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STATE OF NORTH CAROLINA

DECLARATION OF CONDOMINIUM
FOR EATON'S CROSSING AT
LAKE GASTON CONDOMINIUM

COUNTY OF WARREN

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

Eaton's Crossing NC LP, a North Carolina limited partnership ("Declarant"), does hereby make, declare and establish this Declaration of Condominium ("Declaration") for Eaton's Crossing at Lake Gaston Condominium, and hereby subjects the Property hereinafter defined to the terms of this Declaration.

WITNESSETH:

WHEREAS, the Declarant is the Owner of real property located in Warren County, North Carolina, more particularly described on Exhibit A attached hereto and made a part hereof and as further shown upon the Plans as defined herein (the "Property"); and,

WHEREAS, Declarant has constructed a single building upon the Property which consists of four (4) residential Units which are submitted to condominium ownership in accordance with the provisions of Chapter 47C of the North Carolina General Statutes (the "Act"); and,

WHEREAS, Declarant executes this Declaration for the purpose of submitting the Property to the Act and the provisions of this Declaration; and,

WHEREAS, the Property has been developed as a part of that development known as Eaton's Crossing and is also subject to that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Eaton's Crossing recorded in Book 963, Page 486 of the Register of Deeds of Warren County (the "Eaton's Crossing Declaration");

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold, and conveyed subject to the terms of the Act as modified and supplemented by the easements, restrictions, covenants, uses, limitations, and obligations set forth below, which shall run with the land and be binding on all parties having any rights, title, or interest in the land or any part thereof, their heirs, successors and assigns, and further that the Property is hereby subjected to the terms of the Eaton's Crossing Declaration except to the extent modified herein.

ARTICLE I ESTABLISHMENT OF CONDOMINIUM OWNERSHIP

1.1 Submission. Declarant submits the Property, the improvements and appurtenances thereto to condominium ownership pursuant to the provisions of the Act, and declares that the Property shall be subject to the uses, restrictions, covenants, easements, limitations, obligations, and governing authority set forth in this Declaration as it may be amended, and in the Eaton's Crossing Declaration, as it may be amended, except to the extent modified herein.

1.2 Name. The Property and improvements thereon shall be known as Eaton's Crossing at Lake Gaston Condominium (the "Condominium").

1.3 Association. The name of the Association shall be Eaton's Crossing at Lake Gaston Condominium Association, Inc. (the "Association").

1.4 Division of Property into Separately Owned Units. Declarant divides the Property into four (4) Units and does hereby designate such Units for separate ownership in accordance with the Act and this Declaration.

ARTICLE II DEFINITIONS

The following definitions shall be applicable to this Declaration:

2.1 "Allocated Interest" means the undivided interest in the Common Elements, the Common Expense Liability and the Votes in the Association allocated to each Unit.

2.2 "Annexation Property" means that property described on Exhibit B which may be annexed to the Condominium as provided herein.

2.3 "Association" means that non-profit corporation, the name of which shall be Eaton's Crossing at Lake Gaston Condominium Association, Inc., which shall manage the Condominium as specified in this Declaration and its corporate Bylaws and the Act.

2.4 "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the directors of the Association, and on behalf of the Association, as prescribed in the Declaration and the Bylaws.

2.5 “Building” means a structure constructed or erected on the Property which contains one or more Condominium Units. There is currently only one (1) Building constructed on the Property.

2.6 “Bylaws” means the Bylaws of the Association as they now or hereafter exist. A copy of the Bylaws are attached as Exhibit D.

2.7 “Common Elements” shall mean and comprise all portions of the Condominium except the Units. Common Elements shall also include Limited Common Elements as defined below.

2.8 “Common Expenses” means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses include, without limitation:

- (a) All sums lawfully assessed against the Owners by the Association;
- (b) Expenses of administration, maintenance, repair, or replacement of the Common Elements including the cost of any management company engaged by the Association;
- (c) Expenses agreed upon as Common Expenses by the Association;
- (d) Expenses declared to be Common Expenses by the provisions of the Act, the Declaration or by the Bylaws;
- (e) Hazard, and such other insurance premiums as the Act, the Declaration and/or Bylaws may require or allow the Association to purchase;
- (f) Taxes and public assessments levied against the Common Elements not otherwise assessed against the Units;
- (g) Any utilities which serve the Common Elements.

2.9 “Common Expense Liability” means the liability for Common Expenses allocated to each Unit.

2.10 “Common Profits” means the balance of all income, rents, profits, and revenues from the Common Elements remaining after the deduction of the Common Expenses and reserves.

2.11 “Common Surplus” means all funds and other assets of the Association, including excess receipts of the Association from assessments, rents, profits and revenues from whatever source in excess of the Common Expenses.

2.12 “Condominium” shall mean all Condominium Units, the Common Elements and any Limited Common Elements and all appurtenances to the Property.

2.13 “Condominium Unit” or “Unit” shall mean the numerically identified Unit as shown on the Plans and which is the physical portion of the Condominium designated for separate ownership or occupancy. Mechanical equipment, stairways and appurtenances located within any Unit and designed to serve only that Unit, such as appliances, cabinets, fixtures and the like shall be part of the Unit. Heating and air conditioning systems serving a single Unit shall also be deemed to be part of the Unit.

2.14 “Declarant” means Eaton’s Crossing NC LP, a North Carolina limited partnership, and its successors and assigns to whom any of its rights hereunder are expressly transferred, in whole or in part, or who succeeds to any Special Declarant Right.

2.15 “Declarant Control Period” means the period commencing on the date of the recording of this Declaration and continuing until the earliest of (i) two (2) years after the Declarant has ceased to offer all Units (including any additional Units which may be created within the Annexation Property as provided in this Declaration) for sale in the ordinary course of business, (ii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the Units (including any additional Units which may be created within the Annexation Property) to Owners other than the Declarant, or (iii) two (2) years after any Special Declarant Rights to add new Units was last exercised.

2.16 “Declaration” or “Declaration of Condominium” means this instrument, as amended.

