part or all of the Property. Private drainage easements that are part of the Stormwater Control Facilities for the Property, however identified on a recorded plat or recorded map or in a recorded document, are deemed to be dedicated to the Association for the benefit of the Property or applicable portions thereof, whether or not a Governmental Entity has assumed the maintenance obligation therefor. Stormwater Control Facilities may be located on the Land or on real property that is not part of the Land.

Maintenance of Stormwater Control Facilities is a Common Expense or Limited Common Expense, as applicable. References in this Declaration to stormwater management include all applicable Stormwater Control Facilities.

Section 1.44 "Supplemental Declaration" is defined as any document, recorded subsequent to this Declaration and as allowed by this Declaration, that creates additional Units in the Condominium, withdraws any portion of the real property constituting the Condominium from this Declaration, or is recorded for any other purpose for which this Declaration allows a Supplemental Declaration to be recorded. A document that creates additional Units in the Condominium or withdraws any portion of the real property constituting the Condominium from this Declaration also may be referred to and titled an

amendment to this Declaration. A document that withdraws any portion of the real property constituting the Condominium from this Declaration also may be referred to herein on in that document as a "Withdrawal Declaration".

Section 1.45 "Unit" or "Condominium Unit" is defined as a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in this Declaration or in the Act. It is contemplated that each Building constructed on the Land will contain a total of eight (8) Units, four (4) of which will be located on the bottom and second floor of the Building and four (4) of which will be located on the third and fourth floors of the Building. Each Unit located on the bottom and second floor of a building is referred to herein as a "Lower Unit" and each Unit located on the third and fourth floors of a Building is referred to herein as an "Upper Unit". An Upper Unit generally is located above a Lower Unit, except that a portion of the second floor of a Lower Unit is located above the Garage for the Upper Unit that generally is located above that Lower Unit. As an example of Unit numbering in the Condominium, if a Lower Unit has a Unit number of 101, the Upper Unit that generally is located above that Lower Unit will be numbered 201. As shown on the Plans, each Garage allocated to a Lower Unit is located adjacent to one or more of that Lower Unit, the Garage for the corresponding Upper Unit, or the Garage for the adjacent Lower Unit. As shown on the Plans, each Garage allocated to an Upper Unit is located adjacent to one or more of the corresponding Lower Unit, the Garage for the corresponding Lower Unit, or the Garage for the adjacent Upper Unit.

Section 1.46 "utility" or "public utility" is defined as any one or more of the following used in any part or all of the Property: electricity; telephone; Internet service; water; sanitary sewer; stormwater drainage, detention, and discharge, natural gas; propane gas; television; refuse collection; collection of materials for recycling; and any other service or facility generally recognized as a public utility or determined to be a public utility by the Board. A "utility provider" or "public utility provider" is defined as the Person who provides a utility to any part or all of the Property.

1.47 "Utility Room" is defined as that portion of a Building shown on the Plans as "Limited Common Element For All Units In Building". The Utility Room is Limited Common Area for all of the Units in the Building that contains the Utility Room.

In addition to the foregoing, other definitions in Section 47C-1-103 of the Act are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein. If there is any conflict between the definitions in the Act and the definitions in this Declaration, the definitions in the Act shall control.

ARTICLE II DESIGNATION OF CONDOMINIUM

Section 2.1 Location and Designation. The Property initially subjected to the Act by the recording of this Declaration in the Registry is located entirely in the City of Raleigh, Wake County, North Carolina on the Land that is more particularly described on **Exhibit A**.

Section 2.2 Name. The name of the Condominium is Blount Street Commons Condominium II.

ARTICLE III
OWNERSHIP OF CONDOMINIUM UNITS AND APPURTENANT
ALLOCATED INTERESTS IN COMMON ELEMENTS

Section 3.1 Ownership Interest. Each Unit, together with its Allocated Interests in the Common Elements, is for all purposes a separate parcel of real property. The Owner of each Unit shall be entitled to the exclusive fee simple ownership and possession of the Owner's Unit, subject to the covenants, conditions, restrictions, easements, uses, limitations, obligations, and Rules and Regulations set forth in the Governing Documents or other documents of record in the Registry affecting title to the Property.

Section 3.2 Change in Allocated Interests. Except for any reallocation of Allocated Interests required by Legal Requirements, or that occur because of the exercise by Declarant of any Development Rights reserved herein, or as required or permitted by any other provision of this Declaration, the Allocated Interests of the Units shall not be changed except with the consent of Owners and Mortgagees of all of the Units.

ARTICLE IV
DESCRIPTION OF THE CONDOMINIUM

Section 4.1 Condominium. The Condominium consists of the Property, as it exists from time to time. The locations and dimensions of Buildings, Units (including Garages) are shown on the Plans.

Section 4.2 Potential New Units. Declarant reserves Development Rights in this Declaration to construct a maximum of Thirty-Two (32) Units on the Land, which total includes the initial eight (8) Units described on **Exhibit B** to this Declaration.

ARTICLE V
UNITS

Section 5.1 Description of Units. The Units established by the recording of this Declaration in the Registry are contained in one (1) Building on the Land. The identifying Building number, Unit number, Allocated Interests, and Garage allocated to the Unit are described on **Exhibit B** and shown on the Plans. Additional Buildings, Units, Allocated Interests, and Garages may be described in one or more Supplemental Declarations recorded by Declarant to exercise its Development Rights to create Additional Units.

Section 5.2 Unit Boundaries. The boundaries of each Unit, as determined on a floor by floor basis within a Building, and as shown on the Plans, are as follows:

(a) **Upper Boundary.** The upper boundary is the horizontal plane formed by the uppermost surface of the wallboard or ceiling tiles in the ceiling of the Unit, extended to intersections with each other and with the Perimeter Boundaries. The ceilings in the top story of a Unit may be at different elevations; in such cases, the upper boundary of such Unit shall not be a single horizontal plane, but shall vary with the differing ceiling elevations.

(b) **Lower Boundary.** The lower boundary is the horizontal plane of the bottom surface of the floor materials immediately adjacent to the concrete slab, extended to intersections with each other and with the Perimeter Boundaries. The floor in the bottom story of a Unit may be at different elevations; in such cases, the lower boundary of such Unit shall not be a single horizontal plane, but shall vary with the differing floor elevations.

(c) **Perimeter Boundary.** The vertical planes formed by the outermost surface of the wallboard of the exterior walls of the Unit, extended to intersections with each other and with the Upper Boundary and Lower Boundary.

Notwithstanding the foregoing definitions, except for what may constitute Limited Common Elements under Subsection 5.2(d) of this Declaration, the space between the first floor and second floor of a Lower Unit at all points that they overlap is part of the Lower Unit and the space between the first floor and second floor of an Upper Unit at all points that they overlap is part of the Upper Unit. The terms "horizontal plane" and "vertical plane" are used for purposes of distinguishing the boundaries of Units. Horizontal planes and vertical planes in the Units and Garages may not always intersect at ninety degree angles.

The boundaries of Garages are subject to the foregoing definitions of boundaries for Units, except that, subject to what may constitute Limited Common Elements under Subsection 5.2(d) of this Declaration, the space between the walls of a Garage allocated to a Lower Unit and the walls of that Lower Unit is part of that Lower Unit.

(d) The Act. In determining whether materials or items are Common Elements, Limited Common Elements or parts of a Unit, except as otherwise provided in this Declaration the terms and provisions in Section 47C-2-102 of the Act shall apply, and those provisions are as follows on the Effective Date of this Declaration:

"(1) If walls, floors or ceilings are designated as boundaries of a unit, then all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the unit; and all other portions of such walls, floors, or ceilings are a part of the common elements." Note: This Declaration extends the Upper Boundaries of Units to the uppermost surfaces of wallboards or ceiling tiles, the Lower Boundaries of Units to the bottom of flooring materials adjacent to the concrete slab, and the Perimeter Boundaries of Units to the outermost surfaces of wallboards of the exterior walls.

"(2) If any chute, flue, duct, wire, conduit, bearing wall, bearing column or any other fixture lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a limited common element allocated exclusively to that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements."

"(3) Subject to the provisions of paragraph (2), all spaces, interior partitions, and other fixtures and improvements within the boundaries of a unit are a part of the unit."

"(4) Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single unit but located outside the unit's boundaries are limited common elements allocated exclusively to that unit."

Section 5.3 Maintenance of Units. Every Owner shall perform promptly all maintenance and repair work within such Owner's Unit, which, if omitted, would adversely affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the liability resulting from failure to perform such maintenance. The Owner of each Unit shall be liable and responsible for the maintenance of all electrical, heating, air conditioning, cable television, plumbing and sewer systems within that Unit including any fixtures and/or their connections required to provide heat, air conditioning, water, light, power, telephone, cable television, sewage and sanitary service to that Unit. Such Owner also shall be responsible and liable for the maintenance of all appliances and equipment, if any, all walls, all ceilings, and all floors within such Owner's Unit including painting, decorating, carpeting and furnishings, and all other accessories that such Owner may desire to place or maintain in the Unit. This description of the area to be maintained by an Owner shall in

no way limit the definition of "Unit", and each Owner is expressly responsible for all maintenance of the Unit owned by such Owner.

Section 5.4 Insured Loss. Whenever the maintenance of any item for which the Owner of a Unit is obligated to maintain at such Owner's expense results from 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 such maintenance, except that the Owner of such Unit shall be, in said instance, required to pay such portion of the costs of such maintenance as shall, by reason of the applicability of any deductible provision of such insurance or otherwise, exceed the amount of the insurance proceeds applicable to such maintenance. If not promptly paid, the Association may assess the Owner thereof and the same shall become a lien against the Unit of the Owner as provided herein with respect to assessment liens.

Section 5.5 Doors, Windows, etc. All exterior doors, door frames and thresholds, Garage doors and frames, window frames, door and window glass, storm windows and doors and screens and associated hardware, if any, that are part of a Unit shall be maintained by the Owner thereof (except for painting of the exterior surfaces of such window frames, doors, door frames and thresholds, and Garage doors, which are the maintenance responsibility of the Association and shall be maintained by the Association from time to time as determined by the Board).

ARTICLE VI COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 6.1 Common Elements. The Common Elements include all portions of the Property other than the Units. Common Elements include the following portions of the Property (provided, if any of the following are determined to be parts of Units it is the obligation of the Association to maintain them notwithstanding that they are determined to be parts of the Units) :

- (a) The Land.
- (b) All improvements located on the Land outside the Units, including without limitation landscaped areas, surfaced parking areas, paved access roads, driveways, walkways, Stoops (which are Limited Common Elements for a corresponding Lower Unit and Upper Unit as described herein), and Stormwater Control Measures, but excluding improvements owned by the Master Association, a Governmental Authority, or a utility provider.
- (c) All portions of the Buildings located outside of the Units, including the Stoops, Utility Rooms, and other Limited Common Elements described in Section 6.6 herein.
- (d) The foundations, roofs, columns, girders, beams, supports, exterior and interior load-bearing walls, and all other structural elements of the Buildings.
- (e) Any public connections and meters, vaults, and manholes for utility services that are not owned by the public utility or Governmental Authority providing such services, including all such connections in a Utility Room.
- (f) All tangible personal property required for the operation and maintenance of the Property that may be owned by the Association.
- (g) Water lines and sewer lines located outside public street rights-of-way and Governmental Authority utility easements.
- (h) Stormwater Control Facilities.

Section 6.2 Undivided Interests of Owners in Common Elements. The Allocated Interests of the Units are set forth on **Exhibit B**. The Allocated Interests of the Units in the Condominium on the Effective Date of this Declaration has been determined by dividing 100 by the number of Units. If Declarant exercises its Development Rights to create additional Units and Limited Common Elements, or to withdraw portions of the real property constituting the Condominium from this Declaration, Declarant shall adjust the Allocated Interests of each Unit in the Condominium in accordance with the following: by dividing 100 by the total number of Units in the Condominium, then taking the result out to as many decimal places and rounding as necessary so that each Unit has the same Allocated Interests and the total of the Allocated Interests is one hundred percent (100%) or as close to one hundred percent (100%) as reasonably possible. The percentage Allocated Interests of each Unit shall be used to determine each Unit's undivided interests in the Common Elements, liability for Common Expenses, and votes in the Association. Each adjustment of the Allocated Interests of the Units in any Supplemental Declaration shall replace and supersede, as applicable, **Exhibit B** attached to this Declaration or the most recent prior Supplemental Declaration that adjusted the Allocated Interests of the Units.

Section 6.3 Maintenance of Common Elements. The Association shall be responsible for the maintenance of all Common Elements, including the Limited Common Elements, except (i) as otherwise provided herein, or (ii) for maintenance that is performed by the Master Association, or (iii) for maintenance required as a result of the negligence or intentional misconduct of any Owner of such Owner's agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, or family members, which maintenance shall be the responsibility of that Owner. Notwithstanding any other provisions of this Declaration, the Owners of Units to which maintenance responsibility of Limited Common Elements is allocated under the Governing Documents or Legal Requirements shall be responsible for all costs of maintenance of such Limited Common Elements, and are responsible for indemnifying the other Owners from any loss, cost, damage, claim or liability with respect to such Limited Common Elements, to the extent not covered by insurance maintained by the Association or not caused by the Association or any other Person; provided, however, that the Association, and not such Unit Owners, shall be solely responsible for any such loss, cost, damage, claim or liability arising out of the negligence of the Association or the failure of the Association to perform any obligation hereunder or under the Act with respect to such Limited Common Elements.

Section 6.4 Loss Caused by Owner. Whenever the maintenance of any item which the Association is obligated to maintain at its expense arises out of or results from any act of an Owner or that Owner's agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, or family members, then the Owner shall pay the cost thereof; and, if not promptly paid upon request, the Association may assess the Owner thereof and the same shall become a lien against that Owner's Unit in the same manner as a lien for assessments as provided herein; provided, however, that the Owner's liability will be reduced by the amount of insurance proceeds actually received by the Association by reason of such loss or damage, if any are received.

The provisions of th Section 6.3 and Section 6.4 control over any contrary provisions in this Declaration or other Governing Documents.

Section 6.5 Improvements to the Common Elements. The Association shall have the right to make or cause to be made alterations or improvements to the Common Elements which do not materially, adversely prejudice the rights of the Owner of any Unit in the use and enjoyment of the Owner's Unit. The cost of such alterations or improvements shall be Common Expenses to be assessed and collected from the Owners of all Units.

Section 6.6 Limited Common Elements. The Limited Common Elements shall be composed of the following:

(a) Those portions of any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit are Limited Common Elements allocated exclusively to that Unit.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios, and all exterior doors and windows, Garage doors, or fixtures designed to serve a single Unit, but located outside that Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit; provided, however, each Stoop (as defined herein) is Limited Common Elements allocated to the Upper Unit and Lower Unit that is served by the Stoop.

(c) Any portions of the heating, ventilating, and air conditioning systems, including fans, compressors, return air grills and thermostats that serve a Unit or Units, whether located inside or located outside the designated boundaries of the Unit or Units, are Limited Common Elements allocated exclusively to the Unit or Units that they serve.

(d) Utility Room is a Limited Common Element allocated exclusively to the Units in the Building in which the Utility Room is located.

(e) Those areas indicated as Limited Common Elements on the Plans, which shall be allocated to the Unit or Units served by such Limited Common Elements.

