

BOOK 724 PAGE 813

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DECLARATION OF CONDOMINIUM
FOR
FOURTH CREEK OFFICE PARK COMPANY

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North Carolina

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Consisting of 27 Pages,
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AND
Exhibits A Through D

INDEX

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

	<u>Page</u>
1. Definitions.....	1
2. Name of Condominium.....	3
3. Description of Building and Units.....	3
4. Unit Designations.....	4
5. Common Areas and Facilities.....	4
6. Condominium Association.....	5
7. Use of Common Areas and Facilities.....	5
8. Person to Receive Service of Process.....	6
9. Easements.....	6
10. Partitioning.....	7
11. Liens.....	7
12. Nature of Interest in Units.....	8
13. Taxes.....	8
14. Parking.....	8
15. Insurance.....	8
16. Distribution of Insurance Proceeds.....	11
17. Reconstruction or Repair of Casualty Damage; Damage to Common Property; Damage to Condominium Units.....	11
18. Association to Maintain Register of Owners and Mortgagees.....	12
19. Assessments: Liability, Lien and Enforcement.....	12
20. Common Surplus.....	16
21. Transfer of Units.....	16
22. Units Subject to Declaration, Bylaws, Rules and Regulations.....	18
23. Limitation Upon Right of Owners to Alter and Modify Condominium Units: No Right to Alter Common Property..	18
24. Right of Association to Alter and Improve Common Property and Assessment Therefor.....	18
25. Maintenance and Repair by Owners of Units.....	19
26. Maintenance and Repair of Common Property by the Association.....	19
27. Termination.....	20
28. Amendment to Declaration of Condominium.....	21
29. Remedies in Event of Default.....	22
30. Statement of Purposes, Use and Restrictions.....	23
31. Rights Reserved Unto Mortgagees.....	24
32. Condemnation.....	25
33. Invalidity.....	26
34. Waiver.....	26
35. Captions.....	26
36. Law Controlling.....	26
37. Liberal Construction.....	26

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DECLARATION OF INTENTION TO SUBMIT PROPERTY
TO THE PROVISIONS OF THE
NORTH CAROLINA UNIT OWNERSHIP ACT
FOURTH CREEK OFFICE PARK CONDOMINIUM

THIS DECLARATION, made this 13th day of December, 1985, by DAVID G. KOGUT, W. E. WEBB III, JAMES B. WEBB, and T. DUKE WILLIAMS, JR., all of Iredell County, North Carolina, hereinafter called the "DECLARANT," pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, entitled the "Unit Ownership Act."

W I T N E S S E T H:

WHEREAS, the DECLARANT is the OWNER of certain parcel of real estate in Iredell County, State of North Carolina, and more particularly described in Exhibit "A" attached hereto; and

WHEREAS, the DECLARANT is to be the OWNER of a certain multi-unit BUILDING and certain other improvements now constructed upon the aforesaid real estate, and it is the desire and the intention of the DECLARANT to divide the aforesaid real estate and buildings and other improvements thereon into two (2) "CONDOMINIUM UNITS" or "UNITS," as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to various purchasers subject to the covenants, conditions, easements, uses, limitations, obligations, and restrictions herein reserved to be kept and observed; and

WHEREAS, DECLARANT desires and intends, by the filing of this DECLARATION, to submit the above-described real estate and the buildings and other improvements constructed thereon, together with all appurtenances thereto, to CONDOMINIUM ownership under the provisions of the North Carolina Unit Ownership Act (i.e., Chapter 47A of the North Carolina General Statutes):

NOW, THEREFORE, the DECLARANT does hereby publish and declare that all of the PROPERTY described above and in paragraph 3. below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the following covenants, conditions, easements, uses, limitations, obligations and restrictions, all of which are declared and agreed to be in furtherance of a plan for the division of said PROPERTY into CONDOMINIUM UNITS and shall be deemed to run with the land and shall be a burden and a benefit to DECLARANT, its successors and assigns, and any person(s) or entity(ies) acquiring or owning an interest in the said real estate and improvements, their grantees, successors, heirs, executors, administrators, devisees, and assigns.

I. DEFINITIONS.

Certain terms are used in this DECLARATION and exhibits attached hereto and made a part hereof shall be defined as follows, unless the context clearly indicates a meaning different therefor:

A. "ASSOCIATION OF UNIT OWNERS" or "ASSOCIATION" is as defined in the North Carolina Unit Ownership Act and shall mean all of the UNIT OWNERS

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acting as a group in accordance with this DECLARATION and the BYLAWS under the name of Fourth Creek Office Park.

B. "BOARD OF ADMINISTRATORS" shall mean the governing body from time to time of Fourth Creek Office Park, a nonprofit corporation whose purpose is to manage, maintain, operate, care for and administer the Fourth Creek Office Park.

C. "BUILDING" shall mean all structures and improvements now or hereafter erected upon the PROPERTY.

D. "BYLAWS" shall mean the bylaws of Fourth Creek Office Park.

E. "COMMON AREAS AND FACILITIES," including "LIMITED COMMON AREAS AND FACILITIES," shall have the meaning as set forth in the North Carolina Unit Ownership Act and as more fully described in paragraph 5. hereof.

F. "COMMON EXPENSES" shall mean and include:

- (1) All sums assessed against the UNIT OWNERS by the ASSOCIATION;
- (2) Expenses of administration, maintenance, repair or replacement of the COMMON AREAS AND FACILITIES;
- (3) Expenses agreed upon as common expenses by the ASSOCIATION;
- (4) Expenses declared common expenses by the provisions of the North Carolina Unit Ownership Act or by this DECLARATION or the BYLAWS;
- (5) Hazard insurance premiums.

G. "COMMON INTEREST" shall mean the aggregate of the undivided interests of the UNIT OWNERS in the COMMON AREAS AND FACILITIES.

H. "OWNER" or "UNIT OWNER" shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, having an ownership interest of record in a UNIT within the PROPERTY.

I. "MORTGAGE" shall mean a deed of trust as well as a mortgage constituting a lien on a UNIT .

J. "MORTGAGEE" shall mean a beneficiary under a MORTGAGE.

K. "PLANS" shall mean and refer to the PLANS and specifications of the CONDOMINIUM, recorded under the name of the CONDOMINIUM in the Unit Ownership File in the Office of the Register of Deeds for Iredell County and incorporated herein by reference.

L. "PROPERTY" shall mean the real property referred to in this DECLARATION to be divided into condominiums, including the parcel of real estate described on Exhibit "A," the BUILDING and all other improvements

and structures presently located or to be constructed thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal Property intended for common use in connection therewith.

M. "UNIT" shall mean those parts of the PROPERTY described in paragraphs 4, hereof which are the subject of individual ownership.

N. The terms "ASSOCIATION," "BUILDING," "COMMON AREAS AND FACILITIES," "COMMON EXPENSES," "CONDOMINIUM," "DECLARATION," "LIMITED COMMON AREAS AND FACILITIES," "PERSON," "PROPERTY," "RECORDATION," "UNIT" or "CONDOMINIUM UNIT," "UNIT designation," and "UNIT OWNER," unless it is plainly evident from the context of this DECLARATION that a different meaning is intended, shall have the meaning set forth in Section 3 of the North Carolina Unit Ownership Act.

2. NAME OF CONDOMINIUM.

The name by which the PROPERTY shall be known is FOURTH CREEK OFFICE PARK COMPANY.

3. DESCRIPTION OF BUILDINGS AND UNITS.

The CONDOMINIUM will consist of one (1) office BUILDING of principally brick and concrete block construction and containing two (2) UNITS located on the PROPERTY. Filed simultaneously herewith and expressly made a part hereof as UNIT OWNERSHIP FILE NO. 1-16 (herein "UNIT OWNERSHIP FILE"), consisting of a survey of the land and graphic descriptions and PLANS of the improvements constituting the CONDOMINIUM, identifying the CONDOMINIUM UNITS and COMMON AREAS AND FACILITIES and their respective locations and approximate dimensions. Each UNIT is identified by specific numerical designation on said UNIT OWNERSHIP FILE, and no UNIT bears the same designation as any other UNIT.

Each UNIT shall be conveyed and treated as an individual PROPERTY capable of independent use and fee simple ownership, and the UNIT OWNER of each UNIT shall also own, as an appurtenance to the ownership of each said UNIT, an undivided interest in the COMMON AREAS AND FACILITIES. The percentage of undivided interest in the COMMON AREAS AND FACILITIES appurtenant to each UNIT shall be as set forth in Exhibit "A" attached hereto and made a part hereof. The percentage of undivided interest in the COMMON AREAS AND FACILITIES that is appurtenant to each UNIT has been determined by a ratio formulated upon the approximate relation that the fair market value of each UNIT at the date of the DECLARATION bears to the then aggregate fair market value of all the UNITS having an interest in the COMMON AREAS AND FACILITIES. The fair market value of each UNIT and the aggregate fair market value of all the UNITS has been determined by the DECLARANT, and this determination shall be binding upon all UNITS and UNIT OWNERS. The percentage of undivided interest in the COMMON AREAS AND FACILITIES assigned to each UNIT shall not be changed except with the unanimous consent of all of the UNIT OWNERS of all the UNITS and with the consent of all the MORTGAGEES holding first MORTGAGES on the UNITS. Such interest shall be redefined upon expansion of the property, said expansion receiving prior approval of the Board.

A more detailed description of the materials of which said BUILDING is constructed is contained in the PLANS.

4. UNIT DESIGNATIONS.

Each UNIT consisting of all of the space (a) bounded horizontally by the bottom surface of the concrete slab flooring on the lower extreme and above the roof and (b) bounded vertically by the outside walls of the structure masonry wall along the perimeter walls of the BUILDING. Each UNIT includes both portions of the BUILDING within such boundaries and the space so encompassed, including without limitation, all sheet rock and dry walls, carpeting or finished flooring, acoustical tile (and its support framing) or other ceilings and all finishing materials applied to interior walls, doors, floors and ceilings. Access to the COMMON AREAS AND FACILITIES from each UNIT is direct from each UNIT as is more fully shown on the PLANS. The boundaries of each UNIT are shown on the PLANS. Each UNIT OWNER shall be responsible for the following elements, components and parts of the various utilities systems serving his respective UNIT:

- A. All pipes, conduits, ducts, wires and other such facilities or elements located either within the boundaries of the UNIT or elsewhere which exclusively serve said UNIT;
- B. All water service fixtures, components and elements exclusively serving said UNIT located either within the boundaries of the UNIT or elsewhere but beyond the pressure side of the last service "cutoff" valve;
- C. All drainage fixtures and facilities exclusively serving said UNIT and located either within an individual UNIT or located between the UNIT and the water seal trap; and
- D. All elements and components of the heating and air conditioning systems wherever located which exclusively serve the UNIT.

5. COMMON AREAS AND FACILITIES.

The COMMON AREAS AND FACILITIES (sometimes hereinafter referred to as "the COMMON PROPERTY") consist of all of the PROPERTY other than UNITS as described in paragraph 4. above, including without limitation, the following:

- A. All elements of the utility systems not described above and for which the individual UNIT OWNER is not responsible;
- B. All foundations, columns, girders, beams, supports and other structural members not described above and for which the individual UNIT OWNER is not responsible;
- C. All roofs and exterior walls, doors, windows and windowpanes; and all interior load bearing columns and weight supporting walls not described above and for which the individual UNIT OWNER is not responsible;
- D. Front entry and other areas of the PROPERTY not described above and for which the individual UNIT OWNER is not responsible;
- E. All other parts of the PROPERTY and all apparatus and installations, including all items of personal PROPERTY, existing in the BUILDING or upon the PROPERTY for common use or which are necessary or

convenient to the existence, maintenance or safety of the PROPERTY.

6. CONDOMINIUM ASSOCIATION.

A nonprofit North Carolina corporation known and designated as ~~WINDYBROOK CREEK CENTER PARK COMPANY~~ (the "ASSOCIATION") has been organized to provide for the administration of the PROPERTY and said corporation shall administer the operation and maintenance of the PROPERTY and undertake and perform all acts and duties incident thereto in accordance with the terms of its ARTICLES OF INCORPORATION and BYLAWS. A true copy of the ARTICLES OF INCORPORATION and BYLAWS are attached hereto as Exhibit "C" and "D" respectively. Each UNIT OWNER shall automatically become a member of the corporation upon his acquisition of an ownership interest in any UNIT and its appurtenant undivided interest in the COMMON AREAS AND FACILITIES and the membership of such UNIT OWNER shall terminate automatically upon such UNIT OWNER being divested of ownership interest in the title to such UNIT. No PERSON, firm or corporation holding any lien, MORTGAGE or other encumbrance upon any UNIT shall be entitled, by virtue of such lien, MORTGAGE or other encumbrance, to membership in the ASSOCIATION or to any of the rights and privileges of membership. In the administration of the operation and management of the PROPERTY, the ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this DECLARATION, to levy and collect assessments in the manner herein provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the UNITS and COMMON AREAS AND FACILITIES as the BOARD OF ADMINISTRATORS of the ASSOCIATION may deem to be in the best interests of the ASSOCIATION in accordance with the BYLAWS.