2.17 “Development Period” means that period commencing upon the recording of this Declaration and continuing until Declarant no longer owns a Unit or any Annexation Property.

2.18 “Development Rights” means those rights reserved by Declarant herein to create Units, Common Elements, Limited Common Elements within the Condominium, to annex additional Units and properties or other rights as may be provided in this Declaration and the Act.

2.19 “Eaton’s Crossing Association” means Easton’s Crossing Property Owners Association, Inc., a non-profit corporation organized for the management of the residential development known as Eaton’s Crossing, which includes the Property.

2.20 “Eaton’s Crossing Declaration” means that Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Eaton’s Crossing recorded in Book 463, Page 486 of the Registry as the same may be supplemented or amended from time to time.

2.21 “Lessee” means any person entitled to present possession of a leased Unit, whether lessee, sublessee or assignee.

2.22 “Limited Common Elements” means those Common Elements allocated for the exclusive use of less than all of the Units by this Declaration including, but not limited to, the following:

(a) Any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside of the designated boundaries of a Unit and serving only that Unit. If such structures serve more than one Unit or the Common Elements, they are Common Elements. Subject to the preceding sentence, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit but located outside the Unit’s boundaries.

(c) All steps, entryways, decks and landings which serve more than one but less than all of the Units.

(d) Any other area designated on the Plans as Limited Common Elements, specifically including patios and porches adjacent to a Unit as shown on the Plans.

2.23 “Majority” or “Majority of Owners” means the Owners of more than fifty percent (50%) of the aggregate Allocated Interests in the Common Elements, as established by this Declaration.

2.24 “Mortgage” means a mortgage or deed of trust.

2.25 “Mortgagee” means a mortgagee or the owner and holder of a promissory note or other evidence of indebtedness and deed of trust or mortgage which described a Unit or Units as the security property.

2.26 “North Carolina Condominium Act” or “Act” means the provisions of Chapter 47C of the North Carolina General Statutes as the same now exists or may hereafter be amended, or any new enactment in substitution or replacement thereof as the same by law may be applied to this Condominium.

2.27 “Persons” means any individual, corporation, partnership, association, business trust, estate, trust, joint venture, government or any subdivision or agency thereof, or other legal or commercial entity.

2.28 “Plans” means collectively the plats and plans of (i) the Property prepared by Civiltek East recorded in Cabinet 2 Slide 293 Plat 7 in the Registry and (ii) of the Building prepared by Integrated Design recorded in Cabinet 1 Slide 311 at Plat 13 through 17 in the Registry.

2.29 “Property” means the real estate described on Exhibit A, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

2.30 “Registry” means the Office of the Register of Deeds of Warren County, North Carolina.

2.31 “Special Declarant Rights” means those rights, including Development Rights, permitted by the Act and those rights specified in Article V herein.

2.32 “Unit Boundaries” means the walls, floors or ceilings that form the boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Plans. All lath, flooring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit. Any heating or air conditioning system serving a single Unit shall be deemed a part of the Unit whether located inside or outside the Unit Boundaries.

2.33 “Unit Designation” means the identifying number, letter, symbol or combination thereof designating a Unit and set forth in this Declaration and the Plans.

2.34 “Unit Owner” or “Owner” means Declarant or any other person, or any combination thereof, who owns a Unit, but excludes any person having an interest in a Unit solely for security purposes.

ARTICLE III DESCRIPTION OF PROPERTY AND IMPROVEMENTS

3.1 Property. The legal description of the Property upon which the existing building and improvements are located is set forth in Exhibit A to this Declaration.

3.2 Unit Designation. The Unit designation is shown on the Plans.

3.3 Other Information. Building locations, Unit Boundaries, Common Elements, Limited Common Elements, utility lines, easements, ground elevations, building elevations, and other land and construction information are shown on the Plans.

3.4 Additional Properties. Additional real property which may be annexed to this Declaration is described in Exhibit B (the “Annexation Property”). Declarant makes no representation as to the size or nature of the buildings or Units which may be constructed upon the Annexation Property nor that it will be annexed to this Declaration, in whole or in part. In the event of annexation, the maximum number of Units which may be annexed to this Declaration, inclusive of the existing Units, shall be sixty (60). Declarant may annex portions of the Annexation Property in phases.

3.5 Codes and Ordinances. The Condominium is not subject to any code, real estate use law, ordinance, charter provision, or regulation (i) prohibiting the Condominium form of ownership, or (ii) imposing conditions or requirements upon a Condominium which are not imposed upon substantially similar developments under a different form of ownership. This statement is made pursuant to G.S. 47C-1-106 of the Act for the purpose of providing marketable title to the Units in the Condominium.

ARTICLE IV
OWNERSHIP OF UNITS AND APPURTENANT ALLOCATED
INTEREST IN COMMON ELEMENTS

4.1 Allocated Interest. Each Unit shall be held, conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit shall also own an appurtenant undivided interest in the Common Elements. The Allocated Interest appurtenant to each Unit is provided in Exhibit C and is the percentage the area of each Unit bears to the area of all Units.

4.2 Change in Allocated Interests. Changes in the Allocated Interest shall be made in the event of condemnation as set forth in Article XXXV herein; as may result from a casualty loss as specified in Article XXI hereof; as may occur because of exercise of Development and Special Declarant Rights reserved by Declarant herein including, but not limited to, the right to annex additional Units as hereinafter provided; or as otherwise permitted by this Declaration or the Act. Upon annexation and the addition of other Units to this Declaration, the Allocated Interest shall be reduced so that each Unit then subjected to this Declaration shall have the Allocated Interest in the Common Elements which is equal to the percentage its area bears to the total area of all Units. By way of example, if a Unit contains 1,000 square feet and the remaining Units collectively contain 9,000 square feet, the Unit has a 1/10th (10%) Allocated Interest in the Common Elements.

4.3 No Division of Common Elements. Notwithstanding the Allocated Interest, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements by an Owner without the conveyance of the Unit to which that interest is allocated is void.