(f) Subject to Declarant's Development Rights, all Limited Common Elements not otherwise allocated to a specific Unit or specifically labeled as "Unallocated" on the Plans shall be deemed Limited Common Elements allocated to all Units within the Building served by such Limited Common Elements.

(g) All Limited Common Elements not established by this Declaration or Legal Requirements as Limited Common Elements or labeled on the Plans as "Allocated" may be allocated by Declarant, in the exercise of Declarant's Development Rights, as a Limited Common Element to any one or more, but less than all, of the Units.

Section 6.7 Maintenance of Limited Common Elements. Except for maintenance obligations that are the responsibility of the Association under this Declaration, the cleanliness and orderliness of the Limited Common Elements (excluding the parking areas) shall be the responsibility of the individual Owner to whose Unit such Limited Common Elements are allocated. Provided, however, (i) with respect to Garages, the Association shall maintain the exterior portions thereof, including the garage door and driveway, in the same manner and to the same extent that the Association is obligated to maintain the Common Elements, and (ii) with respect to Stoops and Utility Rooms, the Association shall maintain them in the same manner and to the same extent that the Association is obligated to maintain the Common Elements. Notwithstanding any other provisions of this Declaration or other Governing Documents, the obligation for maintenance of any portions of the heating, ventilating, and air conditioning systems shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. The allocation of use of Limited Common Elements to Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected. Notwithstanding anything contained herein to the contrary, the Association shall have the right to contract with a landscape maintenance company to maintain all of the landscaping and lawns on the Property including, without limitation, the front and back lawns of each Unit (if any) which are Limited Common Elements. Furthermore, the Association shall have the right to contract with a maintenance company to maintain the parking areas, outside the Garages, if any, that are a part of the Common Elements. The cost of such maintenance with regard to the landscaping and the parking shall be considered a Common Expense of the Association. When Unit Owners have maintenance responsibility, the Unit Owner who has exclusive use of any Limited Common Element shall maintain the same and pay the full cost of such maintenance; however, if more than one Unit Owner has use of a Limited Common Element then all such Owners who have such use shall jointly maintain it at their expense on a pro rata basis determined by the number of Units to which the Limited Common Element is allocated. Where joint users cannot agree on the maintenance, then the Board of Directors may direct such maintenance to be done and assess the Owners for the costs of the maintenance.

Section 6.8 Payment for Improvements to Common Elements. Where any alterations and improvements to the Common Elements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against, and collected solely

from, the Owner or Owners of the Unit or Units exclusively or substantially benefitted, the assessment to be levied in such amounts and proportions as may be determined by the Board.

ARTICLE VII DEVELOPMENT RIGHTS

Section 7.1 Additional Units. At the time this Declaration is recorded in the Registry, the Condominium has eight (8) Units and the remainder of the Land is Common Elements. Declarant reserves the right to add additional Units to the Condominium. Declarant may create new Units on any part of the Common Elements and modify the Common Elements and Limited Common Elements as necessary to create new Units on the Land, as determined by Declarant. Declarant is not required to create any new Units on the Land. The maximum number of Units that Declarant reserves the right to create on the Land, including the eight (8) Units described on **Exhibit B**, is thirty-two (32) Units.

Section 7.2 Method of Development. In adding additional Units, Common Elements and Limited Common Elements on the Land, or in exercising any other Special Declarant Rights, Declarant reserves the right to grant easements, licenses and permits for utilities and other services to the Land and to develop the Land without encumbrance of this Declaration until the time that the additional Units, Common Elements and Limited Common Elements are established in the manner provided for in this Declaration. The method of exercising Development Rights to create new Units on the Common Elements shall be pursuant to the provisions of the Governing Documents and Legal Requirements.

Section 7.3 Development in Phases. Declarant reserves the right to create Units and Limited Common Elements on the Common Elements on the Land at different times and in different amounts (in phases); however, no assurance is made by Declarant in regard to boundaries of the specific portions of the Common Elements on which new Units may be created, and no assurance is made by Declarant in regard to the time when or the order in which those portions of the Common Elements may be subjected to the exercise of each of those development rights. Declarant may exercise any Development Right in any portion of the Common Elements subject to that Development Right without exercising that Development Right in all or in any other portion of the remainder of the Common Elements.

Section 7.4 Subdivision or Reconfiguration of Units. Declarant reserves the right to subdivide or convert any Units owned by Declarant into additional Units or Common Elements or any combination thereof, and Declarant reserves the right to reconfigure any Units owned by Declarant, which reconfiguration may include changing or relocating the boundaries of the Units.

Section 7.5 Nominal Amendments. Declarant, for so long as it controls the Board of Directors, and without the consent, approval, or joinder of any other Owner, any Mortgagee, the Association, or other Person, reserves the right to record an amendment to this Declaration to conform it to the requirements of any Legal Requirements or Governmental Authority having legal jurisdiction over the Property or to qualify the Condominium or any Units therein for Mortgage or improvement loans made or insured by Federal National Mortgage Association, Veteran's Administration, United States Department of Housing and Urban Development, Government National Mortgage Association, Federal Housing Authority or any Governmental Authority or to comply with Legal Requirements of any similar agency or entity regarding purchase of Mortgage interests in Units by such agency or entity.

Section 7.6 Amendments Prior to First Sale. Declarant reserves the right, at any time prior to recording of the sale of the first Unit by Declarant to another Owner, and without the consent, approval, or joinder of the Association or any other Person, to record an amendment this Declaration, which amendment shall include a certification that no such sale has occurred.

Section 7.7 Time of Development. There is no specific time within which new Units or Limited Common Elements will be created on the Common Elements, except that no new Units will be created on the Common Elements, and Declarant

may not exercise any other Development Rights, at any time after the date that is fifteen (15) years immediately following the date on which this Declaration is recorded in the Registry.

Section 7.8 Additional Units Subject to Declaration. All additional Units created on the Common Elements will be restricted exclusively for the uses permitted in this Declaration, and all restrictions, terms, covenants and conditions in this Declaration and the Association Bylaws shall apply to any and all Units that may be created within the Common Elements.

Section 7.9 Style and Quality of Construction. Any improvements, Buildings and Units that may be constructed upon the Common Elements, or a portion thereof, will be compatible with the other improvements, Buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size, as determined by Declarant in the exercise of its sole discretion. Otherwise, Declarant makes no assurances concerning the construction, building types, architectural style, and size of any such Buildings or Units. Declarant reserves the right to substitute materials of similar durability, quality and strength, so long as the foregoing standard is complied with. The Units within the new Buildings created by Declarant need not be of the same type and design of the existing Units, so long as the construction and appearance of each Building satisfies the requirements set forth above. Declarant shall have the right to allocate Limited Common Elements to new Units in the manner similar to the allocation of Limited Common Elements to the existing Units under this Declaration. Any other Common Elements constructed by Declarant, such as sidewalks and landscaped areas, shall be consistent with the Common Elements in the initial phase of the Condominium.

Section 7.10 Supplemental Declaration. To exercise any Development Right reserved by or for Declarant under this Declaration, Declarant shall execute and record in the Registry an amendment to this Declaration in accordance with the Act. Any such amendment also is referred to herein as a "Supplemental Declaration"). Any Supplemental Declaration executed and recorded by Declarant to exercise the Development Right of creating new Units, Common Elements, or Limited Common Elements shall be recorded in the Registry subsequent to or contemporaneously with an amendment or supplement to the Plans identifying the new Units, Common Elements, and Limited Common Elements so created, as well as an amendment to **Exhibit B** attached to this Declaration or to any previously recorded applicable Supplemental Declaration, assigning and identifying numbers to each new Unit and reallocating the Allocated Interests among all Units in accordance with the provisions of this Declaration. Any such Supplemental Declaration also may contain such additions to the provisions of this Declaration as may be necessary to reflect the different character of the new Units created by Declarant, so long as such additions are not inconsistent with the overall scheme of the Declaration, and provided that such additions shall not apply to any Unit created prior to recording of the Supplemental Declaration and not owned by Declarant at the time of the recording of the Supplemental Declaration, or to the Owner or Mortgagee of any such Unit.

Section 7.11 Withdrawal of Land. Declarant may withdraw portions of the Land from the Condominium and this Declaration only if all of the following apply to the Land to be withdrawn.

(a) The portion of the Land to be withdrawn is Common Elements in which Declarant has Development Rights. Provided, however, Limited Common Elements that have been allocated to certain Units may not be withdrawn by Declarant without the written consent of the Owners of all of the Units to which the applicable Limited Common Elements has been allocated.

(b) Declarant records a Withdrawal Declaration in the Registry that describes the portion of the Land being withdrawn from the Declaration.

ARTICLE VIII SPECIAL DECLARANT RIGHTS

Section 8.1 Special Declarant Rights. Special Declarant Rights are all rights reserved or established in the Governing Documents or under Legal Requirements by, and for the benefit of, Declarant. Special Declarant Rights include the following:

(a) The Development Rights of Declarant described in the Governing Documents, including rights to create new Units and to complete improvements indicated on the Plans.

(b) The right to maintain sales or management offices in the Property along with signs for advertising the sale of Units and the location of each such office. Each such office shall be at a location selected by the Declarant and may be a Unit or may be a separate standing office located on the Common Elements. The size of the office shall be as determined by the Declarant and may be relocated by the Declarant, at its discretion from time to time. Declarant reserves the right to use a Unit for a sales office and/or a model for exhibition to prospective purchasers. If Declarant constructs a sales office in the Common Elements, the same shall be removed by the Declarant on or before the earlier of six (6) months immediately following the recording of the deed in the Registry for the sale of the last Unit allowed to be constructed on the Land or any date required by Legal Requirements, or the office shall thereafter become part of the Common Elements.

(c) The right to use easements through the Common Elements for the purpose of completing construction of improvements on the Land, maintaining improvements on the Land, and in exercising Special Declarant Rights.

(d) The easement and right to park and store vehicles, equipment, and materials in the Common Elements (but not in Garages allocated to Units owned by an Owner other than Declarant) for the purpose of completing construction of improvements on the Land, maintaining improvements on the Land, and in exercising Special Declarant Rights. Declarant may designate part or all of the Common Elements for these purposes.

(e) The right to elect or name persons to the Board of Directors and to name and appoint officers of the Association and to otherwise control the activities of the Board and Association during the Declarant Control Period.

(f) The right to exercise any other rights granted to or reserved by Declarant in the Act or other Legal Requirements or in this Declaration or other Governing Documents.

Section 8.2 Exercise of Special Declarant Rights. Subject to any time limitations herein, Declarant may exercise, or not exercise, any one or more of the Special Declarant Rights at any time and from time to time, in the sole discretion of Declarant, without the consent, approval, or joinder of any Person, except where any such consent, joinder, or approval is required by Legal Requirements.

Section 8.3 Assignment/Transfer of Special Declarant Rights. Declarant specifically reserves the right, in Declarant's sole discretion, but subject to Legal Requirements, to assign or transfer, temporarily or permanently, in whole or in part, any or all of its rights, privileges, powers and/or obligations under this Declaration or under any Supplemental Declaration, including assignment of any or all of same as security for any obligation of Declarant to one or more Persons. Except as otherwise provided in this Section or Legal Requirements, no such assignment shall be effective unless (i) it is in writing, (ii) it is executed by the assignee (unless, with respect to an assignment to the Association of a Governmental Authority permit, the assignment is from Declarant to the Association or execution of any other assignment by the assignee is not required by the applicable Governmental Authority or Legal Requirement or Governing Document, whichever controls), (iii) it is recorded in the Registry or other Governmental Authority office required under Legal Requirements, with the date of recording or such later effective date stated in the assignment being the effective date thereof (and the terms of the recorded assignment shall be conclusive and binding as to the matters assigned).

Section 8.4 Time Limit. No Special Declarant Rights under this Declaration may be exercised at any time after the date that is fifteen (15) years immediately following the date on which this Declaration is recorded in the Registry.

ARTICLE IX EASEMENTS AND PROPERTY RIGHTS

Section 9.1 Association May Grant Easements. As authorized by the Act, the Association may grant easements, leases, licenses and concessions through or over the Common Elements.

Section 9.2 Public Service Access. An easement is hereby established over the Common Elements for the benefit of applicable Governmental Authorities, utility providers, public service agencies, and other Persons as necessary for setting, removing and reading meters, replacing and maintaining water, sewer, electrical, telephone, natural gas, cable television, and other utility lines, pipes, ducts, wires, conduits, equipment, and other facilities, maintaining Stormwater Control Facilities, fire fighting, garbage and other refuse collection, collection of recyclable materials, postal delivery, deliveries of packages and other items by private delivery services, emergency and rescue activities, and law enforcement activities.

Section 9.3 Access by the Association. The Association, or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent reasonably necessary for performance by the Association of its obligations or exercise its rights under the Governing Documents and Legal Requirements. Except in emergency situations, entry into Units and Limited Common Areas by the Association shall be at reasonable times and upon reasonable (one day or more) prior notice to the Owner or occupant of the applicable Unit, and each Owner shall cooperate with the Association in providing access to such Owner's Unit. The Association's right of entry shall be for such length of time as is required for the Association to perform its obligation or exercise its rights under the Governing Documents. No entry of a Unit or associated Limited Common Areas by the Association pursuant to its rights under this Declaration shall be considered a trespass.

Section 9.4 Emergencies. In case of any emergency originating in, or threatening, any Unit or Limited Common Areas allocated to that Unit, as determined by the Association, regardless of whether the Owner or any occupant of the Unit is present at the time of such emergency, the Association, or any Person authorized by the Board, shall have the right to enter such Unit and Limited Common Areas for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate and without prior notice to the Owner of the affected Unit, and shall not constitute a trespass.

Section 9.5 Access To Repair Common Elements. Whenever the Board determines that it is necessary to enter any Unit for the purpose of performing any maintenance, alteration, replacement or repair to any portion of the Common Elements, the Owner, lessee, or sub-lessee of each Unit shall permit the duly constituted and authorized agent of the Association to enter such the Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable prior notice, if the reason for the entry is not an emergency, as determined by the Board, in which emergency event no prior notice to the Owner is required.

Section 9.6 Easements over Common Elements. Declarant, in exercising any Special Declarant Rights, and the Association, at any time, may grant easements for utility purposes and for the benefit of the Property or any part thereof, in, on, over, under, and through the Common Elements or any portion thereof, including the right to install, construct, and maintain all necessary (as determined by the applicable utility provider) lines, pipes, ducts, wires, conduits, equipment, and other facilities, for any or all of the following: electricity; water; sanitary sewer; Stormwater Facilities; natural gas; telephone; other forms of communications; television; internet; and other utilities. Each Owner is deemed by this Declaration to grant to Declarant or the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the granting of such easements. In the exercise of its Special Declarant Rights, Declarant shall have an easement over the Common Elements as may be necessary (as determined by Declarant) to complete construction of the Buildings and the other improvements on the Land.