So long as DECLARANT owns one (1) or more UNITS in the CONDOMINIUM, but in any event, no longer than one (1) year, DECLARANT shall have the right to designate and select the majority of the PERSONS who shall serve as members of the BOARD OF ADMINISTRATORS of the ASSOCIATION. Whenever DECLARANT shall be entitled to designate and select any PERSON or PERSONS to serve on the BOARD OF ADMINISTRATORS of the ASSOCIATION, the manner in which such PERSON or PERSONS shall be designated shall be as provided in the ARTICLES OF INCORPORATION and/or the BYLAWS of the ASSOCIATION, and DECLARANT shall have the right to remove any PERSON or PERSONS selected by it to act and serve on said BOARD OF ADMINISTRATORS and to replace such PERSON or PERSONS with another PERSON or other PERSONS to act and serve in the place of any Administrator or ADMINISTRATORS so removed for the remainder of the unexpired term of any Administrator or ADMINISTRATORS so removed. Any Administrator designated and selected by DECLARANT need not be a UNIT OWNER; however, DECLARANT shall be responsible for the payment of any assessments which may be levied by the ASSOCIATION against any UNIT or UNITS owned by the said DECLARANT and for complying with the remaining terms and provisions hereof in the same manner as any other UNIT OWNER.

7. USE OF COMMON AREAS AND FACILITIES.

Each UNIT OWNER shall have the right to use the COMMON AREAS AND FACILITIES in accordance with the purposes for which they are intended and for all purposes incident to the use and occupancy of his UNIT, and such right shall be appurtenant to and run with his UNIT except that use of

LIMITED COMMON AREAS AND FACILITIES shall be restricted as provided in Section 5, supra.; provided, however, that no PERSON shall use the COMMON AREAS AND FACILITIES or any part thereof in such manner as to interfere with or restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this DECLARATION, the BYLAWS and such rules and regulations as may be established from time to time by the BOARD OF ADMINISTRATORS.

8. PERSON TO RECEIVE SERVICE OF PROCESS.

Aimee A. Toth is hereby designated to receive service of process in any action which may be brought against or in relation to the CONDOMINIUM. Said person's residence is Robinhood Road, Statesville, North Carolina 28677, which is located within the county in which the PROPERTY is located.

9. EASEMENTS.

A. Each UNIT OWNER shall have a perpetual nonexclusive easement in common with all other UNIT OWNERS to use all pipes, wires, ducts, cables, conduits, public utility lines and other facilities which serve his UNIT and are located in any of the other UNITS and the COMMON AREAS AND FACILITIES. The COMMON AREAS AND FACILITIES and each UNIT shall be subject to a perpetual nonexclusive easement in favor of all other UNIT OWNERS to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other UNITS, located in such UNIT or the COMMON AREAS AND FACILITIES and for which the OWNERS of said other UNITS are responsible. The BOARD OF ADMINISTRATORS shall have the right of access to each UNIT to remove violations therefrom and to maintain, repair or replace the COMMON AREAS AND FACILITIES contained therein. Each UNIT OWNER shall also have a perpetual and nonexclusive easement over and through the COMMON AREAS AND FACILITIES and the other UNITS for the purpose of repairing, inspecting, renovating and replacing the heating, air-conditioning, electrical, water and plumbing systems which serve his UNIT and for which he is responsible, provided that all such repairs shall be undertaken and completed in accordance with reasonable procedures prescribed by the BOARD OF ADMINISTRATORS so as to avoid unreasonable inconvenience and disturbance to other UNIT OWNERS' use and enjoyment of their UNITS, and provided further that each UNIT OWNER shall be responsible for repairing damage to and restoring the COMMON AREAS AND FACILITIES and other UNITS to the condition in which they existed prior to said repair and renovation. If such repairs and restorations are not undertaken and completed in accordance with the procedures prescribed by the BOARD and the COMMON AREAS AND FACILITIES are not replaced or repaired to the extent required hereunder, the BOARD may elect to advance the cost thereof, complete the undertakings and collect said charges from the respective UNIT OWNER in the manner provided for collection of COMMON EXPENSES under paragraph 19. hereof.

B. If any portion of the COMMON AREAS AND FACILITIES now encroaches upon any UNIT, or if any UNIT now encroaches upon any other UNIT or upon any portion of the COMMON AREAS AND FACILITIES, or if any such encroachment shall occur hereafter as a result of settling or shifting of the BUILDING, there shall exist a valid easement for the encroachment and for the maintenance of same so long as the BUILDING shall stand. In the

event the BUILDING, UNIT or any portion of the COMMON AREAS AND FACILITIES shall be partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and shall thereafter be rebuilt, encroachment of parts of the COMMON AREAS AND FACILITIES upon any UNIT or of any UNIT upon any other UNIT or upon any portion of the COMMON AREAS AND FACILITIES due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the BUILDING shall stand.

C. The BOARD OF ADMINISTRATORS may hereafter grant easements for utility purposes for the benefit of the PROPERTY, including the right to install, lay, maintain, repair and replace water lines, pipes, ducts, sewer lines, gas lines, telephone wires and equipment and electrical conduits, and wires over, under, along and on any portion of the COMMON AREAS AND FACILITIES, and each UNIT OWNER hereby grants the BOARD OF ADMINISTRATORS an irrevocable power of attorney to execute, acknowledge and record for and in the name of each UNIT OWNER such instruments as may be necessary to effectuate the foregoing. In the case of individuals, this appointment shall survive incompetency.

D. In case of any emergency originating in or threatening any UNIT or the COMMON AREAS AND FACILITIES, regardless of whether the UNIT OWNER is present at the time of such emergency, the BOARD OF ADMINISTRATORS, or any other PERSON authorized by it, shall have the right to enter such UNIT for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

10. PARTITIONING.

The undivided interest in the COMMON AREAS AND FACILITIES declared to be an appurtenance to each UNIT shall not be conveyed, devised, encumbered or otherwise dealt with separately from said UNIT without the prior consent of the Board of Administrators, and the undivided interest in the COMMON AREAS AND FACILITIES appurtenant to each UNIT shall be deemed conveyed, devised, encumbered or otherwise included with the UNIT even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such UNIT. Any conveyance, MORTGAGE or other instrument which purports to grant any right, interest or lien in, to or upon a UNIT, shall be null, void and of no effect insofar as the same purports to affect any interest in a UNIT and its appurtenant undivided interest in COMMON AREAS AND FACILITIES unless the same purports to convey, devise, encumber or otherwise deal with the entire UNIT. Any instrument conveying, devising, encumbering or otherwise dealing with any UNIT, which describes said UNIT by the numerical designation assigned thereto on the PLANS without limitation or exception shall be deemed and construed to affect the entire UNIT and its appurtenant and undivided interest in the COMMON AREAS AND FACILITIES. Nothing herein contained shall be construed as limiting or preventing ownership of any UNIT and its appurtenant undivided interest in the COMMON AREAS AND FACILITIES by more than one PERSON or entity as tenants in common, joint tenants or as tenants by the entirety or in any other form by law permitted.

11. LIENS.

While the PROPERTY remains subject to this DECLARATION and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the COMMON AREAS AND FACILITIES except with the unanimous written consent of all of the UNIT OWNERS and their MORTGAGEES, provided that MORTGAGES upon UNITS which also encumber undivided percentage interests appurtenant to such UNITS shall not be deemed in violation of this paragraph 11. Every agreement for the performance of labor, or the furnishing of materials to the COMMON AREAS AND FACILITIES whether oral or in writing, must provide that it is subject to the provisions of this DECLARATION and that the right to file a mechanics' lien or other similar lien by reason of labor performed or material furnished is waived.

12. NATURE OF INTEREST IN UNITS.

Every UNIT, together with its undivided interest in the COMMON AREAS AND FACILITIES, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real PROPERTY and the OWNER thereof shall be entitled to the exclusive ownership and possession of his UNIT subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules, regulations, resolutions and decisions adopted pursuant thereto and as may be contained herein and in the accompanying BYLAWS and in the minutes of the BOARD OF ADMINISTRATORS of the ASSOCIATION.

13. TAXES.

Every UNIT, together with its undivided interest in the COMMON AREAS AND FACILITIES, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each OWNER shall be liable solely for the amount taxed against his individual UNIT. In a year prior to the appraisal and assessment of taxes against an individual UNIT, the UNIT OWNER shall be liable for a prorata share of the taxes assessed against the real estate and improvements constituting the PHASE of the CONDOMINIUM in which his UNIT is located in accordance with the undivided percentage interest appurtenant to the OWNER'S UNIT. If the UNIT should be owned by more than one (1) PERSON during such year, taxes shall be prorated on a calendar year basis.

14. PARKING.

All parking spaces as may be designated from time to time by the BOARD OF ADMINISTRATORS shall constitute part of the COMMON AREAS AND FACILITIES even though the BOARD OF ADMINISTRATORS may, in its discretion, elect to assign specific parking spaces to specific UNITS and if parking places are so assigned, each UNIT OWNER agrees to be bound by such decision and to abide by such rules and regulations as may be established in such regard.

15. INSURANCE.

The BOARD OF ADMINISTRATORS shall obtain and maintain at all times insurance on the PROPERTY of the type and kind and in not less than the

amounts as follows:

A. Fire. The BUILDING and all personal PROPERTY included in the COMMON AREAS AND FACILITIES shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the BOARD OF ADMINISTRATORS with the assistance of the insurance company providing coverage. The BOARD OF ADMINISTRATORS shall, at least annually, review the insurance coverage required herein and determine the maximum insurable replacement value of the BUILDING and all other improvements and personal PROPERTY. The policies evidencing such coverage shall contain clauses providing for waiver of subrogation, the standard CONDOMINIUM endorsement and shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to all the insureds, including all MORTGAGEES OF UNITS. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, water damage, vandalism and malicious damage. All such policies shall provide that adjustment of loss shall be made by the BOARD OF ADMINISTRATORS as insurance trustee.

B. Public Liability. The BOARD OF ADMINISTRATORS shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the BOARD OF ADMINISTRATORS may, from time to time, determine, covering each member of the BOARD OF ADMINISTRATORS, the managing agent, if any, and each UNIT OWNER with respect to his liability arising out of the ownership, maintenance or repair of the COMMON AREAS AND FACILITIES; provided, however, that in no event shall the amounts of such public liability insurance ever be less than Three Hundred Thousand Dollars (\$300,000) per PERSON and Five Hundred Thousand Dollars (\$500,000) per occurrence against liability for bodily injury, including death resulting therefrom, and Twenty-Five Thousand Dollars (\$25,000) per occurrence against liability for damage to PROPERTY, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the PROPERTY or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the UNIT OWNERS as a group to a single UNIT OWNER. The BOARD OF ADMINISTRATORS shall review such limit annually. Until the first meeting of the BOARD OF ADMINISTRATORS following the initial meeting of the UNIT OWNERS, such public liability insurance shall be in amounts of not less than Five Hundred Thousand Dollars (\$500,000) to One Million Dollars (\$1,000,000) for claims for bodily injury and Twenty-Five Thousand Dollars (\$25,000) for claims for PROPERTY damage.

C. Other. Such other insurance coverages, including workmen's compensation as the BOARD OF ADMINISTRATORS shall determine from time to time desirable.

Premiums upon insurance policies purchased by the ASSOCIATION shall be paid by the ASSOCIATION and charged as a common expense.

THE BOARD OF ADMINISTRATORS shall make diligent effort to secure insurance policies that will provide for the following:

- (1) The master policy on the PROPERTY cannot be cancelled, invalidated or suspended on account of the conduct of any

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one or more individual UNIT OWNERS.

(2) The master policy on the PROPERTY cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the ASSOCIATION without prior demand in writing that the ASSOCIATION cure the defect.

(3) That any "no other insurance" clause in the master policy on the PROPERTY exclude individual UNIT OWNERS' policies from consideration.

D. All insurance policies purchased by the ASSOCIATION shall be for the benefit of the BOARD OF ADMINISTRATORS and the UNIT OWNERS and their MORTGAGEES as their respective interests may appear, and shall provide that all proceeds thereof shall be payable to the ASSOCIATION as insurance trustee. The sole duty of the ASSOCIATION as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the proceeds as are paid and to hold the same in trust for the purpose elsewhere stated herein and for the benefit of the UNIT OWNERS and their MORTGAGEES in the following shares:

(1) Proceeds on account of damage to COMMON AREAS AND FACILITIES shall be held in undivided shares for each UNIT OWNER and his MORTGAGEE, if any, and distribution of said proceeds will be governed by the Deed of Trust, and each UNIT OWNER'S share to be the same as such UNIT OWNER'S undivided interest in the COMMON AREAS AND FACILITIES.