ARTICLE V
SPECIAL DECLARANT RIGHTS RESERVED

During the Development Period, the Declarant reserves the following Special Declarant Rights with respect to the Condominium:

5.1 The right to complete the Condominium in accordance with the Plans filed, Plans as may hereafter be filed and other plans which may be approved by Warren County for the development.

5.2 The right to maintain models, management offices, and sales offices for management of the Condominium or sales of Units as follows:

(a) One or more Units may be used as models and/or management or sales offices.

(b) Declarant shall have the right to relocate, discontinue and reestablish any one or more of such offices or models.

(c) Declarant shall have the right to change the use or combination of uses of such offices or models.

(d) Declarant may maintain signs on the Common Elements advertising the Condominium and the Units for so long as Declarant owns a Unit or any of the Annexation Property.

5.3 Declarant reserves the right of access, ingress and egress through the Common Elements for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights. Without limiting the foregoing, Declarant specifically reserves the right and an alienable easement for itself, its successors and assigns, to go upon the Common Elements for the purpose of constructing improvements upon the Annexation Property.

5.4 Declarant reserves an easement over the Common Elements for the installation, repair and maintenance of any and all utilities including electrical, telephone, cable, water, sewer, gas, and stormwater facilities.

5.5 Subject to the provisions of the Act and this Declaration, Declarant shall appoint and elect members of the Board; name and appoint officers of the Association; and otherwise control the activities of the Board and Association as set forth in the Act and Article XXVIII.

5.6 Subject to the provisions of the Act, Declarant shall have the right to unilaterally alter Unit Boundaries, combine Units, allocate and reallocate ownership interests in the Common Elements and the Limited Common Elements and the Common Expense Liability and change Unit Designations; provided, however, any and all such alterations and changes shall be applicable only to Units owned by the Declarant and shall not change the Unit Boundaries, Allocated Interest, Common Expense Liability or Unit Designations of Units theretofore conveyed by Declarant. Notwithstanding the foregoing, in the event of annexation, the Declarant shall have the right to create Units and future buildings, to create Common Elements and/or Limited Common Elements within the Condominium, and to alter the Allocated Interest in accordance with Section 4.2 herein.

5.7 Declarant has the right to annex the Annexation Property to this Declaration in accordance with Article VII hereof. Notwithstanding the foregoing, the maximum number of Units created upon annexation shall not exceed sixty (60).

5.8 Notwithstanding any other provisions of this Declaration and the Bylaws and in addition to the Special Declarant Rights, the Association may maintain an office in the Condominium for management of the Condominium both before and after the sale of all Units to someone other than the Declarant, and both during and after the Development Period.

5.9 Declarant has the right to unilaterally amend the Declaration during the Declarant Control Period, except where expressly prohibited by the Act.

ARTICLE VI
SUBDIVIDING AND RELOCATING BOUNDARIES
OF ADJOINING UNITS; SEPARATE CONVEYANCE OF
APPURTENANT COMMON ELEMENTS PROHIBITED

6.1 Recombination of Units and Relocation of Unit Boundaries. Units may be recombined and/or Unit Boundaries may be may be relocated if allowed by all relevant codes, ordinances, and regulations of all regulatory and governmental bodies having jurisdiction over the Condominium. However, no Unit shall have a square footage of less than 1500 square feet as a result of the recombination or relocation.

The Association, at the expense of the Owners requesting a recombination or relocation, shall prepare, execute and record revised Plans depicting the recombined Units and an amendment to the Declaration reflecting and approving the recombination or relocation.

The amendment to the Declaration must be executed by the Owners of the Units to be recombined or relocated and the Association, assign identifying numbers to each of the Units created, reallocate the Allocated Interest formerly allocated to the altered Units to the new Units in the same manner as provided for annexation using the percentage that area of the Unit bears to the total area of all Units and must be recorded in the Registry.

6.2 Appurtenant Allocated Interest. The Allocated Interest in the Common Elements appurtenant to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the Allocated Interest in Common Elements 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.

6.3 Instrument of Conveyance. Any conveyance, mortgage or other instrument which purports to grant any title, right, interest or lien in, to or upon a Unit, shall be null, void and of no effect to the extent it attempts or purports to separate the Unit from the Allocated Interest, it being the intention of this Declaration that ownership cannot be separated.

6.4 Joint Ownership Not Prohibited. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant Allocated Interest in the Common Elements by more than one person as tenants in common, joint tenants, or as tenants by the entirety.

ARTICLE VII
ANNEXATION OF ADDITIONAL PROPERTY

Declarant specifically retains and reserves the right, but not the obligation, to annex all or any portion of the Annexation Property to this Declaration. To effectuate an annexation, Declarant shall record an amendment to this Declaration in accordance with the provisions of N.C. Gen. Stat. § 47C-2-110 which shall assign an identifying number to each new Unit created; shall reallocate the Allocated Interest thereby created as set forth in Section 4.2; and shall designate any Limited Common Elements. Declarant reserves the right to annex the Annexation Property at such time and in such order as Declarant, in its sole discretion, deems appropriate and

no assurances are made as to the timing or order of such annexation or if such annexation shall occur. The total number of Units created by the annexation shall not exceed sixty (60) Units.

ARTICLE VIII RESTRICTIONS ON USE AND OCCUPANCY

The Units, Common Elements and Limited Common Elements are subjected to the restrictions, easements, conditions and covenants contained herein governing their use and the obligations and responsibilities incident to ownership of each Unit and its appurtenant Allocated Interest in the Common Elements. Units, Common Elements and Limited Common Elements are further declared to be subject to the Eaton's Crossing Declaration to the extent not inconsistent with the provisions of this Declaration.

8.1 Zoning. Each Unit is hereby restricted to use by the Owner, his employees, servants, guests, invitees and lessees, for those residential uses and purposes permitted in the zoning district in which the Condominium is located and as limited by this Declaration and excluding those uses permitted therein only upon obtaining a special use permit or variance. Provided, however, with the prior written consent of the Association, an Owner may seek a variance or special use permit and upon obtaining the same may engage in those uses of the Unit permitted by such variance or special use permit subject to the further restrictions of this Article. Upon obtaining a special use permit or variance, the Owner shall file a certified copy thereof with the Secretary of the Association.