Section 9.7 Owners' Easement in Common Elements. The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual nonexclusive easement in favor of all of the Owners of Units for their use and enjoyment and the use and enjoyment of their agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, and family members for all proper and usual purposes, including, but not limited to the right of access, ingress and egress to and from all public streets and public walkways and over walkways and parking areas within the Common Elements, and for the furnishing of utilities, services, and facilities for which the same are reasonably intended for the enjoyment of said Owners. This easement of use and enjoyment is appurtenant to and passes with title to each Unit. The easement established by this Section is subject to all limitations on use associated with Limited Common Elements. With respect to Limited Common Elements, the foregoing are applicable only to the Owners of Units to which the Limited Common Elements are allocated and to the agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, and family members of such Owners. Provided, however, and notwithstanding anything to the contrary in this Declaration, the rights of an Owner described in this Section with respect to access and utilities cannot be suspended by the Association for violations of this Declaration, including nonpayment or late payment of assessments.

Section 9.8 Limits on Use of Common Elements. Notwithstanding anything provided in this Article, but subject to all Special Declarant Rights, Legal Requirements, and the Governing Documents, the Association shall have the exclusive right to establish the Rules and Regulations pursuant to which the Owner of any Unit and such Owner's agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, and family members may use the Common Elements, including the right to make permanent and temporary assignments of parking spaces and establish regulations concerning the use thereof, to establish Rules and Regulations concerning the use of any recreation area.

Section 9.9 Utilities. Each Owner shall have an easement in common with the owners of all other Units to use all chutes, flues, pipes, wires, ducts, cables, conduits, and public or private utilities serving his Unit. Each Unit hereby is subjected to an easement in favor of the Owners of all other Units to use the chutes, flues, pipes, ducts, cables, wires, conduits, public utility lines, and other Common Elements serving such other Units and located in such Unit. Each Owner specifically shall have an easement over the Common Elements and other Units as reasonably necessary to maintain all components of any heating and air conditioning system serving such Owner's Unit.

Section 9.10 Structural. Every portion of a Unit, such as a bearing column or bearing wall, which contributes to the structural support of the Building hereby is made subject to an easement of structural support for the benefit of all other Units and for the Common Elements.

Section 9.11 Easement for Encroachment. If any Unit shall encroach upon any Common Element or any other Unit, for any reason not caused by the purposeful or negligent act of the Owner of the encroaching Unit, or such Owner's agents, employees, lessees, sub-lessees, contractors, subcontractors, licensees, invitees, or family members, then an easement appurtenant to the encroaching Unit shall exist for the continuance of such encroachment upon the Common Elements or another Unit for so long as such encroachment shall naturally exist. If any portion of the Common Elements shall encroach upon any Unit then an easement appurtenant to such Common Elements for the continuance of such encroachment upon a Unit shall exist for so long as such encroachment shall naturally exist.

Section 9.12 Encroachments on Reconstruction. If any Unit or Common Elements is partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and, if upon reconstruction of such Unit or Common Elements, there exist encroachments of portions of the Common Elements upon any Unit, or of any Unit upon any other Unit or upon any portion of the Common Elements, then an easement appurtenant to the encroaching Unit or Common Elements for the continuance of such encroachment shall exist so long as such encroachment shall naturally exist.

Section 9.13 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a security interest by the Association only if Persons entitled to cast at least eight percent (80%)

of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by a Declarant, agree to that action in writing, and at least a majority of Eligible Mortgagees also agree to such action in writing. With respect to Limited Common Elements, all Owners of the Units to which such Limited Common Elements is allocated must agree in writing in order to convey such Limited Common Elements or subject such Limited Common Elements to a security interest. The requirements of the Act must be satisfied with respect to any such written agreement of Owners. The provisions of this Section are not intended to prohibit, constrain, or condition the rights of the Association to grant easements, leases, licenses, and concessions through or over the Common Elements as provided in the Governing Documents or Legal Requirements. Nothing in this Article IX shall be construed to limit the right of any Owner to convey or to encumber his allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.

Section 9.14 No Division of Units. No Unit may be divided or subdivided into a smaller Unit or Units, nor shall any Unit or portion thereof be added to or incorporated into any other Unit, except as expressly set forth below in Section 9.18 or the exercise by Declarant of Special Declarant Rights. The Allocated Interests in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from that Unit, and the Allocated Interests in Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with any conveyance, devise, encumbrance, or other dealing with the Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such Condominium Unit.

Section 9.15 Instruments of Conveyance. Any conveyance, Mortgage or other instrument which purports to grant any title, 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 the Unit and its appurtenant Allocated Interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering, or otherwise dealing with any Unit without limitation or exception shall be deemed or construed to affect the entire Unit and its appurtenant Allocated Interests in the Common Elements.

Section 9.16 Joint Ownership Not Prohibited. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant Allocated Interests in the Common Elements by more than one Person as tenants in common, joint tenants, tenants by the entirety, or other form of joint ownership.

Section 9.17 Relocation of Boundaries. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units ("Adjoining Owners") and upon approval by the Association of such application; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee and no such approval is required by the Association for any relocation of boundaries done by Declarant in the exercise of Special Declarant Rights. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within thirty (30) days after submission to it of a properly completed application and plat that the proposed relocation of boundaries is unreasonable, the application shall be deemed approved. Any relocation of boundaries may affect the Allocated Interests in the Common Elements allocated to each affected Unit. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the expense of the Adjoining Owners, an amendment to this Declaration and a plat that identifies the Units involved, describes and depicts the altered boundaries, gives the dimensions of the altered Units, and describes the reallocation of the Allocated Interests to each Unit, if any. Such amendment also shall contain operative words of conveyance and be signed by the Adjoining Owners and consented to by their Mortgagees, if any, and shall be indexed in the Registry in the names of the Adjoining Owners and the Association.

ARTICLE X THE ASSOCIATION

Section 10.1 Association. To efficiently and effectively provide for the administration of the Condominium by the Owners, a non-profit North Carolina corporation (the "Association" as defined above), has been organized (or will be organized before sale of any Unit by Declarant), and said Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of the Governing Documents and Legal Requirements.

Section 10.2 Members. Each Owner of a Unit is a "Member" of the Association, and the membership of an Owner shall terminate automatically upon such Owner being divested of the Owner's ownership interest in the Unit, regardless of the means by which such ownership is divested. No person 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.

Section 10.3 Voting. The Association shall have one (1) class of voting Members, consisting solely of the Owners. Members have a total of 100 votes in the Association. Each Unit is allocated a percentage of the votes as in accordance with the Allocated Interests of the Unit described in **Exhibit B** attached to this Declaration or in the most recently recorded Supplemental Declaration in which Declarant exercises its right to create additional Units in the Condominium. When there is more than one Owner of any Unit, all such Owners shall be Members and the voting rights allocated to their Unit shall be exercised as they, among themselves, determine (subject to any applicable provisions of the Articles or Bylaws), but fractional voting of the votes allocated to such Unit shall not be allowed. No votes are allocated to Garages in addition to the votes allocated to Units.

Section 10.4 Authority. In the administration of the operation and management of the Condominium, the Association shall have, and is hereby granted, the authority and power to carry out and enforce the provisions of this Declaration, including all rights of the Association under the Act, the Nonprofit Corporation Act, and the Governing Documents.

Section 10.5 Books and Records; Inspection. The Association shall maintain current copies of all of the following:

- (a) the Governing Documents, as they may be amended from time to time;
- (b) Rules and Regulations adopted by the Association; and
- (c) all financial records of the Association required to be kept by the Governing Documents and Legal Requirements.

The Association shall make available to Owners, Mortgagees, guarantors of payment of an indebtedness secured by a first Mortgage on a Unit, insurers of Units, and prospective purchasers of Units, at its office, or through its property manager, during normal business hours, and upon request, copies of the Governing Documents and the most recent audited financial statement of the Association, if any, and also shall make available during such time books, records and other financial statements of the Association for inspection by those Persons. The Association or property manager may make a reasonable charge for such copies. Upon written request, any holder of a first Mortgage lien shall be provided a copy of the financial statement of the Association for the preceding fiscal year.

Section 10.6 Enforcement. The Association and any Owner shall have a right of action against any Owner for failure to comply with any provision of the Governing Documents, and any Owner shall have a right of action against the

Association for failure to comply with the Governing Documents. Fines may be assessed by the Association in compliance with the Act.

Section 10.7 Association Directors and Officers. A legal right against the Association does not grant additional rights of action against the officers and directors of the Association beyond that which is permitted by law.

Section 10.8 Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Director or officer of the Association, subject to the requirements of the Act, which at the time of the recording of this Declaration in the Registry are the following:

(a) not later than 60 days after conveyance of twenty-five percent (25%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than the Declarant; and

(b) not later than 60 days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Owners other than a Declarant, not less than thirty-three percent (33%) of the members of the Board shall be elected by Owners other than the Declarant.

The Association may enter into contracts with Declarant or Persons affiliated (that is owned in whole or in part by Declarant or that owns Declarant in whole or in part or is under common control with Declarant) with Declarant, including property managers. Provided, however, if entered into by or on behalf of the Association before the Board elected by the Owners pursuant to Section 47C-3-103(f) of the Act takes office, (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 Declarant or an affiliate of Declarant, or (3) any contract or lease that is not bonafide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Owners pursuant to Section 47C-1-103(f) of the Act takes office, upon not less than 90 days' notice to the other party.

ARTICLE XI ASSESSMENTS

Section 11.1 Taxes. Every Unit, together with its Allocated Interests in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by Legal Requirements. Each Owner shall be liable solely for the amount taxed against that Owner's Unit.

Section 11.2 Assessments for Common Expenses. Each Owner, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Unit, whether or not it shall be so expressed therein, is deemed to consent and agree to pay to the Association (or to a property manager or other Person who may be designated by the Association to collect such monies on behalf of the Association) all assessments for Common Expenses and other charges as required or allowed by the Governing Documents and Legal Requirements, including fines for violations of Rules and Regulations, late payment penalties and interest on unpaid assessments and other charges, and other charges imposed under authority contained in the Act (specifically including all fees allowed under Section 47C-3-102 of the Act) or Governing Documents (such fines, penalties, interest and other fees and charges all being referred to herein collectively as "other charges"), and, in addition to such assessments and other charges, to pay all costs, fees and expenses, including reasonable attorneys' fees, incurred by the Association in enforcing or collecting any of the foregoing assessments or other charges against such Owner or the Unit of such Owner.

Except as otherwise provided in the Governing Documents (for example, assessments for Limited Common Elements), each Owner shall be assessed an equal percentage share of all assessments for Common Expenses in accordance

with the Allocated Interests for the Owner's Unit. Not later than the conveyance of the first Unit by Declarant, the Association shall make an annual assessment for Common Expenses.

No Owner shall be exempt from liability for any assessment provided for herein by reason of non-use of the Common Elements or such Owner's Unit, or abandonment of the Unit, or temporary unavailability of the use or enjoyment of the Common Elements or the Unit. If necessary to establish the right to collect reasonable attorneys' fees under this Declaration, any obligation of an Owner to pay assessments or other charges or monetary obligations under this Declaration shall constitute evidence of indebtedness under Section 6-21.2 of the North Carolina General Statutes (or any successor statute) for collection of reasonable attorneys' fees. Provided, however, the foregoing sentence specifically is intended to supplement, and not to interfere, limit, invalidate or be in conflict with, any provisions of the Act or other Legal Requirements with respect to reasonable attorneys' fees.

Section 11.3 Nature, Purpose, and Use of Assessments Assessments shall be used by the Association to pay the Common Expenses. The annual assessment primarily is for the purpose of funding the Common Expenses of the Association, for the fiscal year to which it applies and in accordance with the annual operating budget adopted by the Association, although such assessments may be used for payment of any Common Expenses as determined by the Board. Common Expenses may include such amounts as the Board determines is necessary for the operation and maintenance of the Condominium, including, without limitation, including monies set aside for an operating expense reserve fund, reserve fund for losses due to insurance deductibles, reserve fund for repair and replacement of the Common Elements, and such amounts as may be necessary to make up any deficit in the annual assessments for any prior year, and expenses for a property manager.

All assessments and other charges collected by the Association shall be the separate property of the Association. Except as otherwise provided herein, assessments and other charges paid to the Association by Owners may be commingled with assessments and other charges paid to the Association by other Owners. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer, such Member's interest in the assets of the Association, except as an appurtenance to the Unit owned by such Member. When any Owner ceases to be a Member of the Association, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association or any portion thereof which were paid to the Association by such Owner or acquired with any funds paid to the Association by such Owner.

Section 11.4 Commencement of Assessments. Until such time as assessments are commenced, Declarant shall pay all of the Common Expenses of the Association. Assessments shall commence for all Units (including Units owned by Declarant) at such time as declared by the Declarant in its sole discretion. If assessments first commence on any day other than the first day of a fiscal year of the Association, the amount of the annual assessment on each Unit in the Condominium existing at the time assessments first commence is an amount equal to the amount of the annual assessment for that fiscal year multiplied by a fraction whose numerator is the number of days remaining in that fiscal year from and after the date on which the assessment is made and whose denominator is the number of days in that fiscal year. After assessments have commenced, the amount of the annual assessment for a Unit that first becomes a Unit on any day other than the first day of the applicable fiscal year of the Association is an amount equal to the amount of the annual assessment for that fiscal year multiplied by a fraction whose numerator is the number of days remaining in that fiscal year from and after the date on which the assessment is made and whose denominator is the number of days in that fiscal year.

Section 11.5 Annual Operating Budget and Annual Assessments.

(a) Declarant, as the sole owner of the Property at the time of the recording of this Declaration, has adopted a budget for 2015. For 2016 and subsequent years, the Board shall adopt for each fiscal year a proposed budget, containing an estimate of the total amount believed to be necessary to pay the Common Expenses for that fiscal year, including amounts due and payable to the Master Association, reserves for contingencies and periodic maintenance of Common Elements, and other items determined by the Board. In adopting a budget and annual assessment, the Board may consider any assessment

income expected to be generated from any additional Units reasonably anticipated to be added to the Condominium during the applicable fiscal year. The budget shall state the amount of the annual assessment per Unit proposed by the Board as necessary to pay for the budgeted Common Expenses, which is the annual assessment that will be assessed upon ratification of the budget. Unless a lower percentage is specified by the Board in the proposed budget, during the applicable fiscal year, and without any meeting of the Association to ratify an amended budget (it being deemed that the additional annual assessment is approved with the ratification of the original budget for that fiscal year), the Board may assess and collect from the Owners one or more additional annual assessments, not to exceed a total of twenty percent (20%) of the annual assessment for that fiscal year, determined by the Board to be necessary to cover actual Common Expenses that exceed the budgeted amount therefor and new or unexpected additional Common Expenses incurred during that fiscal year.