(2) Proceeds on account of damages to UNITS shall be held in the following undivided shares:

(a) When the BUILDING is to be restored, for the OWNERS of damaged UNITS in proportion in the cost of repairing the damage suffered by each UNIT OWNER, which cost shall be determined by the BOARD OF ADMINISTRATORS.

(b) When the BUILDING is not to be restored, an undivided share for each UNIT OWNER, such share being the same as such UNIT OWNER'S undivided interest in the COMMON AREAS AND FACILITIES.

E. The originals of all such policies and the endorsements thereto shall be deposited with the ASSOCIATION and duplicates of said policies and endorsements and all renewals thereof, or certificates thereof, together with proof of payment of premiums, shall be delivered to the UNIT OWNERS at least ten (10) days prior to the expiration date with respect to the then current policies. Duplicates shall also be obtained and issued by the ASSOCIATION to each UNIT OWNER'S MORTGAGEE, if any, upon request of such MORTGAGEE at any time.

F. Each UNIT OWNER may, at his option, obtain fire, extended coverage and liability insurance coverage at his own expense upon his UNIT

and personal PROPERTY and such other coverage as he may desire.

16. DISTRIBUTION OF INSURANCE PROCEEDS.

Proceeds of insurance policies received by the ASSOCIATION as insurance trustee shall be distributed to or for the benefit of the beneficial OWNERS in the following manner:

A. If it is determined, as provided in paragraph 17. hereof, that the damaged PROPERTY, with respect to which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial OWNERS and their MORTGAGEE, if any, jointly.

B. If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof as agreed to in the Deed of Trust between OWNERS and MORTGAGEE.

17. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE; DAMAGE TO COMMON PROPERTY; DAMAGE TO CONDOMINIUM UNITS.

A. If any part of the COMMON PROPERTY shall be damaged by casualty, the determination of whether or not to reconstruct or repair it shall be made as follows:

(1) In the event of any destruction or damage, the COMMON PROPERTY shall be reconstructed or repaired unless this DECLARATION is terminated by the unanimous vote of all of the UNIT OWNERS as a meeting of the members of the ASSOCIATION called and held prior to commencement of such reconstruction or repair.

(2) Any such reconstruction or repair shall be substantially in accordance with the PLANS and specifications contained herein.

B. If the damage is only to those parts of one or more UNITS for which the responsibility for maintenance and repair is that of the UNIT OWNER, then the UNIT OWNER shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the ASSOCIATION as follows:

(1) Immediately after the casualty causing damage to PROPERTY for which the ASSOCIATION has the responsibility for maintenance and repair, the ASSOCIATION shall obtain reliable and detailed estimates of the cost to place the damaged PROPERTY in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the BOARD OF ADMINISTRATORS deems appropriate.

(2) When the damage is to both COMMON PROPERTY AND CONDOMINIUM UNITS, the insurance proceeds shall be applied first to the cost of repairing the COMMON PROPERTY and the balance to the CONDOMINIUM UNITS.

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C. Each CONDOMINIUM UNIT OWNER delegates to the BOARD OF ADMINISTRATION of the ASSOCIATION his right to adjust with insurance companies all losses under policies purchased by the ASSOCIATION, except in any case where the damage is restricted to one UNIT or UNITS owned by the same PERSON.

18. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGES.

The ASSOCIATION shall maintain a register setting forth the names of the OWNERS of all of the UNITS. In the event of the transfer of any UNIT to a third party, the transferee shall notify the ASSOCIATION in writing of his interest in such UNIT, together with the recording information necessary to identify the instrument by which the transferee has acquired his interest. The OWNER of each UNIT shall also notify the ASSOCIATION of the parties holding any MORTGAGE on any UNIT, the amount of the MORTGAGE and the recording information necessary to identify the MORTGAGE. The holder of any MORTGAGE upon any UNIT may notify the ASSOCIATION of the existence of any MORTGAGE and the ASSOCIATION shall register in its records all pertinent information relating thereto.

19. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT.

The ASSOCIATION is given the authority to administer the operation and management of the CONDOMINIUM as being in the best interest of the OWNERS of all UNITS. To properly administer the operation and management of the CONDOMINIUM, the ASSOCIATION will incur for the mutual benefit of all of the OWNERS of UNITS costs and expenses (herein "COMMON EXPENSES"). To provide the funds necessary for such proper operation, management and capital improvements, the ASSOCIATION has been granted the right to make, levy and collect assessments against the UNIT OWNERS and their UNITS. In furtherance thereof, the following provisions shall be operative and binding upon the OWNERS of all UNITS:

A. All assessments levied against the UNIT OWNERS and their UNITS shall be uniform and, unless specifically otherwise provided for herein, all assessments made by the ASSOCIATION shall be in such an amount that any assessment levied against a UNIT OWNER and his UNIT shall bear the same ratio to the total assessment made against all UNIT OWNERS and their UNITS as the undivided interest in COMMON PROPERTY appurtenant to each UNIT bears to the total undivided interest in COMMON AREAS AND FACILITIES appurtenant to all UNITS. Should the ASSOCIATION be the OWNER of a UNIT or UNITS, the assessment which would otherwise be due and payable to the ASSOCIATION by the OWNER or such UNIT or UNITS, reduced by the amount of income which may be derived from the leasing of such UNIT or UNITS by the ASSOCIATION, shall be apportioned and assessment therefor levied ratably among the OWNERS of all UNITS which are not owned by the ASSOCIATION, based upon their proportionate interests in COMMON AREAS AND FACILITIES, exclusive of the interests therein appurtenant to any UNIT or UNITS owned by the ASSOCIATION.

B. Assessment provided for herein shall be payable in monthly installments, or in such other manner as the BOARD OF ADMINISTRATORS of the ASSOCIATION shall determine. Such assessments shall commence for each UNIT on January 1, 1986, unless the Board of Directors of the ASSOCIATION

decides to assess monthly dues before this date or as is otherwise provided herein, DECLARANT shall pay all monthly COMMON EXPENSES until the Board levies a first assessment. If for any reason annual assessments prove inadequate to pay the COMMON EXPENSES, the Board may levy special assessments at any time. The special assessments shall be fixed against the UNITS according to the percentage interests in the COMMON AREAS AND FACILITIES appurtenant thereto and the period of the assessment and manner of payment shall be determined by the Board.

C. The BOARD OF ADMINISTRATORS of the ASSOCIATION shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the CONDOMINIUM, the fiscal year shall commence with the closing of the sale of the first UNIT). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the CONDOMINIUM, including a reasonable allowance for contingencies and reserves, such budget to take into account anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The BOARD OF ADMINISTRATORS shall keep separate, in accordance with paragraph d. hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such annual budget by the BOARD OF ADMINISTRATORS, copies shall be delivered to each OWNER of a UNIT and the assessment for said year shall be established based upon such budget, although the nondelivery of a copy of it to each OWNER shall not affect the liability of any OWNER for such assessment.

D. The BOARD OF ADMINISTRATORS of the ASSOCIATION, in establishing the annual budget for operation, management and maintenance of the CONDOMINIUM, shall designate a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the COMMON AREAS AND FACILITIES (herein "CAPITAL IMPROVEMENT FUND") shall be for the purpose of enabling the ASSOCIATION to replace structural elements and mechanical equipment constituting a part of the COMMON AREAS AND FACILITIES and the replacement of personal PROPERTY constituting a portion of the COMMON AREAS AND FACILITIES held for the joint use and benefit of the OWNERS of UNITS. The amount to be allocated to the CAPITAL IMPROVEMENT FUND may be established by the BOARD OF ADMINISTRATORS to collect and maintain a sum reasonably necessary to anticipate the need for replacement of COMMON AREAS AND FACILITIES. The amount collected for the CAPITAL IMPROVEMENT FUND shall be maintained in a separate account by the ASSOCIATION and shall be used only to make capital improvements to COMMON AREAS AND FACILITIES. Any interest earned on the CAPITAL IMPROVEMENT FUND may be expended for current operation and maintenance.

E. All funds collected by the ASSOCIATION shall be treated as the separate PROPERTY of the ASSOCIATION, and such funds may be applied by the ASSOCIATION to the payment of any expense of operating and managing the CONDOMINIUM, or to the proper undertaking of all acts and duties imposed upon it by this DECLARATION, the ARTICLES OF INCORPORATION and the BYLAWS of the ASSOCIATION. Although all funds and COMMON SURPLUS, including other assets of the ASSOCIATION and any increments thereto or profits derived therefrom or from the leasing or use of COMMON AREAS AND FACILITIES shall be held for the benefit of the members of the ASSOCIATION, no member of the

ASSOCIATION shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein except as an appurtenance to his UNIT. When the OWNER of a UNIT shall cease to be a member of the ASSOCIATION, the ASSOCIATION shall not be required to account to such OWNER for any share of the fund or assets of the ASSOCIATION, or which may have been paid to the ASSOCIATION by such OWNER, as all funds which any OWNER has paid to the ASSOCIATION shall constitute an asset of the ASSOCIATION which may be used in the operation and management of the CONDOMINIUM.

F. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the ASSOCIATION within thirty (30) days of its due date. When in default, the delinquent assessment or delinquent installment thereof due to the ASSOCIATION shall ~~have interest at the highest rate allowed by law until paid in full to the~~ ASSOCIATION.

G. The OWNER or OWNERS of each UNIT shall be personally liable, jointly and severally, to the ASSOCIATION for the payment of all assessments, regular or special, which may be levied by the ASSOCIATION against such CONDOMINIUM UNIT while such party or parties are OWNER or OWNERS of a UNIT. In the event that any UNIT OWNER or OWNERS are in default in payment of any assessment or installation owed to the ASSOCIATION, such UNIT OWNER or OWNERS shall be personally liable, jointly and severally, for interest on such delinquent assessment or installation thereof as above provided, and for all costs of collecting such assessment or installment and interest thereon, including reasonable attorney's fees, whether suit be brought or not.

H. No OWNER of a UNIT may except himself from liability for any assessment levied against him or his UNIT by waiver of the use of enjoyment of any of the COMMON PROPERTY, by abandonment of the UNIT or in any other way.

I. Recognizing that proper operation and management of the CONDOMINIUM requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the OWNERS of UNITS, and that the payment of such COMMON EXPENSES represented by the assessments levied and collected by the ASSOCIATION is necessary in order to preserve and protect the investment of each UNIT OWNER, the ASSOCIATION is hereby granted a lien upon each UNIT and its appurtenant undivided interest in COMMON AREAS AND FACILITIES, which lien shall secure the funds due for all assessments now or hereafter levied against the OWNER of each and such UNIT, which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the ASSOCIATION in enforcing this lien upon said UNIT. The lien granted to the ASSOCIATION may be foreclosed in the same manner that real estate deeds of trust and MORTGAGES may be foreclosed in the State of North Carolina, and in any suit for the foreclosure of said lien, the ASSOCIATION shall be entitled to reasonable rental from the OWNER of any UNIT from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said UNIT. The lien granted to the ASSOCIATION shall further secure such advances for taxes, and payments on account of superior MORTGAGES, liens or encumbrances which may be required to be advanced by

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the ASSOCIATION in order to preserve and protect its lien, including interest at the highest legal rate on any such advances so made. All PERSONS who shall acquire any interest in the ownership of any UNIT, or who may be given or acquire a MORTGAGE, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such prior mortgage rights.

J. The lien herein granted to the ASSOCIATION shall be enforceable from the time of recording a claim of lien in the Public Records of Iredell County, North Carolina, which claim shall state the description of the UNIT encumbered thereby, the name of the record OWNER, the amount due and the date when due. ~~The claim of lien shall be recordable any time after~~ ~~30 days and the lien shall continue in effect until all sums secured by~~ said lien shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon. It shall be signed and verified by an officer or agent of the ASSOCIATION. Upon full payment of all sums secured by such claim of lien, it shall be satisfied of record.

The lien provided for herein shall be subordinated to the lien of any first MORTGAGE or first deed of trust. Any PERSON, firm or corporation acquiring title to any UNIT and its appurtenant undivided interest in COMMON AREAS AND FACILITIES by any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable for said UNIT and its appurtenant undivided interest in COMMON AREAS AND FACILITIES subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a UNIT by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment for which the party so acquiring title shall not be liable shall be absorbed and paid by all OWNERS of all CONDOMINIUM UNITS as a part of the common expense, although nothing herein contained shall release the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

K. Whenever any UNIT may be leased, sold or mortgaged by the OWNER thereof, the ASSOCIATION, upon written request of the UNIT OWNERS, shall furnish to the proposed lessee, purchaser or MORTGAGEE, a statement verifying the status of payment of any assessment which shall be due and payable to the ASSOCIATION by such UNIT. Such statement shall be executed by an officer of the ASSOCIATION, and any lessee, purchaser or MORTGAGEE may rely upon such statement in concluding the proposed lease, purchase or MORTGAGE transaction, and the ASSOCIATION shall be bound by such statement.