8.2 Additional Use Restrictions. In addition to the restrictions set forth in Section 8.1 above, the following restrictions shall also apply to the Condominium:

(a) Residential Use. Except as otherwise set forth herein, no Unit may be used for any purpose other than residential use and other purposes ancillary to such use. No Unit may be used for business or trade or commercial purposes, except that any Unit may be used for home office purposes by the resident(s) of said Unit, provided that the primary use is residential, no business customers of the resident(s) visit the Unit and the resident(s) does not advertise the address of the Unit as a business address.

(b) Leases. An Owner may lease his entire Unit or less than the entire Unit but all leases and subleases must be in writing. Any lease agreement shall be required to provide: (i) that the terms of the lease shall be subject to the provisions of this Declaration, the By-laws, and the Association's rules and regulations, and (ii) that any failure of a lessee or sublessee to comply with the terms of such documents shall be a condition of default under such lease. All leases and subleases that have a lease term of more than thirty (30) days must be filed with the Association. The Board may enact reasonable rules and regulations regarding the leasing of Units.

(c) Timeshare. No interest in any Unit may be subjected to a timeshare program, as that term is defined in N.C. Gen. Stat. § 93A-41(10).

(d) Pets and Animals. No animals, livestock, or poultry of any kind shall be kept or maintained in any Unit except that a maximum of two (2) common household pets not to exceed one hundred pounds collectively in weight may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes. No pet shall be permitted

upon the Common Elements unless carried or leashed by a person that can control the pet, and in no event may any savage or dangerous pet be kept within any Unit or Common Elements. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) whether inside or outside the Condominium. Pets shall not at any time be left unattended nor tied or chained in the Common Elements or any deck or balcony. Pet owners are responsible for the immediate removal and proper disposal of any pet waste. All pets shall be licensed and inoculated as required by law, and shall be registered with the Association. Each Owner shall hold the Association harmless from any claim resulting from any action of such Owner's pet or the pet of any occupant of such Owner's Unit or portion thereof, and shall repair at his expense any damage to the Common Elements caused by such pet. The Association shall have the right to promulgate additional rules and regulations governing pet ownership that may further limit the number, size, type and conduct of the pets. In the event of any violation of these covenants or any additional rules and regulations regarding pet ownership promulgated by the Association, and in addition to any fines or other enforcement measures provided for herein or by law, the Association shall have the right to require the immediate removal of the pet permanently from the Condominium.

(e) Signs. No signs, banners or other advertising devices, including without limitation "For Sale" and "For Rent" signs shall be displayed on or about the exterior of any Unit including windows or balconies, or in the Common Elements, except that Declarant, during the Development Period, shall have the right to erect and maintain signs within the Common Elements or any Unit owned or leased by Declarant for the purpose of advertising and promoting the sale Units within the Condominium. Neon signs of any kind are prohibited.

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

(g) Floor Loads. There shall be no floor load in excess of the floor load capacity from time-to-time established by the Association for various areas of the Condominium, such as the Unit, any deck or balcony, the corridors and the stairwell.

(h) Garage Sales. No Owner may utilize a Unit or the surrounding area, including the Common Elements and any Limited Common Elements, for any form of garage or yard sale.

(i) Dishes and Antennae. Satellite dishes greater than one meter in diameter are prohibited. Satellite dishes one meter in diameter or less may only be placed in areas under the exclusive control of the Owner, and may not extend into or be placed on the Common Elements (including the roof and Building exterior). Installation is not permitted on any Common Elements. Dishes and accompanying equipment should be painted to the extent possible to match the exterior of the Building or to blend in with the surrounding area where located. Owners are solely responsible for maintaining satellite dishes and all related equipment. No other exterior radio antennae, television antennae, or other electronic signal-receiving or

transmitting equipment shall be placed, allowed, or maintained upon any portion of the Property, including any Unit, without approval of the Board, except that the following may be installed if located wholly within the Unit or wholly within an area under the exclusive control of the Owner: (i) an antenna that is one meter or less in diameter or diagonal measurement and is designed to receive video programming services via broadband radio service (wireless cable) or to receive or transmit fixed wireless signals other than via satellite, or (ii) an antenna that is designed to receive local television broadcast signals.

8.3 Use of Common Elements and Units. The use of the Common Elements, including the Limited Common Elements, and Units by the Owner or Owners of all Units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be hereafter prescribed and established by the Association.

8.4 Offensive Uses Prohibited. No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner shall permit or suffer anything to be done or kept in his Unit, or in the Common Elements, which is a hazardous waste or material or which will increase the rate of insurance on the Condominium or cause cancellation of a policy of insurance therein, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Unit, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

ARTICLE IX RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS; NO RIGHT TO ALTER COMMON ELEMENTS

9.1 Interior Alterations. An Owner may make any interior improvements or interior alterations to a Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium without permission of the Association or any other person; provided, however, (a) all interior window coverings which are visible from the exterior of any Unit must be approved by Declarant during the Development Period and thereafter by the Board and (b) all interior light bulbs or fixtures shall be restricted to only being of a white or frosted white coloring and shall emit lighting only in said color(s).

9.2 Structural Alterations. No Owner of a Unit shall cause, or permit to be made, any alteration or removal of any part of the Unit or Common Elements which would impair the structural integrity or mechanical systems of the Condominiums without first having obtained permission of the Association as set forth below.

9.3 Exterior Changes. No Owner shall cause any improvements or changes to be made on the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects, machines or air conditioning units which may protrude through the walls or roof of the Condominium) or in any

manner alter the appearance of the exterior portion of any Building without first having obtained permission of the Association as set forth below.

9.4 Common Elements Changes. No Owner or occupant, except Declarant during the Development Period, shall cause any object to be fixed to the Common Elements or to any Limited Common Element (including the location or construction of fences and the planting or growing of flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the Common Elements or Limited Common Elements without the written permission of the Association being first had and obtained.