Within thirty (30) days after adoption of the proposed budget, the Board shall provide a copy or summary thereof to all Members (a copy or summary provided to any one (1) of multiple Owners of a Unit is deemed to be provided to all Owners of such Unit), together with a notice of the annual or special meeting of the Association at which ratification of such proposed budget will be considered, including a statement that the proposed budget may be ratified without a quorum for the meeting. The annual or special meeting at which ratification of the proposed budget is to be considered shall be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting at which ratification of the proposed budget is to be considered (although if other matters are to be considered at such meeting applicable quorum requirements are in effect with respect to those other matters). The budget is ratified unless rejected at that meeting Members whose Units have eighty percent (80%) or more of the Allocated Interests in the Condominium. For the purposes of this paragraph, multiple Owners of a Unit shall be considered one Owner. In the event that the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

(b) The Association shall send written notice of each annual assessment and each additional annual assessment to the Members of the Association (for purposes of notice of all assessments under this Declaration, notice sent to any one (1) of multiple Owners of a Unit is deemed to be notice sent to all of such Owners) not less than thirty (30) days in advance of the payment due date specified in the notice (which shall not be earlier than the first day of the applicable fiscal year), which written notice may be in the form of an invoice for the annual assessment or additional annual assessment. The failure of the Board to establish the amount of any annual assessment or send timely notice as required herein shall not constitute a violation, waiver, or modification of the provisions of this Declaration, or a waiver of the Board's right to establish and collect the annual assessment or an additional annual assessment at any time during the fiscal year to which it is applicable, or a release of any Member from the obligation to pay the assessment or any installment thereof for that or any subsequent fiscal year. Until the Board has established an annual assessment for a fiscal year, the actual annual assessment for the immediately preceding fiscal year shall continue in effect, but when the new annual assessment is established, it shall be retroactive to the first day of the applicable fiscal year, and notice of same shall be sent to the Members not less than thirty (30) days in advance of the payment due date specified in the notice. If the annual assessment for any fiscal year has not been established by the last day of the immediately preceding fiscal year, the Board may send a notice of assessment to the Members for the amount of the immediately preceding fiscal year's annual assessment. Once the new annual assessment is established, any additional amount owed is due and payable by the payment due date specified in a supplemental notice to the Members sent not less than thirty (30) days in advance of the payment due date specified in the supplemental notice.

(c) During any fiscal year, the Board may revise the budget and adjust the annual assessment (including the maximum amount of any additional annual assessment), subject to the same notice and ratification requirements as those applicable to the initial budget for that fiscal year. Upon ratification of a revised budget, it shall replace all previously ratified budgets for the applicable fiscal year.

(d) Except as otherwise provided in the Governing Documents or Legal Requirements, all annual assessments shall be the same for all Units.

(c) The annual assessment for 2015 is \$2,332.20 (194.35 per month, if collected monthly) per Unit.

Section 11.6 Special Assessments. In addition to all other assessments authorized herein, and subject to the other requirements of this Declaration, the Association may levy special assessments for the purpose of defraying, in whole or in part, the costs or expenses of any one or more of the following:

(a) Maintenance of a capital improvement in or on the Common Elements, including fixtures and personal property related thereto.

(b) Additions to the Common Elements, including acquisition of new Common Elements and improvements to existing Common Elements.

(c) The necessary facilities and equipment to enable the Association to perform the functions and offer the services required or authorized herein.

(d) The Common Expenses of the Association, to the extent that such Common Expenses are not covered by annual assessments and applicable reserve funds.

(e) Repayment of any loan made to the Association to enable it to pay the Common Expenses or to perform the other functions and provide the other services required or authorized herein.

Each special assessment levied under this Section first shall be approved by the affirmative vote by sixty-seven percent (67%) or more of the votes cast by the Members present at a meeting of the Association. Notices for all meetings of the Association at which there is to be a vote on a special assessment shall include notice of the purpose and amount of the proposed special assessment. A special assessment is effective on the later of the date it is approved by the Members or Declarant (if such approval is required), or such later date adopted by the Members in the vote approving the special assessment, and is due and payable as established by the vote of the Members approving the special assessment, or, if not established by such vote of the Members, as established by the Board.

Section 11.7 Working Capital Assessment. In addition to the other assessments provided for in this Declaration, the purchasing Unit Owner, at the time of the purchase of the Unit from Declarant, shall pay to the Association a non-refundable contribution to the working capital of the Association in an amount equal to the greater of \$400.00 or one-sixth (1/6th) of the then annual assessment amount. The working capital amount shall be paid by the purchaser of a Unit from Declarant notwithstanding the fact that Declarant may have made paid annual or other assessments to the Association on the Unit being sold.

Section 11.8 Capital Improvement Fund. In establishing any annual budget for operation, management and maintenance of the Property, the Board may designate amounts to be collected and maintained as a reserve fund for replacement of, and the making of capital improvements to, the Common Elements (a "Capital Improvement Fund"), which shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of personal property which may constitute a portion of the Common Elements or owned by the Association and held for the joint use and benefit of the Owners of Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by the Board provide funds reasonably necessary for replacement of Common Elements and other property owned by the Association. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Elements and other property owned by the Association. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance. The Owner (or all Owners together, if more than one Owner) of each Unit shall be

deemed to own a portion of the Capital Improvement Fund equal to the Allocated Interests allocated to that Unit, but such portion is not subject to withdrawal by any Owner.

Section 11.9 Assessments Against Specific Owners. Notwithstanding any other provisions herein to the contrary, the Association shall assess:

(a) unless otherwise noted herein, any Common Expense associated with the maintenance, repair, or replacement of Limited Common Elements against the Unit or Units to which the Limited Common Elements is allocated or assigned (those words being used interchangeably herein);

(b) any Common Expense, or portion thereof, benefitting fewer than all of the Units exclusively against the Units benefitted;

(c) the cost of utilities, other than water, if not separately metered to each Unit, in proportion to usage if it can be reasonably determined that any Unit or Units use an unusually disproportionate share of any utility;

(d) the cost of water, in accordance with the Unit's Allocated Interests.

(e) the cost of any judgment against the Association against only the Units in the Condominium at the time the judgment was entered in accordance with their Allocated Interests;

(f) any Common Expense caused by the misconduct of any Owner or such Owner's contractor's subcontractors, agents, family members, lessees, or sub-lessees, exclusively against that Owner; and

(g) any fine or penalty or interest for any delinquent assessment installment exclusively against the Owner of the applicable Unit.

Section 11.10 Collection of Assessments; Penalties for Late Payment.

(a) Annual assessments and other assessments may be collected on a monthly, quarterly, annual or other basis, as determined by the Board, with the payment due date to be specified in the notice of the applicable assessment. The billing schedule and payment due date shall be the same for all Units subject to the applicable assessment. Provided, however, the Board has the power, in its sole discretion and upon such terms as the Board deems appropriate, to allow percentage discounts to Owners who pay assessments earlier than the payment due date therefor; provided, however, all such discounts shall be made available and applied uniformly to all Units subject to the applicable assessment.

(b) Subject to any limitations contained in this Declaration, other Governing Documents, or any Legal Requirement, the Board has the authority to establish the payment due dates, interest rate on unpaid amounts, and penalties for late payment of assessments and other charges. Assessments and other charges not paid by the payment due date shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under Legal Requirements, or (iii) the amount, if any, established by the Board (or, in the absence of any amount being established by the Board, the lesser amount otherwise established by (i) or (ii) of this subsection). In addition to the obligation to pay the assessment and other charges and interest charges thereon, the defaulting Owner also shall pay all of the Association's costs and expenses of collection thereof, including reasonable attorneys' fees.

(c) The Association has all remedies available at law or in equity to collect unpaid assessments.

(d) The Board may authorize a management company or other billing agent, on behalf of the Association, to bill and collect all assessments and other charges payable under this Declaration.

Section 11.11 Certification of Assessments Paid. The Association, or any property manager or agent authorized by the Association, upon written request and payment of a reasonable charge or fee established or approved by the Board, shall furnish to any Owner or such Owner's authorized agent, or to any holder of a first lien deed of trust on a Unit, or to an attorney who represents the Owner or a prospective purchaser of such Unit, or to any other Person approved by the Board, a certificate signed by an officer of the Association or other Person authorized by the Board to give such certificate setting forth whether or not there are any unpaid assessments or other charges against such Unit and the amount of any unpaid assessments or other charges. The certificate shall be furnished within ten (10) business days after receipt of the request therefor and, except in the event of any willful misstatement made by the issuer of the certificate, it shall be binding on the Association, the Board and every Owner. If requested by the requesting party, the certificate also shall indicate whether or not the Association has knowledge of any uncured default in, or violation of, any provision of this Declaration and other Governing Documents with respect to the Unit and the then Owners thereof and, if there is any uncured default or violation, the action required to cure it.

Section 11.12 Assessment Lien and Foreclosure. The assessments and other charges provided for herein shall be the personal and individual debt of each Person who, at the time of the assessment or other charge, is the Person against whom they are assessed or charged or is an Owner of the Unit against which they are assessed or charged. All assessments levied against a Unit and other charges owed by the Owner of a Unit that remain unpaid for a period of thirty (30) days or longer, together with the costs of collection thereof, including reasonable attorneys' fees, shall constitute a charge and continuing lien on that Unit from and after the time of the filing of a claim of lien by the Association in the office of the Clerk of Superior Court of Wake County, North Carolina, and shall be the personal and continuing obligation of such Owner at the time when the assessment or other charge first became due and payable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Unit until the amounts due are paid.

The Association shall follow all procedures required by the Act and other Legal Requirements for filing a claim of lien against a Unit and pursuing other legal and equitable rights and remedies for collection of unpaid assessments. The Association may foreclose a claim of lien against a Unit in like manner as a Mortgage on real estate under a power of sale (a "nonjudicial foreclosure"), subject to the requirements of the Act and other Legal Requirements, and may enforce a claim of lien against a Unit in any other manner allowed by Legal Requirements. The Association may recover from a defaulting Owner reasonable attorneys' fees and other costs allowed by Legal Requirements.

Remedies available to the Association against a defaulting Owner and such Owner's Unit are cumulative and not mutually exclusive, and the Association may seek none, or any one or more of such remedies, separately or simultaneously, as deemed appropriate by the Board.

Section 11.13 Lien Priority. The lien for unpaid assessments and other charges provided for herein is prior to all liens and encumbrances on a Unit except (i) liens and encumbrances specifically including, but not limited to, a Mortgage or Deed of Trust on a Unit recorded before the filing of the claim of lien in the office of the Wake County Clerk of Court and (ii) liens for real estate taxes and other Governmental Authority assessments and charges against the Unit. Provided, however, this Section does not affect the priority of mechanic's or materialmen's liens. A lien for unpaid assessments and other charges is extinguished unless proceedings to enforce the lien are instituted within any applicable time required by the Act after the docketing of the claim of lien in the office of the Wake County Clerk of Court. Where the holder of a first Mortgage or first Deed of Trust of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first Mortgage or first Deed of Trust, such new Owner of the Unit and that Owner's heirs, successors, and assigns, shall not be liable for the assessments against such Unit which became due prior to the acquisition of title to such Unit by such new Owner. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Owners, including such new Owner, its heirs, successors, and assigns. For the foregoing purposes, "acquisition of title" means and refers to the recording of a deed conveying title or the time at which the rights of the parties are fixed following the foreclosure of a Mortgage or Deed of Trust, whichever occurs first.

Section 11.14 Other Remedies. This Article does not prohibit the Association from instituting legal proceedings, and the Association specifically has the power to institute legal proceedings, to recover unpaid assessments or other charges independent of any lien filed or claimed, nor does it prohibit the Association from taking a deed in lieu of foreclosure. Institution of a civil action or other legal or equitable proceedings to attempt to collect any delinquent assessment or other charges shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking by foreclosure action enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a civil action or other legal or equitable proceedings to collect any sum then remaining owing to Association. All rights of the Association to effect collection of delinquent assessments shall be deemed cumulative.

Section 11.15 Priority of Payment. In the event that a Unit is to be leased, sold or mortgaged at the time when payment of any assessment or other charges against the Owner and such Unit due to the Association are unpaid (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or Mortgage proceeds, shall be applied by the lessee, sub-lessee, purchaser or Mortgagee first to payment of any then unpaid assessment or other charges payable to the Association before the payment of any rent, proceeds of purchase or Mortgage proceeds to the Owner of the Unit who is responsible for payment of such unpaid assessment or other charges.

Section 11.16 No Default Under Insured Mortgage. Nothing contained in this Declaration shall be construed as stating or implying that any failure of an Owner to pay assessments constitutes a default under any Mortgage on such Owner's Unit that is insured by the FHA, VA, FNMA, FHLMC, or any Secondary Mortgage Market Agency or other Governmental Authority, or any Mortgage program administered by any of said agencies or Governmental Authorities.

Section 11.17 Master Association Assessments. Purchasers of Units from Declarant will be required to pay to the Master Association the then current amount of the capital contribution required by Section 4 of Article XII of the Master Declaration. The Condominium shall be subject to such regular annual assessments or charges and such special assessments or charges as may be levied by the Master Association pursuant to the provisions of the Master Declaration, which assessments and charges shall be billed directly to the Association and paid directly by the Association to the Master Association and shall be part of the regular assessments or charges and the special assessments or charges as may be levied against the Units by the Association pursuant to the provisions of this Declaration. The amount of any such annual or special assessment under the Master Declaration plus any other charges thereon, such as interest, late charges and costs (including attorneys fees), as such may be provided in the Master Declaration, shall be and become a lien upon the Property assessed when the Master Association causes to be recorded in the official records of Wake County a notice of assessment all in accordance with the provisions of the Master Declaration. The Association shall be responsible for collecting from the Owners all assessments, charges, fees, or fines to be paid to the Master Association and shall have the same remedies for collection and enforcement of such assessments, charges, fees, or fines, including the filing of liens for unpaid assessments, charges, fees, or fines, as are provided in this Declaration for collection and enforcement of assessments under this Declaration.

ARTICLE XII RESTRICTIONS ON USE

Section 12.1 Master Declaration Use Restrictions. Notwithstanding anything to the contrary herein, only those uses permitted in Article XIV of the Master Declaration are uses that are allowed in the Property.

Section 12.2 Rules and Regulations. The use of the Units and the Common Elements, including the Limited Common Elements, by the Owners or applicable portion of Owners, and all other parties authorized to use the same, shall be at all times subject to applicable provisions of the Governing Documents, including the Rules and Regulations. The Rules and Regulations also may regulate the conduct of Owners and all other Persons authorized to use same on any part of the Property. A copy of the initial Rules and Regulations are attached hereto as **Exhibit C** and incorporated herein by reference. Rules and Regulations are explained further in Article XIII of this Declaration.

Section 12.3 Residential Use. All Units shall be used for residential purposes only, with the exception of home business uses permitted by City of Raleigh zoning ordinances applicable to the Property. Provided, however, and notwithstanding what is allowed by City of Raleigh zoning ordinances, not more than twenty-five percent (25%) of the total square footage of any Unit may be used for home business uses. No Unit shall be used for hotel or transient occupancy purposes.

Section 12.4 Lawful and Proper Use. No obnoxious, offensive, or unlawful activity shall be conducted within any Unit or in or on the Common Elements, nor shall anything be done thereon or therein which may be or become an annoyance or nuisance to the other Owners (for example, loud noises or sounds, strong odors, strong vibrations, or repeated or continuing violations of any of the Rules and Regulations) or endangers the health or safety of any Owner or other Person, or interferes with the peaceful possession and use of the Unit of any other Owner or of the Common Elements. All Legal Requirements shall be complied with in the use of Units and the Common Elements. No Owner shall permit or allow or fail to prohibit anything to be done or kept in such Owner's Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or cause the cancellation of a policy of insurance thereon. Provided, however, and notwithstanding anything to the contrary herein, none of the following shall constitute a nuisance under this Declaration: (i) the usual, customary or reasonable use and maintenance of a Unit or any Common Elements in compliance with the Governing Documents; or (ii) the exercise of Special Declarant Rights.