In the event that a UNIT is to be leased, sold or mortgaged at the time when payment of any assessment against the OWNER of said UNIT and such CONDOMINIUM UNIT due to the ASSOCIATION shall be in default (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, purchaser or MORTGAGEE first to the payment of any then delinquent assessment or installments thereof due to the ASSOCIATION before the

payment of any rent, proceeds of purchase or MORTGAGE proceeds to the OWNER of any UNIT who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a UNIT, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

Institution of a lawsuit to attempt to collect the payment of any delinquent assessment shall not 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 suit at law to collect any sum then remaining owing to the ASSOCIATION.

20. COMMON SURPLUS.

"COMMON SURPLUS," meaning all funds or other assets of the ASSOCIATION (including excess of receipts of the ASSOCIATION, including but not limited to assessments, rents, profits and revenues from whatever source over amount of the common expense), shall be owned by the OWNERS of all UNITS in the same proportion that the undivided interest in COMMON AREAS AND FACILITIES appurtenant to each OWNER'S UNIT bears to the total of all undivided interest in COMMON AREAS AND FACILITIES appurtenant to all UNITS; provided, however, that said COMMON SURPLUS shall be held by the ASSOCIATION in the manner, and subject to the terms, provisions and conditions of this DECLARATION, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance indemnity herein provided, or upon termination of the CONDOMINIUM, any attribution or distribution of COMMON SURPLUS which may be made from time to time shall be made to the then OWNERS of UNITS in accordance with their percentage interest in COMMON SURPLUS as declared herein.

21. TRANSFER OF UNITS.

Any UNIT OWNER desiring to sell his UNIT shall first offer to sell such UNIT to the BOARD OF ADMINISTRATORS at the same price and on the same terms under which the highest acceptable bona fide offer has been made to such UNIT OWNER. The UNIT OWNER desiring to sell a UNIT shall give the BOARD OF ADMINISTRATORS written notice by registered mail, return receipt requested, of the UNIT OWNER'S desire to sell such UNIT and shall further advise the Board of the name and address of the PERSON, firm or corporation making said highest acceptable bona fide offer as well as the amount and terms of said offer. The BOARD OF ADMINISTRATORS shall have a period of ten (10) days after receipt of said written notice within which to exercise

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its option to purchase such UNIT at the same price and on the same terms as the highest acceptable bona fide offer and shall have an additional period of not less than thirty (30) days within which to close the said transaction. The BOARD OF ADMINISTRATORS may purchase such UNIT on behalf of all of the remaining UNIT OWNERS as a group if so instructed by all of the remaining UNIT OWNERS at a meeting duly called for such purpose or, if less than all of the remaining UNIT OWNERS wish to purchase such UNIT, then on behalf of and at the request of any one or more of the remaining UNIT OWNERS. In the event the BOARD OF ADMINISTRATORS shall purchase a UNIT offered for sale on behalf of all of the remaining UNIT OWNERS, then the cost thereof shall be shared in the same proportion as COMMON EXPENSES, adjusted, however, to reflect the inclusion of the UNIT purchase, and any profit or loss realized upon the sale by the Board of a UNIT so acquired shall likewise be shared by the remaining UNIT OWNERS. In the event that the BOARD OF ADMINISTRATORS shall purchase a UNIT offered for sale on behalf of any one or more but not all of the remaining UNIT OWNERS, then the cost thereof shall be shared by such purchasing UNIT OWNERS in such proportion as they shall agree upon. The BOARD OF ADMINISTRATORS, upon the request of a selling UNIT OWNER, shall execute in recordable form an instrument indicating compliance with the terms and provisions of this DECLARATION by the selling UNIT OWNER.

Any sale, voluntary transfer or conveyance which is not authorized by the terms of this DECLARATION or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be voided by certificates of the BOARD OF ADMINISTRATORS duly recorded in the Office of the Register of Deeds for Iredell County.

The following transfers, sales or conveyances are specifically excluded from the provisions of this paragraph, including the right of first refusal of the BOARD OF ADMINISTRATORS:

A. Transfers, sales or conveyances involving a foreclosure sale or other judicial sale or transfer to a MORTGAGEE in lien of foreclosure;

B. Any transfer, sale or conveyance by a MORTGAGEE following foreclosure or any proceeding or arrangement in lien thereof;

C. Transfers, sales, leases or conveyances by DECLARANT or any successor of DECLARANT;

D. Conveyances of gift or as are made without consideration to the grantor;

E. Transfers of conveyances upon death; and

F. Leases by UNIT OWNERS which do not contain an option to purchase.

It is understood that first lien and any other junior lien mortgaging shall not be deemed a "transfer, sale or conveyance" of a UNIT within the prohibition of this paragraph; and that any UNIT subject to a first or junior MORTGAGE, first or junior deed of trust or other security instru-

ment, the holder of which becomes the OWNER of such UNIT through whatever means said holder or the trustee at any sale through foreclosure under said instrument, shall have the unqualified right to sell, issue or otherwise dispose of the fee ownership of said UNIT, without offer to the ASSOCIATION, notwithstanding the above provisions, so that purchasers at such sales are deemed approved. and said holder, upon being high bidder at a sale for its benefit, can resell said UNIT, without restriction.

22. UNITS SUBJECT TO DECLARATION, BYLAWS, RULES AND REGULATIONS.

All present and future UNIT OWNERS, tenants and occupants of the UNITS shall be subject to and shall comply with the provisions of this DECLARATION, the BYLAWS and any rules and regulations as may be adopted in accordance with the BYLAWS, as said DECLARATION, BYLAWS, RULES AND REGULATIONS may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any UNIT shall constitute an agreement that the provisions of this DECLARATION, the BYLAWS and any rules and regulations which may be adopted are accepted and ratified by such UNIT OWNER, tenant or occupant and all such other provisions shall be deemed and taken to be covenants running with the land and shall bind any PERSON having at any time any interest or estate in such UNITS as though such provisions were made a part of each and every deed of conveyance or lease.

23. LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS: RIGHT TO ALTER COMMON PROPERTY.

No OWNER of a UNIT shall permit any structural modification or alteration to be made to such UNIT without first obtaining the written consent of the ASSOCIATION, which consent may be withheld in the event that a majority of the BOARD OF ADMINISTRATORS of the ASSOCIATION shall determine that such structural modifications or alterations would adversely affect or in any manner endanger the PROPERTY in part or in its entirety. No OWNER shall cause any improvements or changes to be made on the exterior of any BUILDING, including painting or other decoration, or the installation of electrical wiring, television or radio antenna or any other objects or machines which may protrude through the walls or roof of the BUILDING. No UNIT OWNER shall cause any object to be fixed to the common areas or facilities (including the location or construction of fences and planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the COMMON AREAS AND FACILITIES without the written consent of the ASSOCIATION being first obtained, provided that an OWNER of an adjacent UNIT may make, remove or alter walls pursuant to paragraph 33. hereof. In addition, nothing herein shall be construed as a prohibition against (a) completion repairs to the utilities systems by each UNIT OWNER as provided in paragraphs 9a. and 25. of this DECLARATION; or (b) the performance of the renovations by DECLARANT as contemplated in the sales contract with respect to each UNIT between DECLARANT and the UNIT OWNER.

24. RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON PROPERTY AND ASSESSMENT THEREFOR.

The ASSOCIATION shall have the right to make such alterations or

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improvements to the COMMON AREAS AND FACILITIES which do not prejudice the rights of the OWNER of any UNIT in the use and enjoyment of his UNIT, provided the making of such alterations and improvements are approved by the BOARD OF ADMINISTRATORS of the ASSOCIATION, and their costs shall be COMMON EXPENSES to be assessed and collected from all of the OWNERS of UNITS. However, where any alterations and improvements are exclusively or substantially for the benefit of the OWNER or OWNERS of certain UNIT or UNITS requesting them, then the cost of such alterations or improvements shall be charged against and collected solely from the OWNER or OWNERS of the UNIT or UNITS exclusively or substantially benefited, the charge to be levied in such proportion as may be determined by the BOARD OF ADMINISTRATORS of the ASSOCIATION. Increase in area size of the respective UNITS must be approved by the BOARD OF ADMINISTRATORS, and such increase shall affect the respective common ownership and voting rights of the members.

25. MAINTENANCE AND REPAIR BY OWNERS OF UNITS.

Every OWNER shall perform promptly all maintenance and repair work either within his UNIT or for which he is responsible and which, if omitted, would affect the PROPERTY or BUILDING either in its entirety or in a part belonging to other OWNERS, every OWNER being expressly responsible for the damages and liability which his failure to do so may engender. The OWNER of each UNIT shall be liable and responsible for the maintenance, repair and replacement of all heating and air conditioning equipment, stoves, refrigerators, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, lights, power, telephone, sewage and sanitary service of his UNIT as set forth in paragraph 4 hereof. Such OWNER shall further be responsible and liable for the maintenance, repair and replacement of all walls, ceilings and floors within his UNIT, including painting, decorating and furnishings, and all other accessories which such OWNER may desire to place or maintain in his UNIT. Whenever the maintenance, repair and replacement of any item for which the OWNER is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the ASSOCIATION, the proceeds of the insurance received by the ASSOCIATION shall be used for the purpose of making such maintenance, repair or replacement except that the OWNER of such UNIT shall be, in said instances, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. Upon the failure of the UNIT OWNER to so maintain his UNIT, the BOARD OF ADMINISTRATORS shall be authorized to maintain, repair or restore such UNIT and the cost thereof shall be charged to such UNIT OWNER and shall constitute a lien until paid.

26. MAINTENANCE AND REPAIR OF COMMON PROPERTY BY THE ASSOCIATION.

The ASSOCIATION, at its expense, shall be responsible for the maintenance, repair and replacement of all of the COMMON AREAS AND FACILITIES, including those portions thereof which contribute to the support of the BUILDING, and all conduits, ducts, plumbing, wiring and other facilities located in the COMMON AREAS AND FACILITIES for the

furnishing of utility and other services to the COMMON AREAS AND FACILITIES as provided in paragraph 5 hereof, and should any incidental damage be caused to any UNIT by virtue of any work which may be done or caused to be done by the ASSOCIATION in the maintenance, repair or replacement of any COMMON AREAS AND FACILITIES, the ASSOCIATION shall, at its expense, repair such incidental damage. Whenever the maintenance, repair and replacement of any item for which the ASSOCIATION is obligated to maintain, replace or repair at its expense is occasioned by any act of a UNIT OWNER, employees, agents, licensees or invitees, and such loss or damage may be covered by any insurance maintained in force by the ASSOCIATION, the proceeds of the insurance received by the ASSOCIATION shall be used for the purpose of making such maintenance, repair or replacement, except that the UNIT OWNER who is responsible for the act causing the damage (whether done by himself or by his employees, agents, licensees or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

27. TERMINATION.

The CONDOMINIUM shall be terminated, if at all, in the following manner:

A. The termination of the CONDOMINIUM may be affected only with the unanimous agreement of all UNIT OWNERS expressed in an instrument duly recorded; and, provided that the holders of all liens affecting any of the UNITS consent thereto, or agree, by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the UNIT OWNER in the COMMON AREAS AND FACILITIES as provided in paragraph c. below. The termination shall become effective when such agreement has been recorded in the public records of Iredell County, North Carolina.

B. If it is determined in the manner elsewhere provided that the BUILDING shall not be reconstructed after casualty, the CONDOMINIUM plan of ownership shall be terminated and the DECLARATION of CONDOMINIUM revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the ASSOCIATION certifying as to the facts effecting the termination, which Certificate shall become effective upon being recorded in the public records of Iredell County, North Carolina.

C. After termination of the CONDOMINIUM, the UNIT OWNERS shall own the COMMON AREAS AND FACILITIES as tenants in common in undivided shares and the holders of MORTGAGES and liens against the UNIT or UNITS formerly owned by such UNIT OWNERS shall have MORTGAGES and liens upon the respective undivided shares of the UNIT OWNERS. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the COMMON AREAS AND FACILITIES previously owned by each UNIT OWNER. All funds held by the ASSOCIATION and insurance proceeds, if any, shall be held for the UNIT OWNERS in the same proportion. The costs incurred by the ASSOCIATION in connection with the termination shall be a COMMON EXPENSE.