9.5 Permission of Board. The permission required of the Association in this Article IX shall be by written approval of a majority of the Board. The Board is authorized to appoint a Committee for the purpose of reviewing the alterations, removals and proposed construction and making recommendations to the Board.

9.6 Standards. Declarant during the Development Period and thereafter the Board (or any committee appointed for such purpose by the Board), in approving or disapproving any proposed change or alteration in the Condominium or any addition or change in the Common Elements, shall consider such standards or criteria established by regulation, but if no regulation is issued, then shall consider that any such change or alteration shall not affect the structural or mechanical integrity of the Condominium, shall be harmonious with the appearance of the Condominium, and in congruity with the existing exterior appearance of the buildings and Common Elements, including style, color, materials, quality, texture, design, arrangement, non obstruction of air, light, walk or drive areas and similarity with existing or proposed plans. Notwithstanding the foregoing, any additional buildings or Units that may be added by Declarant may vary in size and style, and the principal materials employed need not be identical to the existing Building and Units. It is specifically noted that some buildings and Units may be townhome style buildings or otherwise be of different size and architectural style than the existing Building and Units.

ARTICLE X

PERPETUAL NON EXCLUSIVE EASEMENT IN COMMON EASEMENTS

10.1 Common Elements. The Common Elements are subjected to a perpetual, non exclusive easement in favor of all of the Owners for the use of the Owners, their servants, guests, invitees and lessees, for all proper and normal purposes, including, but not limited to the right of access, ingress and egress to and from all public streets, and public walkways and over walkways and parking areas within the Common Elements, and for the furnishing of services and facilities for which the same are reasonably intended.

10.2 Rules and Regulations Related to Common Elements. The Association shall have the exclusive right to establish rules and regulations related to the use of the Common Elements, including the right to make permanent and temporary assignments of parking spaces located within the Common Elements.

10.3 Utilities. Each Owner shall have an easement in common with the Owners of all other Units to use all chutes, flues, pipes, wires, ducts, cables, conduits, and public utilities

serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the chutes, flues, pipes, ducts, cables, wires, conduits, public utility lines, and other Common Elements serving such other Units and located in such Unit which shall specifically include installations which are part of or associated with the heating and air conditioning system serving a Unit.

10.4 Access. Subject to the provisions of Article XVI of this Declaration, the Association or its agents shall have a right of access to each Unit from time to time as may be necessary to inspect the Common Elements; to maintain, repair, or replace the Common Elements; and to make emergency repairs necessary to prevent damage to the Common Elements or to Units. Each Owner shall have an easement of access through all other Units and Limited Common Elements as may be reasonably necessary to maintain, repair and replace all components of mechanical systems serving his Unit and to maintain, repair, and replace portions of his Unit or Limited Common Elements.

10.5 Structural. Every portion of a Unit, such as a bearing column or a bearing wall, which contributes to the structural support of a Building shall be burdened with an easement of structural support for the benefit of all other Units and for the Common Elements.

ARTICLE XI EASEMENT FOR UNINTENTIONAL AND NON NEGLIGENT ENCROACHMENTS

11.1 Present Encroachment. In the event that any Unit encroaches upon any Common Element, or any other Unit or Units, for any reason not caused by the purposeful act of the Owner, an easement is granted to the extent and for the continuance of such encroachment for so long as such encroachment shall naturally exist. In the event any portion of the Common Elements shall encroach upon any Unit, an easement appurtenant to such Common Elements for the continuance of such encroachment upon a Unit shall exist for so long as such encroachment shall naturally exist.

11.2 Encroachments upon Reconstruction. If any Unit or Common Element shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such Unit or Common Element, Common Element encroaches upon any Unit or of any Unit encroaches upon a Common Element or upon any other Unit, such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

ARTICLE XII RESTRAINT UPON PARTITION OF COMMON ELEMENTS

No Owner shall have the right to bring any action for partition or division of Common Elements and no Owner may bring an action for partition or division of a Unit unless the result of such action is that the Unit is sold or conveyed in its entirety and is not divided in kind.

ARTICLE XIII

CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS BY ASSOCIATION

13.1 Conveyance or Encumbrance Permitted. Portions of the Common Elements may be conveyed or subjected to a security interest by the Association upon consent by Owners entitled to cast at least eighty percent (80%) of the votes in the Association at a meeting of the Association called therefore or as evidenced by the written consent of such Owners. Distribution of proceeds of the sale of a Limited Common Element shall be as provided by agreement between the Owners to which it is allocated and the Association. Proceeds of the sale or financing of a Common Element (other than a Limited Common Element) shall be an asset of the Association.

13.2 Contract Voidable. The Association may contract to convey Common Elements, or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Section 13.1 above. Thereafter the Association has the powers necessary and appropriate to effectuate the conveyance or encumbrance, including the power to execute deeds or other instruments.

13.3 Other Conveyance Void. Any purported conveyance, encumbrance, judicial sale or other voluntary transfer of Common Elements, unless made pursuant to this Section, is void.

13.4 No Limitation of Access or Support. A conveyance or encumbrance of Common Elements pursuant to this Section shall not deprive any Unit of its rights of access and support.

ARTICLE XIV

ADMINISTRATION OF THE CONDOMINIUM

14.1 Association. The Association has been organized as a non profit North Carolina corporation to administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and Bylaws.

14.2 Members. The Owner of each Unit shall automatically become a member of the Association upon acquisition of an ownership interest to any Unit and its appurtenant Allocated Interest in the Common Elements. The membership shall terminate automatically upon the Owner being divested of such ownership interest to the Unit, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership.

14.3 Authority. Subject to the provisions of the Act, this Declaration and the Bylaws, the Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration of Condominium; to levy and collect assessments in the manner hereinafter provided; to adopt, amend, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Board may deem to be in the best interest of the Association; and to perform all other acts as may be authorized by this Declaration, the Articles of Incorporation, the Bylaws, the Act or Chapter 55A of the North Carolina General Statutes, commonly known as the Non-Profit Corporation Act.