Section 12.5 Animals. No animals, livestock or poultry of any kind shall be kept or maintained on the Property except that small, common, domestic household pets (less than fifty (50) pounds each, except as may be reasonable and customary for certain large breeds of domesticated dogs and service dogs for mentally or physically impaired Persons) may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes and provided that no Unit may have more than two (2) such pets at any one time (excluding fish). No pet shall be permitted upon the Common Elements unless carried or leashed by a person that can control the pet. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) on the Property. Solid waste from a pet shall not be permitted to remain on the Common Elements, and each owner of a pet who defecates on any Common Elements shall immediately thereafter clean up such waste and deposit it either in a receptacle on the Common Elements specifically designated for the deposit of pet waste, if any, or some other property receptacle not located on the Common Elements. All pets shall be registered, licensed, and inoculated as required by Legal Requirements. Each owner of a pet on the Property shall indemnify and hold the Association harmless from any claim resulting from any action of the pet and shall repair at such owner's expense any damage to the Common Elements caused by the pet. If any Owner or other owner of the pet who is on the Property with the permission of the Owner violates these rules more than twice in any twelve (12) month period, then in addition to any fines provided in the Governing Documents, the Association shall have the right to require the Owner to remove the pet permanently from the Property upon not less than ten (10) days written notice.

Section 12.6 Floor Load. There shall be no floor load in any Unit in excess of ten (10) pounds per square foot (the "floor load maximum"), unless an engineering determination of the floor load capacity in the proposed area of use determines that the proposed floor load capacity in excess of the floor load maximum is structurally sound, and the Board approves the proposed use that is heavier than the floor load maximum. Such engineering determination shall be obtained at the expense of the Person who requests the floor load in excess of the floor load maximum and shall be submitted to the Association together with the request to exceed the floor load maximum, together with a description of the proposed use and the portion of the Unit affected by the proposed use.

Section 12.7 Architectural Control. Excluding improvements constructed or maintained by Declarant in the exercise of Special Declarant Rights, and excluding improvements constructed or maintained by the Association, Governmental Authorities, or utility providers, no building, landscaping, fence, wall or other structure shall be commenced, constructed or maintained in, on, over, under, or upon the Property, nor shall any exterior addition to, change or alteration to either a Unit or the Common Elements be made, nor shall any sign, flag, or other material or thing be attached to or maintained on the exterior of any Unit or placed or maintained in the Common Elements, until the plans and specification

showing the nature, number, kind, shape, size, materials, colors, and location of the same shall have been submitted to and approved in writing by the Association, in its sole discretion. Subject to the provisions on the cover page of this Declaration that shows the recording information for this Declaration in the Registry, and subject to other applicable provisions in this Declaration, the Board may adopt Rules and Regulations for the display of a sign advertising a Unit for sale and the display of signs, flags, and other materials or things on the exterior or a Unit or visible from the exterior of a Unit. Until the adoption by the Board of such Rules and Regulations regarding signs and/or flags, political signs and flags may be displayed in or on a Unit subject to the limitations expressed on the cover page of this Declaration that shows the recording information for this Declaration in the Registry and subject to other applicable provisions in this Declaration.

ARTICLE XIII RULES AND REGULATIONS

Section 13.1 Framework for Regulation. As part of the general plan of development for the Property, the Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions. Within that framework, the Declarant, Board, and Members need the ability and flexibility to amend and supplement the initial Rules and Regulations attached as **Exhibit C** to this Declaration and to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article discusses Rules and Regulations and procedures with respect to Rules and Regulations. This Article does not apply to Board Policies relating to use and operation of the Common Elements adopted by the Board, unless the Board in its discretion chooses to submit to such procedures. This Article does not apply to administrative policies which the Board adopts to interpret, define or implement the Rules and Regulations or other Governing Documents.

Section 13.2 Rules and Regulations. All Owners and occupants of all portions of the Properties and their guests and invitees shall abide by the Rules and Regulations. Compliance with the Rules and Regulations may be enforced in the same manner and to the same extent that this Declaration provides for enforcement of this Declaration, and any Person determined by judicial action to have violated the Rules and Regulations shall be liable to the Declarant or Association or other applicable Person for all damages and fines, including all costs incurred in seeking and enforcing applicable legal remedies, including reasonable attorneys' fees.

Section 13.3 Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt, amend, modify, cancel, repeal, limit, create exceptions to, add to, or expand the Rules and Regulations. The Board shall give notice to each Owner concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Owners shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. During the Declarant Control Period, no action taken by the Board pursuant to this subsection shall be effective unless approved in writing by the Declarant.

Prior to any such action taken by the Board becoming effective, the Board shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner, which notice shall state the effective date of the action, which shall be not less than thirty (30) days following the date on which the action is taken by the Board. The Association shall provide to any requesting Owner (but not to more than one Owner of a Unit), without cost, one copy of the Rules and Regulations then in effect, together with the action taken by the Board. Additional copies may be provided by the Association upon payment of a reasonable charge as established by the Board. The action taken by the Board shall become effective on the later of the 31st day after the action is taken by the Board or such later effective date specified in the notice, unless, prior to the effective date, Members representing more than two-thirds (2/3) of the total number of votes in the Association disapprove such action at a meeting or in writing to the Board. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon receipt, prior to the effective date of the action taken by the Board, of a petition of the Members as required by the Governing Documents for special meetings of the Association or a

written request from the Declarant for a meeting. Upon such petition of the Members or written request from the Declarant prior to the effective date of any Board action under this Section, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(b) No action taken by the Board under this Article shall have the effect of modifying, amending, repealing, limiting, or expanding any provision of this Declaration or other Governing Documents other than the Rules and Regulations. In the event of a conflict between the Governing Documents and the Rules and Regulations, the Governing Documents shall control.

(c) Notwithstanding the foregoing procedures for amending the Rules and Regulations, and notwithstanding anything to the contrary elsewhere in this Article or this Declaration, during the Declarant Control Period the Declarant, in its sole discretion and without any prior notice to any Person, may adopt, amend, modify, cancel, limit, create exceptions to, add to, or expand the Rules and Regulations, including Board Policies. Prior to any action taken by the Declarant under becoming effective, the Declarant, or the Board at the direction of the Declarant, shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner (notice sent to any one Owner of a Unit being sufficient notice), which notice shall state action taken and the effective date of the action, which date may be any time on or after the date on which the action is taken by Declarant.

Section 13.4 Owners' Acknowledgment and Notice to Purchasers. All Owners are given notice that use of all Units is subject to the Rules and Regulations as modified from time to time. By acceptance of a deed, each Owner acknowledges and agrees that the use and enjoyment and marketability of such Owner's Unit can be affected by this provision and that the Rules and Regulations may change from time to time. All Owners hereby are notified that, as provided for herein, the Declarant or the Board may adopt Rules and Regulations or amend Rules and Regulations as provided herein.

Section 13.5 Protection of Owners and Others. Except as may be set forth in the Governing Documents, all Rules and Regulations shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly, the determination of which Owners are similarly situated being in the reasonable judgment of the Declarant or Board, as applicable.

(b) Displays. The rights of Owners to display religious and holiday signs (the word "sign" or "display" as used in this Declaration includes signs, banners, flags (including a flag of the United States of America, a United States flag, a North Carolina flag, or other flag), symbols, decorations, and other displays) inside Units shall not be abridged, except that there may be rules regulating the number, size, time, and place and manner of posting or displaying such signs that are located outside of or are visible from outside of the Unit, including regulation or specification of design criteria (for example, color, style, materials).

No rules shall regulate the content of political signs; however, rules may regulate the number, size, time, place and manner, and length of time, of posting or displaying, such political signs that are located outside of or are visible from outside of a Unit, including regulation or specification of design criteria (for example, color, style, materials).

Signs required by Legal Requirements to be posted or displayed, and signs prohibited by Legal Requirements from being excluded or prohibited shall be allowed (for example, a street number sign for a Unit required by a Governmental Authority). However, to the extent that it would not violate the Legal Requirement, rules may regulate the number, size, time, and place and manner of posting or displaying, such signs, including regulation or specification of design criteria (for example, color, style, materials).

(c) Household Composition. No rule shall interfere with the Owners' freedom to determine the composition of their households, except that rules may require that all occupants be members of a single housekeeping unit and reasonably may

limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Elements.

(d) **Activities Within Units.** No rule shall interfere with the activities carried on within the confines of Units, except that rules may prohibit activities not normally associated with property restricted to residential use or otherwise allowed by this Declaration, and may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside a Unit, that create an unreasonable source of annoyance, or that would violate any of the Governing Documents or any Legal Requirement.

(e) **Allocation of Burdens and Benefits.** No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Elements to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Elements available, from adopting generally applicable rules for use of Common Elements, or from denying use privileges to Owners, tenants of Owners, and occupants of Units of Owners who are delinquent in paying assessments, abuse the Common Elements, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided herein.

(f) **Alienation.** No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, however, rules may require a minimum lease term not to exceed 12 months and such other rules with respect to leases as are reasonably adopted by the Declarant or the Board.

(g) **Abridging Existing Rights.** No rule shall require an Owner to dispose of personal property that was in a Unit prior to the adoption of such rule if such personal property was in compliance with all Rules and Regulations and Legal Requirements previously in force. This exemption shall apply only during the period of such Owner's ownership of the Unit and shall not apply to subsequent Owners who become Owners after adoption of the rule.

(h) **Declarant Rights.** Without the written consent of Declarant, no rule or action by the Board or Members shall restrict, impair, prohibit, exclude, impede, interfere with, or in any way adversely affect any Special Declarant Right or other right of Declarant.

ARTICLE XIV INSURANCE

Section 14.1 Condominium Insurance. Insurance policies upon the Common Elements and the Units (other than title insurance) shall be purchased by the Association in the name of or the Association as Trustee for the Owners and their respective Mortgagees as their interests may appear, and shall provide for the issuance of certificates or Mortgage endorsements to the holders of first Mortgages on the Units or any of them; and, if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Owners, the Association and their respective servants, agents and guests. Each Owner may obtain insurance, at the Owner's own expense, affording coverage upon the Owner's Unit, the Owner's personal property and for the Owner's personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

Section 14.2 Insurance Required. The following insurance coverage, unless denoted to be optional, shall be maintained in full force and effect by the Association covering the operation and management of the Condominium, including the Units and Common Elements:

(a) **Property Insurance.** Property insurance covering the Common Elements and Units, including the Buildings and all improvements in the Property (except for improvements owned by Governmental Authorities and utility providers) and all personal property owned by the Association, shall be procured in an amount equal to the insurable replacement value thereof (exclusive of the Land, excavations, foundations, streets and parking facilities and other items normally excluded from such coverage) as determined annually by the insurance company affording such coverage; and provided that such policies may be written on a co-insurance basis of not less than eighty percent (80%). Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement (b) flood; and (c) such other risks as from time to time are customarily covered with respect to buildings similar in construction, location and use to the Buildings in the Condominium, including, but not limited to, vandalism and malicious mischief. This insurance need not include improvements and betterments installed by Unit Owners.

(b) **Liability Insurance.** Liability insurance in such reasonable amounts and in such forms as shall be required by the Association insuring against death, bodily injury and property damage arising out of the use, ownership or maintenance of the Common Elements.

(c) **Cross-Liability Endorsement.** All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to each Owner.

(d) **Board and Officers.** Liability insurance on each officer of the Association and each member of the Board, together with a fidelity Bond on the treasurer of the Association, all in such amounts and in such forms as shall be required by the Association.

(e) **Other insurance.** The Association shall obtain and maintain such other insurance as may be required by Legal Requirements.

(f) The Association is not required to obtain or maintain any insurance on the personal property of Declarant or any Owner or other Person who has any personal property on the Property.

Section 14.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all Persons responsible for handling-funds belonging to or administered by the Association as deemed necessary by the Association. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Association, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee (up to the full amount of the annual budgeted amount of common Expenses), whichever is greater.

Section 14.4 Other Insurance. The Association may obtain such other insurance coverage, including worker's compensation or employee liability insurance, as the Association determines from time to time desirable or necessary.

Section 14.5 Premiums. Premiums upon insurance policies and bonds purchased by the Association shall be paid by the Association as a Common Expense. Notwithstanding the preceding sentence to the contrary, in the event that a casualty occurs wholly within the boundaries of a Unit and does not affect any other Units or Common Elements, the Owner of such Unit shall be wholly responsible for any deductible amount in such policy of insurance relating to such claims.

Section 14.6 Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their Mortgagees, as their respective interest may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. Any loss covered under policies maintained by the Association shall be adjusted by the Association. Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after repair or restoration, or if the Condominium is terminated.

Section 14.7 Non-availability. If for any reason the Association is unable to obtain the casualty insurance or other insurance coverage required by this Declaration or Legal Requirements, written notice of such unavailability shall be hand-delivered or sent by prepaid mail to all Owners. Provided, any such written notice hand-delivered or sent by prepaid mail to any Owner of a Unit owned by multiple Owners is deemed to have been hand-delivered or sent by prepaid mail to all Owners of that Unit.

Section 14.8 Policy Requirements. The policies required in Section 13.2 (a) and (b) must provide that:

- (a) each Unit Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association;
- (b) the insurer waives its right to subrogation under the policy against any Owner or members of the Owner's household;
- (c) no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy;
- (d) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and
- (e) the policy may not be cancelled, nor may the insurer refuse to renew the policy until thirty (30) days after notice of such cancellation or non-renewal has been mailed to the last known address to the Association, each Owner and each Mortgagee to whom certificates have been issued.

ARTICLE XV REPAIR AND REPLACEMENT

Section 15.1 Restoration. Any portion of the Property that is damaged or destroyed, and for which insurance proceeds have been paid to the Association shall be repaired, replaced or restored promptly by the Association, and the insurance proceeds held by it used to defray the cost thereof, unless:

- (a) the Condominium is terminated as by law provided; or
- (b) repair, replacement or restoration would be illegal under any Legal Requirements; or
- (c) the Unit Owners decide not to rebuild by a vote of those Owners who own Units to which eighty percent (80%) or more of the Allocated Interests are allocated, including one hundred percent (100%) of the votes of those Owners of Units not to be rebuilt or Owners to whose Units Limited Common Elements not to be rebuilt have been allocated.

Section 15.2 Excess Cost. The cost of repair, replacement or restoration in excess of the insurance proceeds and reserves is a Common Expense.

Section 15.3 Insurance Proceeds Distribution on Unreconstructed Units or Elements. If the entire damaged portion of the Property is not repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Property, and (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lienholders, as their interest may appear, and (3) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interest may appear, in proportion to their Allocated Interests in the Common Elements.

Section 15.4 Allocated Interest Reallocation in Absence of Restoration. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests is automatically reallocated upon the vote not to rebuild as if the Unit had been condemned. In such case the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocation.