D. Following termination, the PROPERTY may be partitioned and sold

upon the application of any UNIT OWNER. Following a termination, if the BOARD OF ADMINISTRATORS determines by not less than a unanimous vote to accept an offer for the sale of the PROPERTY, each UNIT OWNER shall be bound to execute such deeds and other documents reasonably required to effect such sale at such time and in such form as the BOARD OF ADMINISTRATORS directs. In such event, any action for partition or other division of the PROPERTY shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the BOARD OF ADMINISTRATORS acting collectively as agent for all UNIT OWNERS, shall continue to have such powers as granted herein, even though the ASSOCIATION may be dissolved upon a termination.

28. AMENDMENT OF DECLARATION OF CONDOMINIUM.

This DECLARATION OF CONDOMINIUM may be amended in the following manner:

A. An amendment to this DECLARATION OF CONDOMINIUM may be proposed by the BOARD OF ADMINISTRATORS of the ASSOCIATION acting upon a vote of a majority of the ADMINISTRATORS, or by the members of the ASSOCIATION owning a majority of the UNITS, or as is otherwise required by specific provisions within this document or by the act itself, whether meeting as members or by instrument in writing signed by them. Upon any Amendment to this DECLARATION being proposed by the BOARD OF ADMINISTRATORS or members, such proposed Amendment shall be transmitted to the President of the ASSOCIATION, or other officer of the ASSOCIATION in the absence of the President, who shall thereupon call a Special Meeting of the members of the ASSOCIATION for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each member written notice of such Special Meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the ASSOCIATION, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the ASSOCIATION, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the Amendment proposed must be approved by an affirmative vote of OWNERS of all of the undivided percentage interest in the COMMON AREAS AND FACILITIES of the CONDOMINIUM in order for such Amendment to become effective. Thereupon such Amendment of this DECLARATION shall be transcribed and certified by the President and Secretary of the ASSOCIATION as having been duly adopted. The original or an executed copy of such Amendment so certified and executed with the same formalities as a deed, shall be recorded in the Iredell County Public Registry within ten (10) days from the date on which the same became effective. At any meeting held to consider such Amendment, the written vote of any member of the ASSOCIATION shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the ASSOCIATION prior to

such meeting or at such meeting.

B. No alteration in the percentage of ownership in COMMON AREAS AND FACILITIES appurtenant to each UNIT, or alteration of the basis for sharing COMMON EXPENSES and other apportionment of assessments which may be levied by the ASSOCIATION in accordance with the provisions hereof, or alteration of basis of ownership of COMMON AREAS, or alteration of voting rights in the association, shall be made without the prior written consent of all of the OWNERS of all UNITS and all of the Lenders holding first MORTGAGES or first deeds of trust on the UNITS.

C. ~~No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Lender shall be made~~ without prior written consent of all Lenders holding MORTGAGES on UNITS in the CONDOMINIUM being first had and obtained.

D. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of DECLARANT shall be made without the written consent of said party being first had and obtained.

29. REMEDIES IN EVENT OF DEFAULT.

The OWNER or OWNERS of each CONDOMINIUM UNIT shall be governed by and shall comply with the provision of this DECLARATION and the ARTICLES OF INCORPORATION and BYLAWS, as they may be amended from time to time. A default by the OWNER of any UNIT shall entitle the ASSOCIATION or the OWNER of other UNITS to the following relief:

A. Failure to comply with any of the terms of this DECLARATION or other restrictions and regulations contained in the ARTICLES OF INCORPORATION or BYLAWS of the ASSOCIATION, or which may be adopted pursuant thereto, 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 UNIT OWNER.

B. Each UNIT OWNER shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any of his employees, agents, invitees, licensees or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the ASSOCIATION. 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 by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by a UNIT OWNER, the ASSOCIATION shall be entitled to recover the costs of the proceeding and reasonable attorney's fees.

D. The failure of the ASSOCIATION or any UNIT OWNER to enforce any right, provision, covenant or condition which may be granted by this DECLARATION or the other above-mentioned documents shall not constitute a

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waiver of the right of the ASSOCIATION or of the UNIT OWNER to enforce such right, provision, covenant or condition in the future.

F. All rights, remedies and privileges granted to the ASSOCIATION or the OWNER or OWNERS of a UNIT pursuant to any terms, provisions, covenants or conditions of this DECLARATION or other above-referenced documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

F. The failure of DECLARANT to enforce any right, privilege, covenant or condition which may be granted to it by this DECLARATION or other above-referenced documents shall not constitute a waiver of the right of DECLARANT to thereafter enforce such right, provision, covenant or condition in the future.

G. The failure of a Lender or Lenders to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this DECLARATION or other above-referenced documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

30. STATEMENT OF PURPOSES, USE AND RESTRICTIONS.

The UNITS and COMMON AREAS AND FACILITIES shall be occupied and used as follows:

A. The PROPERTY shall be used for professional office purposes and for common business purposes auxiliary thereto but not for general retail sales purposes where sales are generally conducted on the PROPERTY or a part thereof except by mail or telephone.

B. There shall be no obstruction of the COMMON AREAS AND FACILITIES. Nothing may be stored in the COMMON AREAS AND FACILITIES without the prior written consent of the BOARD OF ADMINISTRATORS.

C. Nothing shall be done or kept in any UNIT or in the COMMON AREAS AND FACILITIES which will increase the rate of insurance on the COMMON AREAS AND FACILITIES or any other UNIT without the prior written consent of the BOARD OF ADMINISTRATORS. No UNIT OWNER shall permit anything to be done or kept in his UNIT or in the COMMON AREAS AND FACILITIES which would result in the cancellation of insurance or any UNIT or any part of the COMMON AREAS AND FACILITIES, or which would be in violation of any law, zoning ordinances or classification and all other applicable governmental regulations. No waste of the COMMON AREAS AND FACILITIES shall be permitted to be committed.

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D. No sign of any kind shall be displayed to the public view from any UNIT or from the COMMON AREAS AND FACILITIES without the prior written consent of the BOARD OF ADMINISTRATORS.

E. No animals (including household pets), livestock or poultry of any kind shall be raised, bred or kept in any UNIT or in the COMMON AREAS AND FACILITIES except with the prior written permission of the BOARD OF ADMINISTRATORS.

F. No noxious, offensive, unlawful, immoral or improper activity shall be carried on in any UNIT or in the COMMON AREAS AND FACILITIES, nor shall anything be done therein which will be an annoyance or nuisance to other OWNERS.

G. Nothing shall be altered or constructed in or removed from the COMMON AREAS AND FACILITIES, except with the prior written consent of the BOARD OF ADMINISTRATORS.

H. The BOARD OF ADMINISTRATORS of the ASSOCIATION is authorized to adopt rules for the use of the COMMON AREAS AND FACILITIES, said rules to be furnished in writing to the UNIT OWNERS.

I. Notwithstanding anything to the contrary, DECLARANT and such PERSONS it may select, shall have the right of ingress and egress over, upon and across the COMMON AREAS AND FACILITIES, the right to utilize one or more UNITS as a model, the right to erect signs upon the PROPERTY for the purpose of advertising availability of UNITS for sale and/or lease and similar uses, and the right to store materials in or on the COMMON AREAS AND FACILITIES and make such other use thereof as may be reasonably necessary incident to development, lease and/or sale of the UNITS and the repair, maintenance and operation of the UNITS and COMMON AREAS AND FACILITIES.

31. RIGHTS RESERVED UNTO MORTGAGEES.

Any MORTGAGEE shall have the following rights, to-wit:

A. To examine, at reasonable times and upon reasonable notice, the books and records of the ASSOCIATION and to be furnished at least one copy of the annual financial statement and report of the ASSOCIATION, such annual statement and report to be furnished by April 15 of each calendar year beginning in 1987.

B. To be given notice by the ASSOCIATION of the call of any meeting of the Association's membership to be held for the purpose of considering any proposed amendment to this DECLARATION or the ARTICLES OF INCORPORATION and BYLAWS of the ASSOCIATION, which notice shall state the nature of the amendment being proposed.

C. To be given written notice of default by any UNIT OWNER owning a UNIT encumbered by a MORTGAGE held by the MORTGAGEE, such notice to be sent to the principal office of such MORTGAGEE, or the place which it may designate in writing.

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D. To be given written notice of any loss to or taking of the COMMON AREAS AND FACILITIES of the CONDOMINIUM if such loss or taking exceeds One Hundred Thousand Dollars (\$100,000) or damage to a UNIT in excess of Twenty Thousand Dollars (\$20,000).

The ASSOCIATION shall serve or cause to be served written notice of such facts required above upon the Mortgagee(s) by certified mail, return receipt required requested, addressed to the Mortgagee(s), identifying the UNIT or UNITS upon which any such Mortgagee(s) hold(s) any MORTGAGE or identifying any UNIT owned by it.

32. CONDEMNATION.

A. In the event all or any part of the PROPERTY shall be taken in condemnation or by eminent domain, the award for such taking shall be payable to the ASSOCIATION and shall be disbursed by the ASSOCIATION as hereinafter provided in this Section.

B. If the taking is of COMMON AREAS AND FACILITIES and does not consist of taking any part of the BUILDING, the BOARD OF ADMINISTRATORS shall arrange for restoration of the remaining COMMON AREAS AND FACILITIES and the ASSOCIATION shall disburse the proceeds of the condemnation award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the COMMON AREAS AND FACILITIES is to be repaired or reconstructed, as provided for in paragraph 16. hereof.

C. If the taking includes any part of the BUILDING, whether or not there is included in the taking any part of the COMMON AREAS AND FACILITIES, and such taking shall make it impossible or impracticable to reconstruct within the COMMON AREAS AND FACILITIES and UNIT, all or part of which has been taken, then the OWNER of any such UNIT shall receive that compensation awarded to him for his UNIT by the court having authority in the condemnation action. Also, if the overall award includes a payment to the ASSOCIATION for the taking of a portion of the COMMON AREAS AND FACILITIES and no separate COMMON AREAS AND FACILITIES award was made to the particular UNIT OWNER, then that OWNER shall be paid his fractional interest in COMMON AREAS AND FACILITIES award and shall thereupon execute an amendment to the DECLARATION, which amendment shall eliminate said UNIT OWNER'S undivided interest from the CONDOMINIUM PROPERTY and shall re-allocate the undivided interest to all remaining UNIT OWNERS. By accepting a deed for a UNIT, each UNIT OWNER agrees to execute the amendment to the DECLARATION and any required amendment to any of the other CONDOMINIUM documents to confirm the effect of this paragraph. Also, in consideration of the condemnation award paid by the court (and by the ASSOCIATION, if applicable), the OWNER of any UNIT so taken agrees to execute a Quitclaim Deed conveying his remaining interest in any CONDOMINIUM PROPERTY for which he has been paid, to the OWNERS of all of the remaining UNITS. Any required amendments and the Quitclaim Deed shall be prepared at the direction and expense of the ASSOCIATION.

D. Mortgagee's interest: If the award made by the court to a UNIT OWNER has not been sufficient to pay in full the balance of any MORTGAGE on said UNIT, then any COMMON AREAS AND FACILITIES payment by the ASSOCIATION to the UNIT OWNER shall be payable jointly to the UNIT OWNER and his

MORTGAGEES.

33. INVALIDITY.

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

34. WAIVER.

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

35. CAPTIONS.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this DECLARATION or the intent of any provision hereof.

36. LAW CONTROLLING.

This DECLARATION and the BYLAWS attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

37. LIBERAL CONSTRUCTION.

The provisions of this DECLARATION shall be liberally construed to effectuate its purpose of creating a uniform plan of CONDOMINIUM ownership as provided in the North Carolina Unit Ownership Act. Through this DECLARATION, wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

IN WITNESS WHEREOF, DECLARANT has caused this DECLARATION to be executed by all of its general partners, this the 13th day of December, 1985.

"DECLARANT"

David G. Kogut (SEAL)
David G. Kogut

W. E. Webb, III (SEAL)
W. E. Webb, III

James B. Webb (SEAL)
James B. Webb

T. Duke Williams, Jr. (SEAL)
T. Duke Williams, Jr.

* * *

NORTH CAROLINA - IREDELL COUNTY:

I, SARAH L. DYSON, a Notary Public for said County and State, do hereby certify that DAVID G. KOGUT personally appeared before me this day

AIMEE A. TOTH
ATTORNEY AT LAW
1833 DAVIE AVENUE
407 4TH CREEK DRIVE
STATESVILLE, N. C. 28677
(704) 673-1871

and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 13th day of December, 1985.

Sarah L. Dyson
NOTARY PUBLIC

My Commission expires:
April 1, 1986

* * *

~~NORTH CAROLINA - IREDELL COUNTY:~~

I, SARAH L. DYSON, a Notary Public for said County and State, do hereby certify that W. E. WEBB III, JAMES B. WEBB, and T. DUKE WILLIAMS, JR., personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 13th day of December, 1985.