14.4 Records Inspection. The Association shall make available at its office, or through its managing officer, during normal business hours, and upon reasonable notice and request, copies of the Declaration, Bylaws, and rules and regulations of the Association to Owners, mortgage lenders, or any Unit insurers, guarantors of such mortgage loans and holders of such mortgage loans, and shall, to the extent required by law, make available during such time books, records and financial statements for inspection by those persons. The Association may make a reasonable charge for such providing access and for any copies requested or required.

ARTICLE XV ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

15.1 Authority to Assess Owners. The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners. To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners, cost and expenses which are sometimes herein referred to as "Common Expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy, and collect assessments against the Owners and their Units. In furtherance of this grant of authority to the Association to make, levy, and collect assessments to pay the costs and expenses for the operation, management of, and capital improvements to the Condominium, the following provisions shall be operative and binding upon the Owners of all Units. Until the Association makes a Common Expense assessment, the Declarant shall pay all Common Expenses.

15.2 Basis of Assessments. Except for those assessments under Sections 15.14(a) through 15.14(g), all assessments levied against the Owners and their Units shall be in such an amount that any assessment levied against an Owner and his Unit shall bear the same ratio to the total assessment made against all Owners and their Units as the Allocated Interest in the Common Elements appurtenant to each Unit bears to the total Allocated Interest in the Common Elements 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 of 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 the assessment therefore levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate Allocated Interest in Common Elements exclusive of the interest herein appurtenant to any Unit or Units owned by the Association.

15.3 Manner of Payment. Assessments provided for herein shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times, as may be determined by the Board.

15.4 Commencement. Assessments shall commence for all Units on the date of closing of the first Unit by Declarant to an Owner other than Declarant.

15.5 Annual Budget. The Board shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the

first Unit). Such budget shall project all expenses (including ad valorem taxes and public improvement assessments levied against the Common Elements) 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 projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. The Board shall keep separate, in accordance with Section 15.7 hereof, items relating to operation and maintenance from items relating to capital improvements. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting two-thirds (2/3) or more of all the Owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. The assessment for said year shall be established based upon such budget. Receipt of a copy of said budget by each Owner shall not affect the liability of any Owner for such assessment.

15.6 Modification of Assessment. Should the Board at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

15.7 Capital Improvement Fund. The Board, in establishing the Annual Budget for operation, management and maintenance of the Condominium, may designate therein a portion of the annual assessment to be collected and maintained as a reserve fund for replacement of, and the making of capital improvements to, the Common Elements which capital improvement and replacement fund (herein "Capital Improvement Fund") shall, if created, be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of personal property which may constitute a portion of the Common Elements or be owned by the Association and held for the joint use and benefit of the Owners of the Units. The amount to be allocated to the Capital Improvement Fund may be established by the Board so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements and other property owned by the Association. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Elements. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board, be expended for current operation and maintenance. Each Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his Allocated Interest in the Common Elements. However, such balance shall not be subject to withdrawal by an Owner.

15.8 Accountability. All monies collected by the Association shall be treated as the separate property of the Association, and such monies 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 virtue of this Declaration of Condominium,

the Articles of Incorporation, the Bylaws of the Association or by applicable law. As monies for the assessment are paid into the Association by any Owner of a Unit, the same may be commingled with monies paid to the Association by the other Owners of Units. 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 Elements, 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 the Unit. When the Owner shall cease to be a member of the Association by reason of this divestment of ownership of such Unit, by whatever means, 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 monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

15.9 Default Interest. 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 the due date established by the Association for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate established by the Association not to exceed eighteen percent (18%) per annum, commencing on the date of default and continuing until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association.

15.10 Late Payment Penalty. In addition to the accrual of default interest, the Association may impose a penalty for nonpayment of any assessment by the due date. Such penalty shall not exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid and shall otherwise be subject to the provisions of N.C. Gen. Stat. § 47C-3-102(a)(11).

15.11 Where Payable. All monies owing to the Association shall be due and payable at the main office of the Association in the State of North Carolina established by it from time to time or where otherwise directed by the Association.

15.12 Liability of Owners for Assessments and Other Charges. The Owner 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 Unit while such party or parties are Owner or Owners of a Unit. In the event that any Owner is in default in payment of any assessment or installment thereof owed to the Association, such Owner shall be personally liable, jointly and severally, for interest and penalty on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

15.13 No Exemption. No Owner may exempt himself from liability from any assessment levied against him or his Unit by waiver of the use of enjoyment of any of the Common Elements or by abandonment of the Unit or in any other way.

15.14 Assessments Against Specific Owners. Notwithstanding the requirement of Section 15.2 that assessments be levied against each Owner according to the Allocated Interest of each Owner, the Association shall assess:

- (a) any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element against the Unit or Units to which that Limited Common Element is assigned; and,
- (b) any Common Expense, or portion thereof, benefiting fewer than all of the Units exclusively against the Units benefited; and,
- (c) the cost of insurance against the Units in proportion to the risk if any Unit or Units can be reasonably determined to create a greater risk than any other; and,
- (d) the cost of utilities, if not separately metered to each Unit, in proportion to usage if it can be reasonably determined that any Unit or Units use an unusually disproportionate share of any utility; and,
- (e) the cost of any judgment against the Association against only the Units in the Condominium at the time the judgment was entered in proportion to their Common Expense Liabilities; and,
- (f) any Common Expense caused by the misconduct of any Owner exclusively against the Owner; and,
- (g) any fine or penalty or interest for any delinquent assessment installment exclusively against the Unit so charged.

Notwithstanding the foregoing, all costs relating to the repair, replacement and maintenance of exterior steps, entryways, decks and landings which are located outside the Units and serve all of the Units shall be Common Expenses of the Association and shall not be separately assessed.