Section 15.5 Termination. Notwithstanding this Article, the provisions of the Article in this Declaration with respect to termination of the Condominium govern the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XVI AMENDMENT OF DECLARATION; EXTRAORDINARY ACTIONS

Section 16.1 General Procedure For Amendment. Except in the case of amendments that may be executed by Declarant as allowed under the Act (for example, amendments to the Declaration in the exercise of Development Rights to add Units to the Condominium) or amendments that may be executed by the Association as allowed under the Act (for example, recording an amendment to state the Allocated Interests following an event of eminent domain), and unless a greater percentage of votes or votes of Owners other than Declarant is required by the Governing Documents or Legal Requirements (for example material amendments or extraordinary actions), this Declaration may be amended only by affirmative vote at a meeting of the Association of, or a written agreement or consent signed by, those Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, and which, during the existence of the Declarant Control Period, also shall include the affirmative vote or written agreement or consent of Declarant. Each such amendment of this Declaration, except for amendments recorded by Declarant in the exercise of its Development Rights, shall be transcribed and certified by the Secretary of the Association as having been duly adopted, and the original or an executed copy of the amendment, so certified and executed with the same formalities as a deed, shall be recorded in the Registry and indexed as provided in the Act or other Legal Requirements. In the event that the Secretary is unable or unwilling to act, the amendment may be transcribed by the President of the Association. Thereafter, a copy of the amendment, as recorded in the Registry, shall be delivered to the Owners in one or more of the manners allowed herein for giving notices (and delivery to any one of multiple Owners of a Unit shall constitute delivery to all Owners of that Unit), but delivery of a copy thereof shall not be a condition precedent to the effectiveness of the amendment.

Section 16.2 Amendments Requiring Unanimous Consent. Except as expressly permitted or required by the Act (at the time of the recording of this Declaration in the Registry, see the following sections of the Act: 47C-2-109(d); 47C-2-110; 47C-1-107; 47C-1-106(d); 47C-2-106(d); 47C-2-112(a); 47C-2-113; 47C-2-108(b); 47C-2-112(a); 47C-2-113(b); and 47C-2-118(b)), without the unanimous consent of all of the Owners no amendment may do any of the following: create or increase Special Declarant Rights; increase the number of Units; or change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which Units are restricted.

Section 16.3 Mortgagees. Except for amendments by Declarant to exercise any Special Declarant Right, no amendment of this Declaration that materially, adversely affects any of the rights and privileges granted and reserved herein in favor of a Mortgagee shall be effective made without prior written consent of those Mortgagees holding Mortgages on fifty-one percent (51%) or more of the Units that are subject to Mortgages at the time the amendment is adopted. Approval of any such amendment by a Mortgagee is deemed to have been given if that Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of the proposal, provided that such notice was delivered by certified or registered mail, postage prepaid, with a return receipt requested, or that such proposal was delivered to the Mortgagee by any other method authorized by the applicable Approving Authority whose rules and regulations require the notice to Mortgagees of proposals for the amendments described in this Section.

Section 16.4 Special Declarant Rights. Notwithstanding anything to the contrary herein, no amendment of this Declaration that alters, amends, modifies, reduces, or eliminates any of the rights and privileges granted and reserved herein in favor of Declarant shall be made without the written consent of the Declarant.

Section 16.5 Nominal Amendment. In addition to any other provisions in this Declaration for amending this Declaration, and notwithstanding anything in this Declaration or other Governing Documents requiring a vote or consent of any Person other than Declarant, Declarant may amend this Declaration at any time and from time to time to do any of the following: (i) make changes or revisions for this Declaration to comply with the requirements of the Federal Housing Administration, Veterans Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or other, substantially similar Governmental Authority organization, subject to any required approval of the applicable Governmental Authority organization; (ii) obtain or maintain the nonprofit corporation and/or tax exempt status (if any) of the Association.

Section 16.6 Governmental Authority Approval. During the period of Declarant Control, (i) if required by the rules and regulations of an Approving Authority, Declarant shall furnish to that Approving Authority a copy of any amendment that is made to this Declaration, and (ii) if required by the rules and regulations of an Approving Authority to qualify or retain qualification of this Condominium for loan guaranty approval or other approval by that Approving Authority, no material amendments to this Declaration may be made nor any extraordinary actions under this Declaration may be taken, nor may any other amendments to this Declaration or other Governing Documents be made, unless approved by the applicable Approving Authority. Provided, however, and notwithstanding the foregoing or any other restriction on amendment of this Declaration, amendments to the Declaration filed or recorded by Declarant in the exercise of its Development Rights to add Units to the Condominium do not require approval by the Approving Authority.

Section 16.7 Material Amendments and Extraordinary Actions. Subject to any higher percentage voting requirements required by the Governing Documents or Legal Requirements, and subject to provisions in the Governing Documents or Legal Requirements that allow actions to be taken by either vote or written agreement of the required percentage of votes in the Condominium, any material amendment (as defined herein) to this Declaration and any extraordinary action (as defined herein) must be approved as follows:

(a) By either (i) Members entitled to cast sixty-seven percent (67%) or more of the votes of those Members who are present, in person or proxy, at any meeting of the Association, such vote to include at least a majority of all Members present, in person or by proxy, other than Declarant, or (ii) Members entitle to cast sixty-seven percent (67%) or more of the total authorized votes of all members of the Association, such vote to include the vote of a majority of all of the Members other than Declarant.

(b) In addition to the foregoing, if any material amendment changes the rights of any specific class of Members it also must be approved by either (i) Members entitled to cast fifty-one percent (51%) or more of the votes of all Members of such class of Members present, in person or by proxy, and voting at any meeting of the Association held in accordance with the requirements of this Section, or (ii) not less than fifty-one percent (51%) of the total authorized votes of all Members of such class of Members.

Any meeting of the membership of the Association that includes any proposed material amendment or proposed extraordinary action shall comply with all of the following:

(a) Members have been given notice of the meeting not less than twenty-five (25) days prior to the scheduled date of the meeting; and

(b) the notice states the purpose of the meeting and contains a summary of any material amendments or extraordinary actions proposed; and

(c) the notice contains a copy of the proxy that can be cast in lieu of attendance at the meeting; and

(d) if the Association has, or is planned to have, 250 Members or less, the quorum requirement is at least twenty percent (20%) of the total number of votes in the Association; if the Association has, or is planned to have, more than 250 Members but less than 1,000 Members, the quorum requirement is at least ten percent (10%) of the total number of votes in the Association; or (iii) if the Association has, or is planned to have, more than 1,000 Members, the quorum requirement is at least five (5%) of the total number of votes in the Association.

A "material amendment" to this Declaration is an amendment that adds, deletes, or modifies any provision regarding the following:

1. Assessment basis or assessment liens.
2. Any method of imposing or determining any charges to be levied against individual Owners.
3. Reserves for maintenance, repair or replacement of Common Elements improvements.
4. Maintenance obligations.
5. Allocation of rights to use Common Elements.
6. Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Units.
7. Reduction of insurance requirements.
8. Restoration or repair of Common Elements improvements.
9. The addition, annexation, or withdrawal of land to or from the Condominium (except for annexation or withdrawal of land by Declarant in the exercise of Development Rights).
10. Voting rights.
11. Restrictions affecting leasing or sale of a Unit.
12. Any provision which is for the express benefit of Mortgagees.

Notwithstanding anything to the contrary herein, the following material amendments must be approved by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Association, including at least a majority of the total authorized votes entitled to be cast by members other than Declarant:

- Termination of this Declaration.
- Dissolution of the Association except pursuant to a consolidation or merger.
- Conveyance of all Common Elements.

An "extraordinary action" includes any one or more of the following:

1. Merging or consolidating the Association (other than with another non-profit entity formed for purposes similar to the Association).
2. Determining not to require professional management if that management has been required by the Governing Documents, a majority of Eligible Mortgagees or a majority vote of the Members.
3. Expanding the Association to include land not previously described as additional land which increases the overall land area of the Condominium or number of Units in the Condominium by more than ten percent (10%).
4. Abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of Common Elements, except for:
 - a) granting easements which are not inconsistent with or which do not interfere with the intended Common Elements use;
 - b) dedicating Common Elements as required by a public authority;
 - c) limited boundary line adjustments made in accordance with the provisions of this Declaration (including creation of Units by Declarant in the exercise of its Development Rights); or

d) transferring Common Elements pursuant to a merger or consolidation with a non-profit entity formed for purposes similar to the Association.

5. Using insurance proceeds for purposes other than construction or repair of the insured improvements.

6. Making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

ARTICLE XVII TERMINATION OF THE CONDOMINIUM

The Condominium may be terminated and removed from the provisions of the North Carolina Condominium Act only by the vote or written agreement of the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated. The vote or written consent of any one of multiple Owners of a Unit is sufficient to constitute the vote or written consent for that Unit. Any termination of the Condominium must comply with the provisions of Section 47C-2-118 of the Act, and following termination the interests of the Owners and Mortgagees in the Property shall be as provided in Section 47-C-2-118 of the Act. If the rules and regulations of an Approving Authority so require, any action to terminate the Condominium also shall require the approval of the required percentage of Eligible Mortgagees (or Mortgagees if such rules and regulations do not allow approval to be restricted to Eligible Mortgagees) specified by such rules and regulations.

ARTICLE XVIII REMEDIES IN EVENT OF DEFAULT

All Owners shall be governed by and shall comply with the provisions of this Declaration and other Governing Documents, as any of the same are now constituted or as they may be amended from time to time. A default by an Owner shall entitle the Association or any other Owner to the following relief:

Section 18.1 Actions at Law and Equity. Failure to comply with any of the terms of this Declaration or other Governing Documents shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Owner.

Section 18.2 Liabilities of Owners. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the Owner's act, neglect or carelessness, or by that of the Owner's guests, employees, servants, agents, invitees, lessees, and sub-lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association or the Owner. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver of insurer's rights of subrogation.

Section 18.3 Cumulative Remedies. All rights, remedies and privileges granted to the Association, Declarant, or any Owner pursuant to this Declaration or other Governing Documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the exercise of such other and additional rights, remedies or privileges as may be available to the Association, Declarant, or an Owner at law or in equity.

Section 18.4 Fines and Penalties. Any Owner may be fined by the Association for failure to comply with any terms of this Declaration or other Governing Documents, and/or, except as otherwise provided herein with respect to rights of access and use of utilities, the rights of such Owner and the Owner's family members, guests, invitees, tenants, and subtenants to use the Common Elements may be suspended for failure of an Owner to comply with any terms of this Declaration or other Governing Documents, it being the duty of each Owner to enforce compliance with the terms of this Declaration or other Governing Documents by such Owner's family members, guest, invitees, tenants, and subtenants. If the Board determines

that it should impose a fine on an Owner, it shall appoint a panel of three other Owners who are not officers of the Association or members of the Board (the "panel"), who, upon appointment, shall notify the Owner in writing of the charge against the Owner, provide an opportunity to be heard before the panel in not less than ten (10) days nor more than thirty (30) days from the date of the written notice, and give notice of the decision to the Owner and the Association. Any fine so imposed shall not exceed One Hundred Dollars (\$100.00) for each day the violation occurs that is more than five days after a decision by the three Owner panel that the violation has occurred. Any fine imposed on an Owner shall be assessed against the Owner and the Owner's Unit as an assessment for a Common Expense and, if unpaid, shall be a lien on the Unit as provided herein for unpaid assessments. Any decision of a three person panel may be appealed by the Owner or the Association to the Board by giving written notice to the Board not later than fifteen (15) days after the date of the decision by the three person panel. The Board, in its sole discretion, may affirm, vacate, or modify the decision of the three person panel, and the determination by the Board shall be final.

ARTICLE XIX ELIGIBLE MORTGAGEE RIGHTS

Eligible Mortgagees shall have the following rights:

1. The right to inspect Association documents and records on the same terms as Members of the Association.
2. The right to notice of all material amendments to the Governing Documents.
3. The right to notice of any extraordinary action of the Association.
4. The right to notice of any property loss, condemnation or eminent domain proceeding affecting the Common Elements resulting in losses greater than ten percent (10.0%) of the annual budget or the value of any Unit insured by the Association in which the Eligible Mortgagee has an interest.
5. The right to notice of any termination, lapse, or material modification of an insurance policy held by the Association.
6. The right to notice of any default by an Owner of a Unit subject to a Mortgagee held by the Eligible Mortgagee in paying assessments or charges to the Association which remain unpaid for sixty (60) consecutive days.
7. The right to notice of any proposal to terminate the Declaration or dissolve the Association at least thirty (30) days before any action is taken.
8. The right to notice of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.
9. The right of a majority of Eligible Mortgagees to demand professional management of the Association by a property manager.
10. The right of a majority of Eligible Mortgagees to demand an audit of the Association's financial records.

If any rules or regulations of any Approving Authority afford the foregoing rights to all Mortgagees and not just to Eligible Mortgagees, then all Mortgagees shall have the foregoing rights with respect to compliance with such rules and regulations of an Approving Authority.

ARTICLE XX
RIGHTS AND LIMITATIONS ON RESPONSIBILITY OF GOVERNMENTAL AUTHORITIES

Section 20.1 Raleigh City Code Section 10-3074(b). This Declaration constitutes notice to each Owner and to every other Person who uses any of the streets or drives on the Property that all such streets and drives are private streets and not public streets maintained or to be maintained by the City or any other Governmental Authority. The following disclosure with respect to private streets in the City is made in accordance with Code Section 10-3074(b), and is deemed to be incorporated by reference in every deed or other document that conveys any right, title, or interest in or to a Unit:

(a) In no case shall the City be responsible for failing to provide any emergency or regular fire, police or other public service to any unit ownership (condominium) development or their occupants when such failure is due to lack of access to such areas due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of the developer, homeowners association or occupants.

(b) In no case shall the City or the State be responsible for maintaining any private street. Such responsibility shall rest with the homeowners association and occupants in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

Section 20.2 Access to Units. Declarant and the Board shall have full authority to take such action that either deems necessary to assure that there is adequate access to all Units at all times.

Section 20.3 Private Utilities. In no event shall the City or other Governmental Authorities be responsible for maintaining any private water or sanitary sewer utility line in the Property or be responsible for the consequences for any blockage, backflow, break or leak in said utility line. The City shall not be responsible for failing to provide regular or emergency water or sanitary sewer utility services to any Unit or the occupants thereof when such failure is due to inadequate design or construction, blockage, backflow, leakage, inadequate maintenance, of such water or sanitary sewer line or any other factor with respect to such water or sanitary sewer line within the control of the Declarant, the Association, or the Owners or occupants of the Units.

Section 20.4 Reservation of Rights. Declarant hereby reserves for the City and its emergency personnel the right to enter the Property when emergency personnel reasonably believe that doing so is urgently necessary to save life, prevent serious bodily harm, put out a fire, enforce City Legal Requirements, or to avert or control a public catastrophe.

ARTICLE XXI
CONDEMNATION

If all or any part of the Property is taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in Section 47C-1-107 of the Act.

ARTICLE XXII
DISCLOSURES AND WAIVERS

The following are in addition to any other disclosures and waivers in this Declaration.

Section 22.1 Construction Activities. All Owners and other Persons who use the Property hereby are notified that Declarant and/or its agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, conduct blasting, excavation, construction, and other activities in the Property. By the acceptance of a deed or other conveyance or Mortgage, leasehold, license, or other interest in a Unit, or by using any portion of, a Unit, such Owners and such other Persons acknowledge, stipulate, and agree: (i) such activities shall not be deemed nuisances, or noxious or offensive activities,

under any applicable covenants or at law generally; (ii) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (iii) that Declarant and its agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shareholders, directors, officers, partners, members, managers, agents and employees shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (iv) that any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing; and (v) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of the Property.