Sarah L. Dyson
Notary Public

My Commission expires:
April 1, 1986

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ATTORNEY AT LAW
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SCHEDULE A

BOOK 724 PAGE 842

LEGAL DESCRIPTION

BEGINNING at an iron stake at the intersection of Davie Avenue and Interstate 77 and running thence with the north right of way line of Davie Avenue South 56 deg. 46 min. 30 sec. West for a total of 577.22 ft. to an iron stake; thence with the line of Lots 12 and 28 of Block B and a portion of Lot 21 of Block H of the W. C. and J. D. Kitchings property as platted, planned and recorded in Plat Book 3 at Page 116; North 02 deg. 56 min. East for a total of 435.26 ft. to an iron stake; thence a new line of the G. L. Wilson Building Company, South 87 deg. 04 min. East for a total of 466.91 ft. to a concrete marker on the western right of way of Interstate 77; thence with the western right of way South 03 deg. 27 min. 40 sec. West for a total of 94.69 ft. to the BEGINNING, containing 2.84 acres, more or less.

The above described property is subject to a right of way for the purpose of a roadway for ingress and egress from the property, provided however that if the roadway is used for purposes other than ordinary passenger vehicular use, then G. L. Wilson Building Company, their heirs, assigns, or successors at law will maintain any damage done to the roadway, the following described description: BEGINNING at a concrete marker on the northern right of way of Davie Avenue; said marker being South 56 deg. 46 min. 30 sec. West for a total of 156.87 ft. from an iron stake the northwest intersection of Interstate 77 and Davie Avenue; and running thence North 13 deg. 40 min. West 25 ft., North 07 deg. 42 min. West 25 ft., North 04 deg. 44 min. East 25 ft., North 16 deg. 24 min. East 25 ft., North 23 deg. 47 min. East 25 ft., North 10 deg. 48 min. East 25 ft., North 08 deg. 22 min. East 25 ft., and North 05 deg. 22 min. East 16.44 ft. to a concrete marker as being the southern property line of G. L. Wilson Building Company as recorded in Deed Book 642, Page 315, Iredell County Registry; and thence running with said Wilson's line South 87 deg. 04 min. East 117.26 ft. to a concrete marker; said marker being situated in the western right of way and controlled access of Interstate 77; and runs thence with said right of way and controlled access South 03 deg. 27 min. 40 sec. West 75.98 ft. to a concrete marker; thence leaving said right of way and running South 56 deg. 46 min. 30 sec. West 97.52 ft. to a concrete marker; thence South 17 deg. 02 min. East 15.62 ft. to a concrete marker in the northern right of way line of Davie Avenue; thence with said right of way of Davie Avenue South 56 deg. 46 min. 30 sec. West 66.17 ft. to the point of BEGINNING, containing 0.3855 acre, as shown on a plat of Fourth Creek Office Park as recorded in Condominium Book 1, Page 16, Iredell County Registry.

When the easement is dedicated to the City of Statesville for right of way purposes, then G. L. Wilson Building Company, their heirs, assigns, or successors at law will no longer be responsible for any damage done to the roadway.

The above described property is conveyed subject to the easement and right of way of Davie Avenue (U.S. Highway No. 64), and subject to the easements and rights of ways granted to the City of Statesville for sewer lines by instruments recorded in Deed Book 135, Page 320; Deed Book 149, Page 241; Deed Book 364, Page 243, and Deed Book 385, Page 395; and subject to the easement and right of way granted to Southern Bell Telephone and Telegraph Company recorded in Deed Book 157, Page 429; and subject to the easement and right of way granted to the City of Statesville for power poles and lines recorded in Deed Book 222, Page 321; and subject to the easement and

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right of way granted to Duke Power Company recorded in Deed Book 296, Page 57, Iredell County Registry.

The above described property is a portion of that certain tract of land conveyed to G. L. Wilson Building Company by deed from William Clarence Ramsey & Wife, Margaret Allene Curtis Ramsey; Sara Jane Ramsey, unmarried; John Richard Ramsey, unmarried; Lillie Bell Ramsey, unmarried; and Alice Stevenson Ramsey, unmarried, dated August 29, 1979, and recorded in Deed Book 642, page 315, Iredell County Registry.

The respective interest of the parties are more specifically set forth in the Declaration of Condominium recorded in Book 724, Page 843, Iredell

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EXHIBIT B

Percentage of Ownership in Common Areas and Facilities

<u>Unit Number</u>	<u>Percentage of Ownership</u>
1.	50%
2.	40%

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EXHIBIT C

ARTICLES OF INCORPORATION
OF
FOURTH CREEK OFFICE PARK COMPANY

The undersigned, natural person of the age of eighteen years or more, hereby forms a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Nonprofit Corporation Act", and the several amendments thereto, and to that end does hereby set forth:

1. The name of the corporation is FOURTH CREEK OFFICE PARK COMPANY.
2. The period of duration of the corporation shall be perpetual.
3. The purposes for which the corporation is organized are:
 - a. To manage, maintain, operate, care for and administer the FOURTH CREEK OFFICE PARK COMPANY as described in the DECLARATION of intention to submit property to the provisions of the North Carolina Unit Ownership Act and recorded (or to be recorded) in the Office of the Register of Deeds for Iredell County, North Carolina, which is incorporated herein by reference, (such DECLARATION, as the same may be amended from time to time, being hereinafter referred to as the "DECLARATION"); to enforce the covenants, restrictions, easements, charges and liens provided in the DECLARATION to be enforced by the ASSOCIATION; to fix, levy, assess, collect, enforce and disburse the charges and assessments created under the DECLARATION, all in the manner set forth in and subject to the provisions of the DECLARATION; to own, operate, lease, sell, trade and otherwise deal with such PROPERTY, whether real or personal, as may be necessary or convenient in the administration of THE CONDOMINIUM; and to exercise all powers and privileges and to perform all duties and obligations of the ASSOCIATION under the DECLARATION;
 - b. To do any and all other lawful things and acts that the ASSOCIATION from time to time, in its discretion, may deem to be for the benefit of THE CONDOMINIUM and the OWNERS and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the OWNERS and inhabitants thereof; and
 - c. To exercise all powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated purposes.
4. The ASSOCIATION is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the ASSOCIATION shall be distributed, upon dissolution or otherwise, to any member, ADMINISTRATOR (Director) or officer of the ASSOCIATION.

5. Provisions relating to the members of the ASSOCIATION are:

a. Members of the ASSOCIATION shall be every UNIT OWNER as defined in the DECLARATION and no other person or entity shall be entitled to membership.

b. There shall be only one class of members in the ASSOCIATION.

c. The members of the ASSOCIATION shall have the right to vote for the election and removal of ADMINISTRATORS (Directors) and upon such other matters with respect to which the right to vote is given to members under the DECLARATION or under the provisions of Chapter 55 of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the DECLARATION and the BYLAWS attached thereto, but notwithstanding anything herein to the contrary, the DECLARANT under the DECLARATION shall be entitled to appoint a majority of the BOARD OF ADMINISTRATORS so long as it owns one (1) or more CONDOMINIUM UNITS in THE CONDOMINIUM, but in any event, not longer than two (2) years, in the manner more specifically set forth in the DECLARATION, and such PERSON or PERSONS selected need not be an OWNER or a CONDOMINIUM UNIT.

d. Membership in the ASSOCIATION shall be appurtenant to and may not be separated from ownership of a UNIT in THE CONDOMINIUM. Restrictions on the transfer or encumbrance of UNITS are set forth in the DECLARATION.

6. The address of the initial registered office of the ASSOCIATION is 1835 Davie Avenue, Statesville, North Carolina 28677, and the initial registered agent of the ASSOCIATION at such address is Aimee A. Toth.

7. The business and conduct of the ASSOCIATION shall be regulated by a BOARD OF ADMINISTRATORS who shall be elected in the manner and for the terms provided in the BYLAWS. The number of ADMINISTRATORS constituting the initial BOARD OF ADMINISTRATORS shall be five (5); and the names and addresses of the persons who are to serve as the initial ADMINISTRATORS are:

<u>Name</u>	<u>Address</u>
Aimee A. Toth	1835 Davie Avenue, Statesville, NC
David G. Kogut	1835 Davie Avenue, Statesville, NC
W. E. Webb, III	1835 Davie Avenue, Statesville, NC
James B. Webb	1835 Davie Avenue, Statesville, NC
T. Duke Williams, Jr.	1835 Davie Avenue, Statesville, NC

8. An amendment or amendments to these ARTICLES OF INCORPORATION shall require the assent of UNIT OWNERS owning all of the undivided interest in the COMMON AREAS AND FACILITIES.

No amendment to these ARTICLES OF INCORPORATION which shall abridge, amend or alter the right of the DECLARANT to designate and select

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the majority of each BOARD OF ADMINISTRATORS of the ASSOCIATION as provided herein may be adopted or become effective without the prior written consent of DECLARANT.

3. The incorporator of this ASSOCIATION is Aimee A. Toth, and her address is 1835 Davie Avenue, Statesville, Iredell County, North Carolina 28677.

IN TESTIMONY WHEREOF, the undersigned has set her hand and affixed her seal, this 6th day of December, 1985.

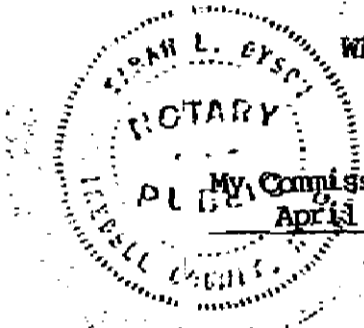
[Handwritten signature of Aimee A. Toth]
Aimee A. Toth

STATE OF NORTH CAROLINA - COUNTY OF IREDELL:

I, Sarah L. Dyson, a Notary Public in and for said County and State, do hereby certify that AIMEE A. TOTH personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial seal, this 6th day of December, 1985.

[Handwritten signature of Sarah L. Dyson]
Notary Public



Drawn by and mail to:

Aimee A. Toth
1835 Davie Avenue
Statesville, N.C. 28677

STATE OF NORTH CAROLINA -- Iredell County

The foregoing certificate of *Sarah L. Dyson a Notary Public of Iredell Co. N.C.*

is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of Iredell County, North Carolina in Book 724, Page 813.

This 12 day of December, A.D., 1985 at 4:15 o'clock P.M.

[Handwritten signature of L. L. Nesbitt]
REGISTER OF DEEDS

By: *[Handwritten signature of Beatrice D. Weston]*
Deputy Register of Deeds

EXHIBIT D

BYLAWS
OF
FOURTH CREEK OFFICE PARK COMPANY
A NONPROFIT CORPORATION

ARTICLE 1 - PURPOSE, APPLICABILITY, OFFICES

Section 1. PURPOSE: This corporation (hereinafter called the "ASSOCIATION") has been organized to provide for the administration, management, maintenance and care of FOURTH CREEK OFFICE PARK COMPANY, a CONDOMINIUM established in accordance with the North Carolina Unit Ownership Act upon the PROPERTY situate, lying and being in Statesville, Iredell County, North Carolina, and more particularly described on Exhibit "A" attached to the DECLARATION and incorporated herein by reference. (FOURTH CREEK PROFESSIONAL OFFICES is hereafter referred to as the "CONDOMINIUM").

Section 2. APPLICABILITY OF BYLAWS: The provisions of these BYLAWS are applicable to the CONDOMINIUM and to the use and occupancy thereof. All present and future OWNERS, MORTGAGEES, lessees and occupants of UNITS, and any other PERSONS who may use or occupy the facilities of the CONDOMINIUM in any manner, are subject to the DECLARATION, these BYLAWS and rules and regulations made pursuant hereto and any amendment to these BYLAWS upon the same being passed and duly set forth in an amendment to the DECLARATION, duly recorded. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a UNIT shall constitute an agreement that these BYLAWS (and any rules and regulations made pursuant hereto) and the provisions of the DECLARATION, as they may be amended from time to time, are accepted, ratified and will be complied with.

Section 3. PRINCIPAL OFFICE: The principal office of the ASSOCIATION shall be located in Statesville, Iredell County, North Carolina.

Section 4. REGISTERED OFFICE: The registered office of the ASSOCIATION required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 5. DEFINITIONS: All terms as defined in the DECLARATION shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE 11 - UNIT OWNERS

Section 1. MEMBERSHIP: Each UNIT OWNER shall be a member of the ASSOCIATION and no other PERSON or entity shall be entitled to membership. Until such time as the PROPERTY described on Exhibit "A" of the DECLARATION is submitted to a PLAN OF CONDOMINIUM ownership by the RECORDATION of the DECLARATION, membership of the ASSOCIATION shall be comprised of the five (5) individuals named in Section 2 of Article III hereof as the initial

BOOK 724 PAGE 849

ADMINISTRATORS, and each such individual shall be entitled to cast one (1) vote on all matters on which the membership shall be entitled to vote.