15.15 Reallocation. If the Common Expense Liabilities are reallocated, the Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

15.16 Assessment Lien Granted. Recognizing the proper operation and management of the Condominium requires the continuing payment of costs and expense thereof, and that such proper operation and maintenance results in benefit to all of the Owners, 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 Owner, the Association is hereby granted a lien upon each Unit and its appurtenant Allocated Interest, which lien shall secure, and does secure, the monies due for all assessments now or hereafter levied against the Owner of each such Unit, which lien shall also secure penalties and interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorneys' fee, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant Allocated

Interest. The lien granted to the Association may be foreclosed pursuant to the Act and in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, pursuant to Article 2A of Chapter 45 of the General Statutes and in any suit for the foreclosure of said lien, the Association shall be entitled to a 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 the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purpose. All persons who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereof, 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 lien rights.

15.17 Enforcement of Lien. The lien herein as granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of the Superior Court in all counties in which the Condominium is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Unit encumbered hereby, the name of the record Owner, the amount due and date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided 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, cost, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereof, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

15.18 Lien Extinguished. Except by payment, satisfaction and cancellation, a lien is extinguished only if proceedings to enforce the lien are not instituted within three (3) years after docketing in the Office of Clerk of Superior Court.

15.19 Other Remedies. This Section does not prohibit the Association from bringing an action to recover sums due it as an assessment independent of any lien filed or claimed, nor does it prohibit the Association from taking a deed in lieu of foreclosure.

15.20 Judgments. Any judgment brought hereunder to enforce the lien or the collection of any assessment must include the costs and reasonable attorneys' fees for the prevailing party.

15.21 Lien Subordinate to Mortgage. The lien provided for herein shall be subordinate to the lien of any mortgage or deed of trust recorded before docketing the lien and the lien for real estate taxes, but shall be superior to all other liens. Any person acquiring title to any Unit and its appurtenant Allocated Interest by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale resulting from such prior lien, mortgage or deed of trust shall be liable and obligated only for assessments which shall accrue and become due and payable for said Unit and its appurtenant Allocated Interest 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 or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Units, including such purchaser, his successors and assigns, as a part of the Common Expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

15.22 Statement of Assessments Due. Whenever any Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Owner, 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 any 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. The Association may charge reasonable fees for the provision of such statements.

15.23 Priority of Payment. In the event that a Unit is leased, sold or mortgaged at the time when payment of any assessment against the Owner and such 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 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 for such delinquent assessment.

15.24 Purchaser Liable for Delinquent Assessments. 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 therefore.

15.25 Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owed 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. All of the rights accruing to the Association shall be deemed cumulative.

15.26 Working Capital Fund. In order to help insure that the Association will have sufficient monies available to meet unforeseen expenditures, the Association has established a working capital fund ("Working Capital Fund"). At the time of the closing of the first sale of each Unit to a purchaser (other than Declarant or a successor declarant), the purchaser thereof shall pay into the Working Capital Fund an amount equivalent to two (2) months of the current annual assessment established by the Association. No such payments made into the Working Capital Fund shall be considered an advance or current payment of other assessments. The

Working Capital Fund shall be maintained by the Association as a segregated fund. The Working Capital Fund shall not be available for use by Declarant to defray any of its expenses, reserve contributions, or constructions costs or to make up any budget deficits while Declarant is in control of the Association. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Condominium Documents.

ARTICLE XVI RIGHT OF ENTRY INTO UNITS

16.1 Emergencies. In case of an emergency originating in, or threatening, any Unit, regardless of whether the Owner is present at the time of such emergency, the Board, or any other person authorized by it, or any authorized agent, 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.

16.2 To Repair Common Elements. Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration, replacement or repair to any portion of the Common Elements, including the Limited Common Elements, the Owner shall permit other Owners or their representative, or the duly constituted and authorized agent of the Association, to enter such Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

ARTICLE XVII RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENT THEREFOR

The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements which do not prejudice the rights of the Owner in the use and enjoyment of his Unit, provided the making of such alterations and improvements are approved by the Board, and the cost of such alterations or improvement shall be Common Expenses to be assessed and collected from all of the Owners. However, where any alterations and improvements to the Common Elements are exclusively or substantially for the benefit of the Owner or Owners of a certain Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owner of the Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board.

ARTICLE XVIII MAINTENANCE AND REPAIR BY OWNERS OF UNITS

18.1 General. Every Owner shall perform promptly all maintenance and repair work within his Unit, which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may cause. The Owner shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all electrical, plumbing and sewer systems within the Unit together with the heating and air conditioning systems serving only his Unit (whether located within or adjacent to such Unit) including any fixtures and/or their

connections required to provide heat, air conditioning, water, light, power, telephone, sewage and sanitary service to his Unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of all walls, all ceilings, and floors within his Unit, including all lath, flooring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished flooring, and any other materials constituting any part of the finished surfaces thereof, and all other accessories which such Owner may desire to place or maintain in his Unit. This description of the maintenance area shall in no way limit the definition of "Unit", and each Owner is expressly responsible for all maintenance within his defined Unit.

The Association shall be responsible for the maintenance and repair of Limited Common Elements, but the cost thereof shall be the responsibility of and assessed against the Owner, or if more than one, Owners of the Unit or Units to which it is allocated on an equal basis.

18.2 Insured Loss. 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 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 shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of applicability of any deductible provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, use, repair or replacement. If not promptly paid, the Association may assess the Owner therefore and the same shall become a lien against the Unit of the Owner as provided herein.

ARTICLE XIX MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

19.1 General. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Elements, including, but not limited to, the following:

- (i) The land upon which the Condominium is located.
- (ii) All improvements located on the Property except for the Units, including without limitation the Limited Common Elements, as well as the interior stairwells and interior corridors within the Building that are located outside of the Units;
- (iii) The foundations, roofs, columns, girders, beams, supports, exterior and interior load-bearing walls, floors between Units, and all other structural elements of the Building.
- (iv) Any public connections and facilities for utility services serving the Building and located within the Property that are not owned by the public utility or municipal agency providing such services, until owned or maintained by the public utility or municipal agency providing such service.

(v) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association.