Section 22.2 Public Facilities and Services. Certain facilities and areas within or adjoining the Property may be open for use and enjoyment of the public. Such facilities and areas may include, for example, greenways, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians.

Section 22.3 Safety and Security. Each Owner and occupant of a Unit, and Owner's or occupant's family members, guests and invitees, shall be responsible for their own personal safety and the security of their property in the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each Person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner and occupant acknowledges, understands, and shall be responsible for informing such Owner's or occupant's family members, lessees, sub-lessees, guests, and invitees tenants that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person in the Property assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

Section 22.4 View Impairment. Neither Declarant nor the Association guarantee or represent that any view from, over, or across any portion of the Property will be preserved without impairment or change. Neither Declarant nor the Association shall be obligated to relocate, prune, or thin trees or other landscaping except as otherwise required under this Declaration or a separate covenant or agreement, if any. The Association (with respect to the Common Elements) has the right to add or remove trees and other landscaping to and from the Common Elements, subject to Legal Requirements. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

ARTICLE XXIII COMPLIANCE WITH THE MASTER DECLARATION

To comply with the requirements of the Master Declaration, the Property and any Owner or other Person having an interest in any part of the Property, shall be subject to each of the following provisions in Article IV, Section 2 of the Master Declaration. The Section of this Declaration that addresses the requirement of the Master Declaration either is referenced in the list below, or the items in the list below states the requirement of the Master Declaration that is applicable to this Declaration and the Condominium. The "Association" under this Declaration is defined as a "Parcel Association" in the Master Declaration and the Land subject to this Declaration is defined as a "Parcel" in the Master Declaration. As noted, other words and terms used in this Article that are not defined in this Declaration are defined in the Master Declaration.

(a) Establishment of a Parcel Association incorporated under North Carolina law (see Section 1.4 and the Articles of Incorporation of the Association).

(b) Mandatory membership in the Association (see Section 10.2).

(c) Notwithstanding anything to the contrary in this Declaration, including the provisions for termination of the Condominium, the Property is bound by this Declaration during the entire time period that the Master Declaration binds the Community (as defined and described in the Master Declaration).

(d) The payment of all Base Assessments (as defined in the Master Declaration), Parcel Assessments (as defined in the Master Declaration) Special Assessments (as defined in the Master Declaration), Specific Assessments (as defined in the Master Declaration), fees, charges, and fines levied by the Master Association against the Condominium or its Permittees (as defined in the Master Declaration, which word includes Owners as defined in this Declaration), shall be the responsibility of the Association, which may be sued in its own name for failure to pay such monies, and also shall be the responsibility of and a lien and charge upon the Unit of each Owner, including all Permittees (as defined in the Master Declaration) that are owners of Units (this paragraph and see Section 12.16).

(e) Authority of the Association to collect assessments payable to the Master Association from all Permittees (as defined in the Master Declaration) owning any Units, including each Person's pro-rata share of any assessments, charges, fees, or fines levied by the Association (see Section 12.16)

(f) Authority of the Association to have lien rights (as permitted under the Act) against any Owner to secure payment of delinquent assessments, as well as any interest, late charges (subject to the limitations of the Act), and the costs of collection (including attorneys' fees) - see Section 12.16. Such lien shall be prior and superior to all other liens, except (i) liens and encumbrances (specifically including a Mortgage on a Unit or the Common Elements but excluding mechanic's or materialmen's liens) recorded before the docketing of the claim in the office of the Wake County Clerk of Superior Court; (ii) liens for real estate taxes and other governmental assessments and charges against the Units or Common Elements; and (iii) the liens of the Master Association against the Units or Common Elements to secure payment of delinquent assessments owed to the Association, as well as interest, late charges, and costs of collection (see Sections 12.8, 12.10, and 12.11).

(g) Authority of the Association to institute legal proceedings in its own name to collect all sums due and owing (see Section 12.13).

(h) Prohibition of all uses not permitted in Article XIV of the Master Declaration; provided, however, a Parcel Declaration may further restrict or prohibit activities permitted in the Master Declaration; provided such restrictions or prohibitions are not inconsistent with the Community-Wide Standard (as defined in the Master Declaration) - see Article XI.

(i) The appointment of an Association Delegate (as defined in the Master Declaration). Declarant hereby appoints George W. Weller to serve as the initial Association Delegate (as defined in the Master Declaration) to represent the Association in the affairs of the Master Association. The Association will appoint the successor to the Association Delegate (as defined in the Master Declaration) whenever necessary to always have an Association Delegate (as defined in the Master Declaration) available to transact business with the Master Association.

(j) Development of the Property will comply with the restrictions on the density of development within the Property and maximum impervious surfaces on the real property constituting the Condominium, in accordance with the limits imposed by Sections 3 and 4 of Article IV of the Master Declaration.

ARTICLE XXIV GENERAL PROVISIONS

Section 24.1 Conveyances Subject to Declaration. The Declaration shall be deemed incorporated in all deeds, Mortgages, and other conveyances hereinafter made of any part or all of the Property by Declarant or any other Owner. Every Person, including a Mortgagee, acquiring or holding any interest or estate in any portion of the Property shall take or hold such interest or estate, or the security interest with respect thereto, with notice of the terms and provisions of this Declaration; and in accepting such interest or estate in, or a security interest with respect to, any portion of the Property, such Person shall be deemed to have assented to this Declaration and all of the terms and provisions hereof.

Section 24.2 Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the order in which Governing Documents control is as follows: agreements with Governmental Authorities; this Declaration; other Governing Documents, except that as to matters of compliance with the Nonprofit Corporation Act, the Articles shall control. Whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control. The provisions of the Bylaws shall control over any conflicting provision of any Rules and Regulations or Board resolutions. With respect to the foregoing, specific provisions shall control general provisions, except that a construction consistent with the Act, the Nonprofit Corporation Act and the Code shall in all cases control over any construction inconsistent therewith.

The provisions of the Code and other Legal Requirements control over any conflicting provisions of this Declaration and any other Governing Documents.

For the purposes of this Article and any other references in this Declaration to similar conflicts, a 'conflict' is a situation in which the provisions in question cannot be reconciled or where enforcement of one provision necessarily would prohibit enforcement of another provision - for example, where one provision allows a certain action and the other provision prohibits the same action. Two provisions that are different, but not mutually exclusive or prohibitive of each other do not constitute a conflict for the purposes of this Article.

Section 24.3 Consent and Notice. Except as otherwise may be specifically required by the Governing Documents or Legal Requirements, when a Unit is owned by more than one Person: (i) with respect to any matter under this Declaration that requires the consent of an Owner, the consent of any one of such Owners is sufficient; and (ii) the notice provisions of this Declaration are deemed satisfied if notice is given to an one of such Owners

Whenever the written consent of Declarant is required for the effectiveness of some action under this Declaration in addition to any required vote of the Members of the Association the written consent of Declarant is required, whether or not Declarant actually participates in the voting.

Section 24.4 Costs and Reasonable Attorneys' Fees. In any action to enforce the provisions of any Governing Documents, the court may award the costs of the action and reasonable attorneys' fees to the prevailing party, even if such action is settled prior to any trial, judgment or appeal.

Section 24.5 Enforcement. The Declarant, the Association, and each Owner shall have the right, but not the obligation, to enforce the provisions of this Declaration and other Governing Documents, by any proceeding at law or in equity, against any Person who has violated, is violating, or is attempting to violate, any part of this Declaration or other Governing Documents, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure by the Declarant, the Association, or an Owner to enforce this Declaration or other Governing Document or seek any applicable remedy with respect to any specific violation or lien shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce this Declaration at any other time with respect to the same or substantially similar matter. All rights, remedies and privileges granted to the Declarant, the Association, any Owner, or

any other Person herein are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

Section 24.6 Legal Actions Against Declarant. The affirmative vote or consent of the Members that is equal to or greater than sixty-seven percent (67%) of the total number of votes in the Association first shall be required prior to the Association doing any or all of the following with respect to the Declarant or any successor Declarant, regardless of whether such Person is the Declarant at the time the Association takes the action or obtains the necessary vote or consent required to take such action: (i) file a complaint, on account of any act or omission of Declarant, with any Governmental Authority which has regulatory or judicial authority over the Property or any part thereof; or (ii) assert a claim against Declarant or sue Declarant or request legal or equitable relief against Declarant in any court, before any Governmental Authority board, or otherwise; provided, however, such voting requirement does not apply to any claim asserted against, or legal or equitable relief requested with respect to, Declarant in connection with Declarant's obligations as an Owner of a Unit that are the same as any other Owner of a Unit.

Section 24.7 Legal Requirements. All Governing Documents shall be subject to and construed in accordance with all Legal Requirements, including all applicable provisions of the Code. It shall be the responsibility of each Owner to comply with all Legal Requirements, whether or not any approval, disapproval, waiver or variance of the terms of any Governing Documents has been given by Declarant or the Board or any Board committee. It is the express intention of the Governing Documents to comply with the Act, and any provisions of the Governing Documents that are not in compliance with the Act shall be deemed reformed from to comply therewith. Provided, however, it also is the intention of the Governing Documents that, unless its provisions violate the Act, such provisions shall control, and, insofar as reasonably possible, the provisions of the Governing Documents shall be construed in such manner as to be consistent with, and not in violation of, the Act.

Section 24.8 Marketable Title Act. It is the intention of the Declarant that this Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other Legal Requirement that would or could terminate this Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may re-record in the Registry this Declaration or some memorandum or other notice hereof in order to continue this Declaration in full force and effect and/or to qualify this Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other Legal Requirement.

Section 24.9 No Exemption. No Owner may become exempt from any obligations imposed hereby by non-use or abandonment of the Common Elements or any Unit owned by such Owner.

Section 24.10 No Timesharing. No Unit shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to use or occupancy of the Unit rotates among participants in the program on a fixed or floating time schedule over any period of time.

Section 24.11 Notice. Except as otherwise provided herein or by Legal Requirements, whenever written notice to any Person is required hereunder, such notice may be hand delivered to such Person, or given by first class United States mail, postage prepaid, or given in such other manner specifically allowed or required by Legal Requirements, or given in such other manner determined by the Board to be proper and which does not violate any Legal Requirements, addressed to the address of such Person appearing on the records of the Association or to the address for such Person appearing in the records of the Wake County Revenue Department. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) in the absence of any delays in delivery by the United States Postal Service resulting from acts of war or terrorism, on the third day following the date the notice was deposited in the United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Person or an adult residing with the Person, as evidenced by a receipt signed by the Person

or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight courier service, or (v) on the date acknowledged in writing by the recipient Person or other adult residing with such Person, or (vi) upon execution of a written waiver of such notice by the Person. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to a Person, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Owner and other Person entitled to receive a notice from the Association to keep the Association informed of such Owner's or other Person's current mailing address and telephone number. If an Owner or other Person has not provided the Association with such current mailing address the Association may use as the mailing address the street address of the portion of the Property owned by such Owner or other Person or the address for such Owner or other Person in the records of the Wake County Revenue Department. If no address for an Owner other Person or is reasonably available to the Association, the Association shall not be required to give notice to that Owner or other Person. Notice given to any one of multiple Owners of any portion of the Property shall be deemed to have been given to all of such Owners. When an Owner requests that communications from the Association be given by electronic mail, then notices under this Declaration also may be given to that Owner by electronic mail by an officer, director, or agent of the Association (which may include a property manager) and shall be deemed to have been given on the date that it is sent by the sending Person to the Owner to the electronic mail address of the Owner most recently given to the Association.

Section 24.12 Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.

Section 24.13 Rule Against Perpetuities. In the event this Declaration or any provision thereof violates any applicable rule against perpetuities, this Declaration or such provisions shall be deemed reformed to continue in effect for the maximum period of time that this Declaration or such provision could exist without violating such applicable rule against perpetuities.

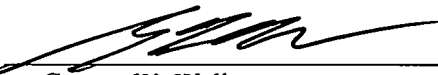
Section 24.14 Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent and final jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of the Governing Documents is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 24.15 Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof, except as necessary with respect to any cross-referencing of any provisions of this Declaration.

(execution and exhibit pages follow)

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed in legal and binding form by its duly authorized official, on the date indicated with the acknowledgment of such execution.

SM Raleigh, LLC,
a North Carolina limited liability company

By: 

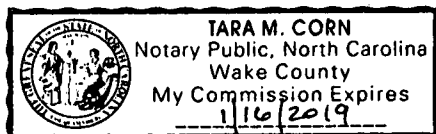
Name: George W. Weller

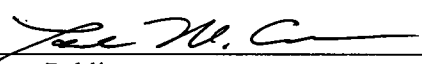
Title: Vice-President, Raleigh Division

State of NC, County of WAKE

I certify that the following person personally appeared before me this day and acknowledged to me that he signed the foregoing document on behalf of SM Raleigh, LLC, a North Carolina limited liability company, in the capacity indicated: George W. Weller.

Date: September 17, 2015




Notary Public

Printed/Typed Name: TARA M. CORN

My Commission Expires: 1/16/2019

CONSENT OF MORTGAGEE

At the time of the recording of this Declaration, the Land is subject to a "Deed Of Trust, Security Agreement Assignment Of Leases And rents And Fixture Filing (the "Wells Fargo Deed of Trust) from Declarant to TRSTE, Inc., a Virginia corporation, as "Trustee", and Wells Fargo Bank, National Association, a national banking association ("Wells Fargo"), as Administrative Agent for certain Lenders (as defined in the Wells Fargo Deed of Trust and the Credit Agreement) who from time to time are parties to the Credit Agreement (defined in the Wells Fargo Deed of Trust)", recorded in the Wake County, North Carolina Registry in Book 15635, Page 946, as amended by documents recorded in the Wake County, North Carolina Registry in Book 15640, Page 890 and Book 15948, Page 1661. In accordance with its authority as Administrative Agent under the Credit Agreement, Wells Fargo hereby consents to the recording of this Declaration and the subjection of the Land described on **Exhibit A** of this Declaration to the provisions of the North Carolina Condominium Act, and to any subsequent amendments to this Declaration recorded by Declarant in the exercise of its Development Rights. The execution of this Consent of Mortgagee by Wells Fargo shall not be deemed or construed to create between Declarant and Wells Fargo or between Declarant and any of the Lenders the relationship of partnership or of joint venture, nor shall it impose upon Wells Fargo or any of the Lenders any liabilities, duties, or obligations of the Declarant under this Declaration. Wells Fargo and Trustee each executes this Consent of Mortgagee solely for the purposes set forth in this paragraph.

Trustee:

TRSTE, Inc.,
a Virginia corporation

By: *Charles Schulz*
Name: Charles Schulz
Title: Vice President

Washington D.C.

State of _____, County of _____

I certify that the following person personally appeared before me this day and acknowledged to me that he or she executed the foregoing document on behalf of TRSTE, Inc., a Virginia corporation, pursuant to authority duly given and in the capacity indicated: Charles Schulz, V.P.