Section 2. PLACE OF MEETINGS: All meetings of the UNIT OWNERS shall be held at the CONDOMINIUM or at such other place either within or without the State of North Carolina as shall be designated in a notice of the meeting.

Section 3. ANNUAL MEETINGS: Beginning in 1985, an annual meeting of the UNIT OWNERS shall be held at place designated by the BOARD OF ADMINISTRATORS on the date designated by the BOARD OF ADMINISTRATORS, but in no event later than April 15 of each year if not a legal holiday, and if a legal holiday, then at the same time on the next day if not a legal holiday for the purpose of electing members of the BOARD OF ADMINISTRATORS and for the transaction of such other business as may be properly brought before the meeting.

Section 4. SUBSTITUTE ANNUAL MEETINGS: If the annual meeting shall not be held on the day designated by the BYLAWS, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 5. SPECIAL MEETINGS: Special meetings of the UNIT OWNERS may be called at any time by the BOARD OF ADMINISTRATORS or upon the written request of UNIT OWNERS owning in the aggregate at least a fifty percent (50%) undivided interest in the COMMON AREAS AND FACILITIES.

Section 6. NOTICE OF MEETINGS: Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the BOARD OF ADMINISTRATORS or UNIT OWNERS calling the meeting, to such PERSON entitled to vote at such meeting.

In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of ADMINISTRATORS on which the vote of UNIT OWNERS is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

Section 7. QUORUM: The presence in PERSON or by proxy at any meeting of the VOTING MEMBERS (as defined in Section 8 of this Article) having seventy-five percent (75%) of the total votes shall constitute a

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quorum. If there is no quorum at the opening of the meeting of UNIT OWNERS, such meeting may be adjourned from time to time by the unanimous vote of the VOTING MEMBERS present, either in PERSON or by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The VOTING MEMBERS at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough VOTING MEMBERS to leave less than a quorum.

Section 8. VOTING RIGHTS: There shall be one PERSON from each UNIT who shall be entitled to vote at any meeting of the UNIT OWNERS. Such PERSON shall be known and hereafter referred to as a "VOTING MEMBER." Such VOTING MEMBER may be the UNIT OWNER or one of the group composed of all of the UNIT OWNERS, or may be some other PERSON designated by such UNIT OWNER or OWNERS to act as proxy on his or their behalf and who need not be a UNIT OWNER. Such designation shall be made in writing to the BOARD and shall be revocable at any time by actual notice to the BOARD of the death or judicially declared incompetence of any designator, or by written notice to the BOARD by the UNIT OWNER or OWNERS. The total number of votes of all VOTING MEMBERS shall be one hundred (100), and each OWNER or group of OWNERS (including the BOARD OF ADMINISTRATORS, if the BOARD OF ADMINISTRATORS, or its designee, shall then hold title to one or more UNITS) shall be entitled to the number of votes equal to the total of the percentage of ownership in the COMMON AREAS AND FACILITIES applicable to his or their UNIT as set forth in Exhibit "B" of the DECLARATION.

Section 9. VOTING: In all elections for members of the BOARD OF ADMINISTRATORS, each VOTING MEMBER shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

Section 10. WAIVER OF NOTICE: Any UNIT OWNER may, at any time, waive notice of any meeting of the UNIT OWNERS in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a UNIT OWNER at any meeting of the UNIT OWNERS shall constitute a waiver of notice by him of the time and place thereof except when a UNIT OWNER attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the UNIT OWNERS are present at any meeting of the UNIT OWNERS, no notice shall be required and any business may be transacted at such meeting.

Section 11. INFORMAL ACTION BY UNIT OWNERS: Any action which may be taken at a meeting of the UNIT OWNERS may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the PERSONS who would be entitled to vote upon such action at a meeting, (that is, the VOTING MEMBERS) and filed with the Secretary of the ASSOCIATION to be kept in the ASSOCIATION'S minute book.

ARTICLE III - BOARD OF ADMINISTRATORS

Section 1. NUMBER: The business and PROPERTY of the ASSOCIATION shall be managed and directed by the BOARD OF ADMINISTRATORS composed of

five (5) PERSONS or by such Executive Committees as the BOARD may establish pursuant to these BYLAWS.

Section 2. INITIAL ADMINISTRATORS. The initial ADMINISTRATORS shall be selected by the DECLARANT and need not be UNIT OWNERS. The name of the PERSONS who shall serve on the initial BOARD OF ADMINISTRATORS from the date upon which the DECLARATION is recorded in the Iredell County Registry until the first annual meeting (or special meeting called for the purpose of election of ADMINISTRATORS) of the members of until such time as their successors are duly elected and qualify, are as follows:

- David G. Kogut
- Aimee A. Toth
- W. E. Webb III
- James B. Webb
- T. Duke Williams, Jr.

Section 3. ELECTION, TERM AND QUALIFICATION: Except as provided in Section 2 and 5 of this Article, the ADMINISTRATORS shall be elected at the annual meeting of UNIT OWNERS and those PERSONS who receive the highest number of votes shall be deemed to have been elected. The size of the BOARD OF ADMINISTRATORS may be increased or decreased from time to time upon the affirmative vote of UNIT OWNERS owning all of the undivided interest in the COMMON AREAS AND FACILITIES, provided that said BOARD shall not be less than three (3) in number nor greater in number than nine (9). Each ADMINISTRATOR shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualifies. Each member of the BOARD (after the first annual meeting of the ASSOCIATION and the election and qualification of the successors to the initial BOARD OF ADMINISTRATORS) shall be one of the UNIT OWNERS or CO-OWNERS or a spouse of a UNIT OWNER or CO-OWNER, provided, however, that in the event a UNIT OWNER is a corporation, partnership, trust or other legal entity other than a natural PERSON or PERSONS, then any officer or director of such corporation, partner in such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the BOARD.

Notwithstanding any provision to the contrary, so long as the DECLARANT owns a minimum of one (1) unit, but in any event, DECLARANT shall have the right to designate and select a majority of the PERSONS who shall serve as members of the BOARD OF ADMINISTRATORS until January 1, 1987.

Section 4. REMOVAL: ADMINISTRATORS may be removed from office with or without cause by affirmative vote of the UNIT OWNERS having seventy-five percent (75%) of the total votes entitled to vote at an election of ADMINISTRATORS. If any ADMINISTRATORS are so removed, new ADMINISTRATORS may be elected at the same meeting.

Section 5. VACANCIES: A vacancy occurring in the BOARD OF ADMINISTRATORS, including administratorships not filled by the UNIT OWNERS, may be filled by a seventy-five percent (75%) majority of the remaining ADMINISTRATORS, though less than a quorum, or by the sole remaining ADMINISTRATOR, but a vacancy created by an increase in the authorized number of ADMINISTRATORS shall be filled only by election at an annual

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meeting or a special meeting of UNIT OWNERS called for that purpose. VOTING MEMBERS may elect an ADMINISTRATOR at any time to fill any vacancy not filled by the ADMINISTRATORS.

Section 6. COMPENSATION: The BOARD OF ADMINISTRATORS shall receive no compensation for their services unless expressly allowed by the BOARD at the direction of the UNIT OWNERS having seventy-five percent (75%) of the total votes entitled to vote at an election of ADMINISTRATORS.

Section 7. EXECUTIVE COMMITTEES: The BOARD OF ADMINISTRATORS may, by resolution adopted by all the ADMINISTRATORS elected by these owners, designate two (2) or more ADMINISTRATORS to constitute an Executive Committee, which committee to the extent provided in such resolution shall have and may exercise all of the authority of the BOARD in the management of the CONDOMINIUM.

Section 8. POWERS AND DUTIES: The BOARD OF ADMINISTRATORS shall have the power and duties necessary for the administration of the affairs of the CONDOMINIUM and may do all such acts and things, except such acts as by law or by the DECLARATION or by these BYLAWS may not be delegated to the BOARD. Such powers and duties of the BOARD shall include, but shall not be limited to, the following:

- a. Operation, care, upkeep, repair, maintenance and replacement of the COMMON AREAS AND FACILITIES and payments therefor, upon presentation of appropriate vouchers.
- b. Determination of the COMMON EXPENSES required for the affairs of the CONDOMINIUM, including without limitation, the operation and maintenance of the COMMON AREAS AND FACILITIES.
- c. Collection of the COMMON EXPENSES from the UNIT OWNERS.
- d. Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the COMMON AREAS AND FACILITIES.
- e. The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the PROPERTY, and for the health, comfort, safety and general welfare of the UNIT OWNERS and occupants of the PROPERTY. Written notice of such rules and regulations shall be given to all UNIT OWNERS and occupants the the entire PROPERTY shall at all times be maintained subject to such rules and regulations.
- f. Opening of bank accounts on behalf of the ASSOCIATION and designating the signatures required therefor.
- g. Purchasing or leasing or otherwise acquiring in the name of the BOARD OF ADMINISTRATORS, or its designee, corporate or otherwise, on behalf of UNIT OWNERS, UNITS offered for sale or surrendered by their UNIT OWNERS to the BOARD as provided by the DECLARATION.

h. Purchasing of UNITS at foreclosure or other judicial sales in the name of the BOARD OF ADMINISTRATORS, or its designee, corporate or otherwise, on behalf of all UNIT OWNERS, provided such purchase is duly authorized as set forth in DECLARATION.

i. Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with UNITS acquired by the BOARD OF ADMINISTRATORS or its designee, corporate or otherwise, on behalf of all UNIT OWNERS, subject to the DECLARATION and other applicable restrictions, and organizing corporations to act as designees of the BOARD in acquiring title to UNITS on behalf of all UNIT OWNERS.

j. Maintaining and repairing any UNIT, if such maintenance or repair is required by the DECLARATION or is necessary in the discretion of the BOARD to protect the COMMON AREAS AND FACILITIES or any other UNIT or if the UNIT OWNER of such UNIT has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by the BOARD to said UNIT OWNER, provided that the BOARD shall levy a special assessment against such UNIT OWNER for the costs of said maintenance or repair.

k. Entering any UNIT when necessary in connection with any maintenance or construction for which the BOARD is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the UNIT OWNERS as practicable, and any damage caused thereby shall be repaired by the BOARD and such expenses shall be treated as a COMMON EXPENSE; and entering any unit for the purpose of correcting or abating any condition or situation deemed by the BOARD to be an emergency.

l. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the BOARD. In the absence of such determination by the BOARD, such documents shall be signed by either the Treasurer, or the Assistant Treasurer of the CONDOMINIUM, and countersigned by the Chairman of the BOARD.

m. Obtaining of insurance for the PROPERTY pursuant to the applicable provisions of the DECLARATION.

n. Making of repairs, additions, and improvements to or alterations or restoration of the PROPERTY in accordance with the other provisions of these BYLAWS and the DECLARATION, after damage or destruction by fire or other casualty, or as a result of a condemnation of eminent domain proceeding.

o. Engaging the services of any PERSON, firm or corporation to act as managing agent of the CONDOMINIUM at a compensation established by the BOARD, to perform all of the powers and duties

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of the ASSOCIATION, except those which may be required by the DECLARATION or the North Carolina Unit Ownership Act to have approval of the BOARD or the UNIT OWNERS.

p. To enforce by any legal means or proceeding the provisions of the ARTICLES OF INCORPORATION of the ASSOCIATION, these BYLAWS, the DECLARATION or the rules and regulations hereinafter promulgated governing use of the COMMON AREAS AND FACILITIES in the CONDOMINIUM.

q. To pay all taxes and assessments which are or may become liens against any part of the CONDOMINIUM, other than the UNITS, and to assess the same against the UNIT OWNERS in the manner herein provided.

r. To adopt a seal for the ASSOCIATION.

s. Hiring attorneys and other professionals.

t. Any other powers and duties reserved to the BOARD in the DECLARATION, the ARTICLES OF INCORPORATION or these BYLAWS.

ARTICLE IV - MEETINGS OF ADMINISTRATORS

Section 1. ORGANIZATION MEETING: The first meeting of a newly elected BOARD OF ADMINISTRATORS shall be held within fifteen (15) days following the meeting of the UNIT OWNERS at which the BOARD is elected. No notice shall be necessary to the newly elected members of the BOARD in order to legally constitute such meeting, provided a quorum shall be present.

Section 2. REGULAR MEETINGS: A regular meeting of the BOARD shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the UNIT OWNERS. In addition, the BOARD may provide by resolution the time and place either within or without the State of North Carolina, for the holding of a regular meeting of the BOARD.