Date: September 17, 2015

Diana P. Becerra
Notary Public
Printed/Typed Name: Diana Becerra
My Commission Expires: August 31, 2018

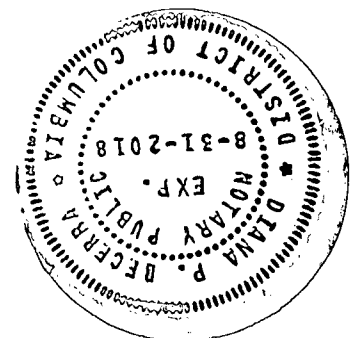
(affix seal or stamp here)

District of Columbia: SS

Subscribed and sworn to before me, in my presence, this 17 day of September, 2015

Diana P. Becerra
Diana P. Becerra, Notary Public, D.C.

My commission expires August 31, 2018.



Administrative Agent

Wells Fargo, National Association,
a national banking association

Washington DC.

By: *Charles Schulz*
Name: **Charles Schulz**
Title: **Vice President**

State of _____, County of _____

I certify that the following person personally appeared before me this day and acknowledged to me that he or she executed the foregoing document on behalf of Wells Fargo, National Association., a national banking association, pursuant to authority duly given and in the capacity indicated: Charles Schulz, V.P.

Date: September 17, 2015

(affix seal or stamp here)

Diana Becerra
Notary Public
Printed/Typed Name: Diana Becerra
My Commission Expires: August 31, 2018



District of Columbia: SS

Subscribed and sworn to before me, in my presence,
this 17 day of September, 2015

Diana P. Becerra
Diana P. Becerra, Notary Public, D.C.
My commission expires August 31, 2018.

APPROVAL OF DECLARATION BY MASTER ASSOCIATION

Pursuant to Article IV, Section 2 of the Master Declaration, this Declaration is a "Parcel Declaration" that must be approved by the board of directors of the Master Association and by the declarant under the Master Declaration, so long as the declarant under the Master Declaration owns or has a contractual right to purchase any property described in Exhibits "A" and "B" to the Master Declaration for development and/or sale. As of the date of execution of this Declaration, the Master Declarant no longer owns or has a contractual right to purchase any real property described in Exhibits "A" and "B" of the Master Declaration, and no assignment of the rights of the Master Declarant under the Master Declaration has been recorded in the Wake County, North Carolina Registry. Accordingly, written approval by the Master Declarant of this Declaration and of any subsequent Supplemental Declaration to this Declaration, is not required under Article IV, Section 2 of the Master Declaration.

As authorized and directed by its board of directors, the Master Association, joins in the execution of this Declaration for the following purposes:

1. To give its written approval of this Declaration as required by the provisions of Article IV, Section 2, of the Master Declaration.

2. To give in advance its written approval of Supplementary Declarations (referred to in this Declaration as Supplemental Declarations) that create new Units and associated Limited Common Elements in the Condominium, provided that the total number of Units in the Condominium does not exceed thirty-two (32) Units and the total allowable impervious surface in the Property does not exceed the maximum amount of impervious surface allowed on the Land by the Master Declaration.

3. The Master Association makes no representation or warranty that this Declaration or any subsequently recorded Supplementary Declaration is compliant with Legal Requirements. By executing this Declaration the Master Association is not waiving any rights it may have under the Master Declaration, specifically including the right to enforce the maximum density and impervious surface allocations for the Land described in the Master Declaration, and is not in any way subordinating the Master Declaration to this Declaration. In the event of any conflict between the Master Declaration and this Declaration or any subsequently recorded Supplementary Declaration, the Master Declaration shall control.

Blount Street Commons Master Property Association, Inc.,
a North Carolina nonprofit corporation

By: Charlene Newsom Harless

Name: Charlene Newsom Harless

Title: President

(acknowledgment page follows this page)

Wake County, North Carolina

I certify that the following person personally appeared before me this day and acknowledged to me that she executed the foregoing document on behalf of Blount Street Commons Master Property Association, Inc., a North Carolina nonprofit corporation, in the capacity indicated: Charlene Newsom Harless.

Date: September 18, 2015

Colleen Renee Mazza
Notary Public
Printed/Typed Name: Colleen Renee Mazza
My Commission Expires: 7/1/2017

(affix seal or stamp here)

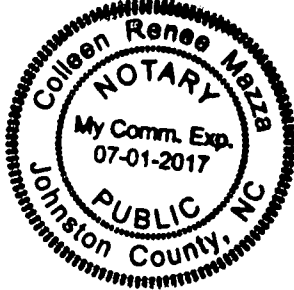


**EXHIBIT A
TO
BLOUNT STREET COMMONS CONDOMINIUM II

DESCRIPTION OF LAND**

LYING AND BEING in the City of Raleigh, Wake County, North Carolina, and being more particularly described as follows:

ALL OF Unit 6 in Block 3 of Blount Street Commons, containing 0.795 acre, more or less, as shown on a plat entitled "Transit Easement, Right-of-Way Dedication and Recombination Plat, LNR Blount Street, LLC - Block 3, Sarah K. Lofton, City of Raleigh, Wake County, N.C." dated January 2, 2008, prepared by Matthew K. Moore, Professional Land Surveyor of Philip Post & Associates, and recorded in Book of Maps 2008 at Pages 311-312, Wake County Registry, said map being incorporated by reference as if fully set out herein.

EXHIBIT B
TO
DECLARATION OF BLOUNT STREET COMMONS CONDOMINIUM 2
ALLOCATED INTERESTS

<u>Building No.</u>	<u>Unit No.</u>	<u>Allocated Interests</u>	<u>Garage No.</u>
4	101	12.5%	101
4	103	12.5%	103
4	105	12.5%	105
4	107	12.5%	107
4	201	12.5%	201
4	203	12.5%	203
4	205	12.5%	205
4	207	12.5%	207

Initially, and as Units are added to or withdrawn from the Condominium, the Allocated Interests for each Unit is determined by dividing 100 by the total number of Units in the Condominium, then taking the result out to as many decimal places and rounding as necessary so that each Unit has the same Allocated Interests percentage and the total of the Allocated Interests is one hundred percent (100%) or as close to one hundred percent (100%) as reasonably possible with each Unit having the same Allocated Interests percentage.

**EXHIBIT C
TO
BLOUNT STREET COMMONS CONDOMINIUM II
RULES AND REGULATIONS**

NOTE: All of these Rules and Regulations are subject to the Special Declarant Rights of Declarant, any or all of which may be exercised by Declarant even if not in compliance with these Rules and Regulations.

1. Parking spaces in the Common Elements, if any, shall be used exclusively for parking passenger automobiles, except for temporary parking for vehicles making deliveries to a Unit.
2. No Unit may be used for hotel or transient residential purposes.
3. All Garages shall be used exclusively for parking motor vehicles or storage of items of personal property owned by the Owner or occupant of the applicable Units.
4. Nothing shall be kept, and no activity shall be conducted, in any Unit or on the Common Elements that will adversely affect the cost of, or ability to obtain, insurance for the Condominium.
5. In addition to the use restrictions in the Declaration, use of Units shall be subject to the Rules and Regulations of the Association adopted pursuant to its Governing Documents.
6. Storing, keeping or using flammable, combustible, explosive or other harmful fluids, chemicals, or substances, or any toxic or hazardous waste or substance is anywhere in, on, over, under, or upon the Property, except as necessary and appropriate for permitted uses of a Unit.
7. No vehicles other than passenger automobiles, passenger trucks not having more than 6 wheels or not weighing more than 10,000 pounds regardless of the number of wheels, motorcycles, or bicycles, all of the foregoing together being referred to herein as "permitted vehicles", may be maintained, stored or kept on the Property, except that vehicles other than passenger automobiles may be maintained, kept, or stored temporarily on the Property as reasonably required in connection with the construction or maintenance of improvements in the Property and as necessary for maintenance of improvements in the Condominium or for emergency services, fire protection, and police protection. Vehicles allowed in the Condominium may be parked or stored in Garages or in areas or spaces designated by the Association for parking; provided, however, the Association may designate one or more parking areas or parking spaces as Limited Common Areas allocated to one or more Units. Any parking areas or spaces not designated as Limited Common Elements are available on the Property for use by all Owners, lessees and sublessees of Owners, and their respective family members, guests, and invitees on a "first-come, first-served" basis. No boat, boat trailer, motor home, travel trailer, camper or other recreational vehicle may be stored on the Property at any time. No significant automobile repair shall be allowed in the Property. The Association shall have the right to tow any vehicle in violation of these rules at the expense of the owner of the vehicle.
8. No use may be made of any part of the Property that is prohibited by the Master Declaration.
9. The Common Elements (other than Garages and other storage areas, if any, designated by the Association) shall not be used for the storage of personal property of any kind. Stairs, entrances, lobbies, hallways, sidewalks, yards, driveways, and parking areas shall not be obstructed in any way, or used for other than their intended purposes. In general, no activity shall be carried on nor conditions maintained by any Owner either in a Unit or upon the Common Elements that detracts from the appearance of the Property.

10. Trash, garbage and other waste shall be kept in sanitary containers within each Unit, and deposited only in the common trash receptacles located within the Common Elements.

11. All of the following apply to any lease of a Unit:

(a) The lease shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Governing Documents of the Condominium and that any failure by the lessee to comply with all of the terms of the Governing Documents shall constitute a default under the lease;

(b) Within ten (10) days following the giving of notice by the Association to the Owner of a Unit subject to a lease, the Association shall be provided with a complete copy of any lease or rental agreement for a Unit, including all exhibits and addenda;

(c) Within ten (10) days following the giving of notice by the Association to the Owner of a Unit subject to a lease, the Association shall be provided with the names of all tenants and subtenants, including all family members of the tenants and subtenants who will occupy the Unit; and

(d) No Unit may be leased for a period shorter than six (6) months.

12. No interest in any Unit may be subjected to a time share program, as that term is defined in the North Carolina General Statutes.

13. No animals, livestock, or poultry of any kind shall be kept or maintained on the Common Elements or in any Unit except that small common household pets may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes and provided that no Owner may have more than two (2) such pets at any one time (excluding fish). No pet shall be permitted upon the Common Elements unless carried or leashed by a Person who can control the pet. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) on the Property. If a Pet defecates in the Common Elements, the owner of the pet shall clean up immediately after the pet. All pets shall be registered or inoculated as required by law. Each owner of a pet shall hold the Declarant and the Association harmless from any claim resulting from any action of the pet, and shall repair at the owner's expense any damage to the Common Elements caused by the pet. If any Owner violates these rules more than twice in any twelve (12) month period, then in addition to any fines provided in the Governing Documents, the Association shall have the right to require the owner of the pet to remove that pet permanently from the Property not more than ten (10) days' after written notice of removal is given by the Association.

14. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association. All clothes dryers will have lint filters, and all stove hoods will have grease screens, and such screens and filters shall be used at all times and kept clean, and in good order and repair, by the Owner of the Unit in which they are located.

15. No curtains or draperies shall be installed or hung in any window of any Unit unless they have a white lining or backing on the side exposed to the window. No storm windows shall be installed in any Unit.

16. Except as otherwise provided in the Governing Documents, the Owner of each Unit is responsible for maintaining the Unit as well as the Limited Common Elements allocated to that Unit. Each Owner shall keep the Owner's Unit and its allocated Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance. Such costs assessed against any owner

shall be treated in the same manner as an annual assessment for the purposes of collection of the costs and imposing a lien on the Unit if the costs are not paid to the Association.

17. Subject to Legal Requirements that limit such restrictions, exterior satellite dish in excess of one meter in diameter may not be placed on the exterior of any Unit or in the Common Elements without the prior written approval of the Board, which may be withheld in its sole discretion. The location of any exterior television antenna, or satellite dish less than one meter in diameter, shall be subject to the reasonable prior approval of the Board, taking into account the appropriate standards set forth in the regulations of the Federal Communications Commission, and to the extent reasonably practical, the Board may require that such antenna or satellite dish be screened from public view. Prior to installing the antenna or satellite dish, the Owner shall furnish to the Board a copy of the installation plans. The Association shall have the right to perform any portion of the installation work at the expense of the Owner, or to require that any portion of the work be performed by contractors designated by the Board. In no event shall such antenna or satellite dish be installed on the roof unless required by law or otherwise approved by the Board in its sole discretion, and then, any roof penetration that is required to install any antenna or satellite dish shall be performed only by the roofing contractor designated by the Board. The Owner shall also be responsible for any damage caused by the removal of the antenna or satellite dish, including the sealing of conduits or other roof penetrations. Any Owner installing an antenna or satellite dish under this rule shall indemnify, defend and hold the Association harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish, including any damage to the roof of the Building or other property damage caused by roof leaks.

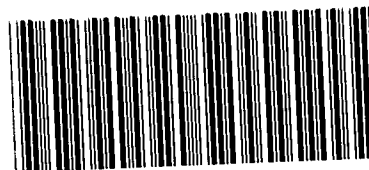
18. The steps and porches adjacent to each Unit shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for the overnight storage of garbage, or for the drying of laundry. Towels, clothing, banners, or other items shall not be hung on the adjacent areas, and any dead plants shall be removed promptly. No hot tub or similar device shall be installed on any porch or patio area. If permitted by applicable building codes and zoning ordinances, an Owner may use or store a small charcoal or propane gas cooking grill on the back porch, patio, or balcony of such Owner's Unit, but such Owner shall be responsible for complying with all applicable laws, ordinances, and regulations in connection with such storage and use.

19. Any balcony serving a Unit shall be used only for the purposes intended and shall be kept in a neat and orderly condition (as the Association may determine). In particular, towels, clothing, banners, or other items shall not be hung on the balcony railings or balcony furniture and any dead plants shall be removed promptly. No bicycles may be stored on the balcony. No holiday lighting shall be displayed on a balcony. No indoor-outdoor carpeting, hot tub or other pool shall be installed or maintained on any balcony. All furniture, furnishings, umbrellas and other materials kept on a balcony shall be of neutral colors and either shall be heavy enough so as to not be susceptible to being blown from balconies by wind or shall be tied down. The Owner of a Unit shall be responsible for, and shall be subject to sanction for in accordance with the Declaration, any object that blows or otherwise falls from the Owner's balcony, regardless of the cause. Wind chimes and bird feeders must be approved by the Association prior to use and installation. The Association shall have the right to require removal of any items on a balcony that the Board, in the exercise of its sole discretion, determines may either (i) detract from the appearance of the Building or (ii) create a hazard because of a threat that such item is of such insufficient weight that aloft winds may dislodge them from the balcony and thus cause a hazard. Any modification to a balcony requires prior written approval by the Association. Modifications include, but are not limited to, installing fans, string or party lights.

20. Any and all rules and regulations set forth in the Master Declaration or adopted by the Master Association from time to time are applicable to the Condominium

21. In addition to the use restrictions set forth in this Declaration and these Rules and Regulations, additional and reasonable Rules and Regulations governing the use of the Property may be made and amended from time to time by the Association. Prior to the effective date of such additional Rules and Regulations, the Association shall give notice to Owners of such Rules and Regulations in the manner provided in the Governing Documents for giving notices to Owners.

Specifically, and not by way of limitation, the Association shall have the right to make reasonable Rules and Regulations governing the use of the parking areas, if any, lobbies and common corridors and stairways of each Building, and access to the roof of each Building. No Owner shall be entitled to penetrate the roof of any Building without first providing detailed plans and specifications for the reason of any such penetration to the Association and obtaining prior written approval from the Association.



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**WAKE
COUNTY**
NORTH CAROLINA

Please retain yellow trailer page

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

Laura M. Riddick

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 Time Stamps Needed

This Document

61 # of Pages ✓