Section 3. SPECIAL MEETINGS: Special meetings of the BOARD OF ADMINISTRATORS may be called by or with the request of the Chairman or by any two (2) ADMINISTRATORS. Such meeting may be held either within or without the State of North Carolina.

Section 4. NOTICE OF MEETING: Regular meetings of the BOARD OF ADMINISTRATORS may be held without notice. The PERSON or PERSONS calling a special meeting of the ADMINISTRATORS shall, at least two (2) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 5. WAIVER OF NOTICE: Any member of the BOARD OF ADMINISTRATORS may at any time waive notice of any meeting of the BOARD, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the BOARD at any meeting of the BOARD shall constitute a waiver of notice by him of the time and place thereof. If all the members of the BOARD are present at any meeting of the BOARD, no

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notice shall be required and any business may be transacted at such meeting.

Section 6. QUORUM: A seventy-five percent (75%) majority of the number of ADMINISTRATORS fixed by these BYLAWS shall be required for and shall constitute a quorum for the transaction of business at any meeting of the BOARD OF ADMINISTRATORS.

Section 7. MANNER OF ACTING: Except as otherwise provided in this section, the act of the seventy-five percent (75%) majority of the ADMINISTRATORS present at a meeting at which a quorum is present shall be the act of the BOARD OF ADMINISTRATORS. A unanimous vote of the ADMINISTRATORS fixed by the BYLAWS shall be required to adopt a resolution appointing an executive committee. The unanimous vote of the ADMINISTRATORS then holding office shall be required to adopt, amend, or repeal a BYLAW. Vacancies in the BOARD may be filled as provided in Article III, Section 5, of these BYLAWS.

Section 8. ORGANIZATION: Each meeting of the BOARD OF ADMINISTRATORS shall be presided over by the Chairman of the BOARD, and in the absence of the Chairman, by any PERSON selected to preside by vote of the majority of the ADMINISTRATORS present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary any PERSON designed by the Chairman of the meeting, shall act as Secretary of the meeting.

Section 9. INFORMAL ACTION OF ADMINISTRATORS: Action taken by a majority of the ADMINISTRATORS without a meeting is nevertheless BOARD action if written consent to the action in question is signed by all of the ADMINISTRATORS and filed with the minutes of the proceedings of the BOARD, whether done before or after the action so taken.

Section 10. MINUTES: The BOARD shall keep minutes of its proceedings.

Section 11. FIDELITY BONDS: The BOARD OF ADMINISTRATORS may in its discretion require all officers and employees of the ASSOCIATION handling or responsible for ASSOCIATION funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a COMMON EXPENSE.

Section 12. LIABILITY OF THE BOARD: The members of the BOARD shall not be liable to the UNIT OWNERS for any mistake or judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The UNIT OWNERS shall indemnify and hold harmless each of the members of the BOARD against all contractual liability to others arising out of contracts made by the BOARD on behalf of the ASSOCIATION unless any such contract shall have been made in bad faith or contrary to the provisions of the DECLARATION or these BYLAWS.

It is intended that the members of the BOARD OF ADMINISTRATORS shall have no personal liability with respect to any contract made by them on behalf of the ASSOCIATION, except to the extent that they are UNIT OWNER(S). It is also intended that the liability of any UNIT OWNER arising

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out of any contract made by the BOARD or out of the aforesaid indemnify in favor of the members of the BOARD shall be limited to such proportion of the total liability thereunder as his interest in the COMMON AREAS AND FACILITIES bears to the interests of all the UNIT OWNERS in the COMMON AREAS AND FACILITIES. Every agreement made by the BOARD on behalf of the ASSOCIATION shall provide that the members of the BOARD, or the managing agent, as the case may be, are acting only as agents for the UNIT OWNERS and shall have no personal liability thereunder (except as UNIT OWNERS), and that each UNIT OWNER'S liability thereunder shall be limited to such proportion of the total liability as his interest in the COMMON AREAS AND FACILITIES bears to the interest of all UNIT OWNERS in the COMMON AREAS AND FACILITIES.

ARTICLE V- OFFICERS

Section 1. NUMBER: The principal officers of the ASSOCIATION shall consist of a Chairman of the BOARD, a Secretary, a Treasurer, and such Vice Chairman, Assistant Secretaries, Assistant Treasurer, and other officers as the BOARD OF ADMINISTRATORS may from time to time elect. Any two or more offices may be held by the same PERSON except the offices of Chairman and Secretary.

Section 2. ELECTION AND TERM: The officers of the ASSOCIATION shall be elected by and from the BOARD OF ADMINISTRATORS. Such elections may be held at the regular annual meeting of the BOARD.

Each officer shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 3. REMOVAL: Any officer or agent elected or appointed by the BOARD may be removed by the BOARD with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the PERSON so removed.

Section 4. COMPENSATION: No officer shall receive any compensation from the ASSOCIATION for acting as such.

Section 5. CHAIRMAN OF THE BOARD: The Chairman of the BOARD shall be the principal executive officer of the ASSOCIATION and, subject to the control of the BOARD OF ADMINISTRATORS, shall supervise and control the management of the ASSOCIATION. The Chairman shall when present, preside at all meetings of the BOARD and of the UNIT OWNERS, and in general, shall perform all duties incident to the office of Chairman of the BOARD and such other duties as may be prescribed from time to time by the BOARD.

Section 6. VICE-CHAIRMAN: The Vice-Chairman elected by the BOARD OF ADMINISTRATORS shall, in the absence or disability of the Chairman, have the powers and perform the duties of said office. In addition, each Vice-Chairman shall perform such other duties and have such other powers as shall be prescribed by the Chairman of the BOARD.

Section 7. SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of UNIT OWNERS and

ADMINISTRATORS. He shall give, or cause to be given, all notices required by law and by these BYLAWS. He shall have general charge of the minute books and records of both the UNIT OWNERS and the BOARD. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the Chairman of the BOARD or by the BOARD OF ADMINISTRATORS.

Section 8. TREASURER: The Treasurer shall have custody of all ASSOCIATION funds and securities and shall receive, deposit or disburse the same under the direction of the BOARD OF ADMINISTRATORS. He shall keep full and accurate accounts of the finances of the ASSOCIATION in books especially provided for the purpose. He shall cause to be prepared and distributed a true statement of the ASSOCIATION'S assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to all UNIT OWNERS and members of the BOARD OF ADMINISTRATORS on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any UNIT OWNERS for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each UNIT OWNER annually on or before March 15 covering the preceding calendar year. The Treasurer shall also prepare and file all reports and returns required by Federal, state or local law and shall generally perform all other duties as may be assigned to him from time to time by the Chairman of the BOARD or the BOARD OF ADMINISTRATORS.

Section 9. ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman of the BOARD or the BOARD OF ADMINISTRATORS.

ARTICLE VI - OPERATION OF THE PROPERTY

Section 1. DETERMINATION OF COMMON EXPENSES AND FIXING OF THE COMMON EXPENSES: The BOARD OF ADMINISTRATORS shall from time to time, and at least annually, prepare a budget for the CONDOMINIUMS, determine the amount of the COMMON EXPENSES payable by the UNIT OWNERS to meet the COMMON EXPENSES of the CONDOMINIUM, and allocate and assess such COMMON EXPENSES among the UNIT OWNERS according to their respective undivided percentage interests in the COMMON AREAS AND FACILITIES. The COMMON EXPENSES shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the BOARD pursuant to the provisions of the DECLARATION. The COMMON EXPENSES may also include such amounts as the BOARD OF ADMINISTRATORS may deem proper for the operation and maintenance of the PROPERTY, including without limitation, an amount for working capital of the CONDOMINIUM, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the COMMON EXPENSES for any prior year. The COMMON EXPENSES may also include such amounts as may be required for the purchase by the BOARD OF ADMINISTRATORS or its designee, corporate or otherwise, on behalf of all

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UNIT OWNERS, of any unit whose OWNER has elected to sell such UNIT or of any UNIT which is to be sold at a foreclosure or other judicial sale. The BOARD shall advise all UNIT OWNERS, promptly in writing, of the amount of COMMON EXPENSES payable by each of them, respectively, as determined by the BOARD, as aforesaid, and shall furnish copies of each budget on which such COMMON EXPENSES are based, to all UNIT OWNERS.

Section 2. PAYMENT OF COMMON EXPENSES: All UNIT OWNERS shall be obligated to pay the COMMON EXPENSES assessed by the BOARD OF ADMINISTRATORS pursuant to the provisions of Section 1 of this Article VI at such time or times as the BOARD shall determine.

No UNIT OWNER shall be liable for the payment of any part of the COMMON EXPENSES assessed against his UNIT subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the DECLARATION and applicable restrictions of record) of such UNIT, together with his interest in the COMMON AREAS AND FACILITIES. A purchaser of a UNIT shall be jointly and severally liable with the seller for the payment of COMMON EXPENSES assessed against such UNIT prior to the acquisition by the purchaser of such UNIT without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 3. COLLECTION OF ASSESSMENTS: The BOARD OF ADMINISTRATORS shall assess COMMON EXPENSES against the UNIT OWNERS from time to time and at least annually and shall take prompt action to collect any COMMON EXPENSES which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The BOARD OF ADMINISTRATORS shall notify the holder of the first MORTGAGE on any UNIT (of which it has notice) for which any COMMON EXPENSES assessed pursuant to these BYLAWS remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the UNIT OWNER of such UNIT is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 4. STATEMENT OF COMMON EXPENSES: The BOARD OF ADMINISTRATORS shall promptly provide any UNIT OWNER so requesting the same in writing, with a written statement of all unpaid COMMON EXPENSES due from such UNIT OWNER.

Section 5. ABATEMENT AND ENJOYMENT OF VIOLATIONS BY UNIT OWNERS: The violation of any rule or regulation adopted by the BOARD or the breach of any BYLAW contained herein, or the breach of any provision of the DECLARATION, shall give the BOARD the right, in addition to any other rights set forth in these BYLAWS or the DECLARATION, (a) to enter the UNIT in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting UNIT OWNER, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the BOARD shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings either at law or in equity, the continuance of any such breach at the expense of the defaulting UNIT OWNER.

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Section 6. RIGHT OF ACCESS: A UNIT OWNER shall grant a right of access to his UNIT to the managing agent and/or any other PERSON authorized by the BOARD OF ADMINISTRATORS or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his UNIT and threatening another UNIT or the COMMON AREAS AND FACILITIES, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other COMMON AREAS AND FACILITIES in or adjoining his UNIT, provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the UNIT OWNER. In the case of an emergency, such right of entry shall be immediate whether the UNIT OWNER is present at the time or not.

Section 7. RULES OF CONDUCT: Rules and regulations concerning the use of the UNITS and the COMMON AREAS AND FACILITIES may be promulgated and amended by the BOARD with the approval of UNIT OWNERS owning in the aggregate at least a seventy-five percent (75%) undivided interest in COMMON AREAS AND FACILITIES. Copies of such rules and regulations shall be furnished by the BOARD to each UNIT OWNER prior to the time when the same shall become effective.

Section 8. UTILITIES: Utilities which are provided to the CONDOMINIUM through a single or common meter and utilities furnished to any portion of the COMMON AREAS OR FACILITIES shall be paid pro-rata by each UNIT OWNER as and when billed or, at the option of the BOARD, such may be paid by the BOARD as a COMMON EXPENSE.

ARTICLE VII - RECORDS AND AUDITS

The BOARD OF ADMINISTRATORS shall keep detailed records of the actions of the BOARD, minutes of the meetings of the BOARD OF ADMINISTRATORS, minutes of the meetings of the UNIT OWNERS, and financial records and books of account of the ASSOCIATION, including a chronological listing of receipts and expenditures, as well as a separate account for each UNIT which, among other things, shall contain the amount of each assessment of the COMMON EXPENSES against each UNIT, the date when due, the amounts paid thereof, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the UNIT OWNERS, their duly authorized agents or attorneys at convenient hours. A written report summarizing all receipts and expenditures of the ASSOCIATION shall be rendered by the BOARD to all UNIT OWNERS on or before the 15th day of the third month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the ASSOCIATION shall be rendered by the BOARD to all UNIT OWNERS and to all MORTGAGEES of UNITS who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII - AMENDMENT

These BYLAWS may be amended by a seventy-five percent (75%) vote of UNIT OWNERS owning all the undivided interest in the COMMON AREAS AND FACILITIES, cast in PERSON or by proxy, at a meeting duly held in accordance with the provisions of these BYLAWS, together with their

respective MORTGAGEES, provided that such amendment shall be effective only upon the RECORDATION in the Iredell County Registry, of an amendment to the DECLARATION setting forth such amendment to these BYLAWS. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon. All UNIT OWNERS shall be bound to abide by any such amendment upon the same being passed and duly set forth in an amended DECLARATION, duly recorded in the Office of the Register of Deeds, Iredell County, North Carolina.

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