(vi) All walks, driveways and parking areas.

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 Elements, the Association shall, at its expense, repair such incidental damage.

19.2 Insured Loss. Whenever the maintenance, repair and replacement of any item which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of an Owner, his immediate servants, guests, invitees or lessees, 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 Owner who is responsible for the act causing the damage (whether done by himself or by his employees, servants, guests, invitees or lessees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductible provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement but only in the event the damage is caused by the negligence or willful misconduct of the Owner, its employees, servants, guests, invitees or lessees. If not promptly paid, the Association may assess the Owner thereof and the same shall become a lien against the Unit of the Owner as provided herein.

The cost of maintenance and repair of the Limited Common Elements shall be the responsibility of the Owner, or if more than one, Owners of the Unit or Units to which it is allocated on an equal basis.

A Limited Common Element may not be altered or reallocated without the unanimous consent of all Owners whose Units are affected. Any Owners who reallocate a Limited Common Element among themselves shall first seek and obtain approval from the Board. Any reallocation of a Limited Common Element shall be evidenced by an amendment to this Declaration executed by the Owners affected and an authorized officer of the Association, which amendment must be recorded before it shall become effective. The Owners affected by the reallocation shall pay the cost and expense of preparation of the amendment and the recording thereof; however, the form and substance of the amendment shall be first approved by the Board.

Common Elements not designated or allocated as Limited Common Elements may not be so allocated to Owners except upon unanimous consent of the Owners in the Condominium. Any such allocation shall be evidenced by an amendment as set forth above.

19.3 Uninsured Loss. Whenever the maintenance, repair and replacement of any item which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of an Owner, his immediate employees, servants, guests, invitees or lessees, and such loss or damage is not covered by any insurance maintained by the Association, then the Owner shall pay the cost thereof; and, if not promptly paid upon request, the Association may assess the Owner thereof.

ARTICLE XX
AUTHORITY TO PURCHASE INSURANCE

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

ARTICLE XXI
INSURANCE COVERAGE TO BE MAINTAINED,
USE AND DISTRIBUTION OF INSURANCE PROCEEDS

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

(a) Casualty. Casualty insurance covering the Common Elements and the Units including the Buildings and all improvements upon the land and all personal property owned by the Association shall be procured in an amount equal to the insurable replacement value thereof (exclusive of excavations, foundations, streets, and parking facilities and other items normally excluded from such coverage) as determined annually by the insurance company affording such coverage; and provided that the total amount of insurance after application of any deductible shall not be less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date. Such coverage shall afford protection against: (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (ii) such other risks as from time to time customarily shall be covered with respect to Buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. This insurance may but need not include improvements and betterments installed by Owners as their sole and separate property.

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

All liability insurance shall contain cross liability endorsements to cover liabilities of the Owners as a group to an individual Owner.

(c) Board and Officers. Liability insurance on each officer and each of the members of the Board of Directors of the Association, together with a fidelity policy or bond, all in such amounts and in such forms as shall be determined by the Board. The premiums on such bonds shall be a Common Expense.

21.2 Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners.

21.3 Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their respective interest may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. Any loss covered under Section 21.1(a) and (b) shall be adjusted by the Association. Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the restoration or repair, or if the Condominium is terminated.

21.4 Non availability. If for any reason the Association is unable to obtain the insurance coverage required under Section 21.1(a) or (b) above, written notice of such unavailability shall be hand delivered or mailed to all Owners.

21.5 Policy Requirements. The policies required in Section 21.1(a) and (b) must provide that:

(a) each Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or Membership in the Association;

(b) the insurer waives its right to subrogation under the policy against any Owner or members of his household;

(c) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;

(d) if, at any time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and,

(e) the policy may not be canceled, nor may the insurer refuse to renew the policy until after thirty (30) days after the notice of such cancellation of non renewal has been mailed to the Association, each Owner and each mortgagee or beneficiary under a mortgage or deed of trust to whom certificates have been issued at their last known address.

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

(a) the Condominium is terminated as by law provided; or

(b) repair, replacement or restoration would be illegal under any state or local health or safety statute, code or ordinance; or

(c) the Owners decide not to rebuild by a unanimous vote.

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

21.8 Proceeds Distribution on Unreconstructed Units or Elements. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Element shall be used to restore the damaged area compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lienholders, as their interest may appear, and (3) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interest may appear, in proportion to their respective Allocated Interest.

21.9 Allocated Interest Reallocation on Nonreconstruction. If the Owners vote not to rebuild any Unit, the Unit's Allocated Interest is automatically reallocated upon the vote not to reconstruct as if the Unit had been condemned. In such case the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

21.10 Notwithstanding this Article XXI, the provisions of Article XXIV govern the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XXII

ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES

22.1 Owner Register. The Association shall at all times maintain a register setting forth the names of the Owners. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit.

22.2 Mortgagee Register. The Owner shall also notify the Association of the names of: the parties holding any mortgage(s) or Deed(s) of Trust (herein called "Mortgage") covering the Owner's Unit(s) and the recording information which shall be pertinent to identify the same. The holder of any mortgage or mortgages upon any Unit, if it so desires, may notify the Association of the existence of any mortgage or mortgages upon any Unit, and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

ARTICLE XXIII

COMMON SURPLUS

Common Surplus shall be owned by the Owners of all Units in the same proportion that the Allocated Interest in the Common Elements appurtenant to each Owner's Unit bears to the total of all Allocated Interest in the Common Elements 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 as 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 Owners of Units in accordance with their Allocated Interest.

**ARTICLE XXIV
TERMINATION**

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

24.1 Consent. Except in the case where the whole of the Condominium is taken by Eminent Domain the termination of the Condominium may be effected only by agreement of eighty percent (80%) of the Allocated Interests of all Owners expressed in an instrument to that effect specifying a date after which it will be void unless recorded prior to such date and duly recorded; and, provided, that the holders of all liens affecting any of the Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the Allocated Interest of the Owner in the property as provided in Section 24.2 below. This termination shall become effective when such agreement has been recorded in the public records of all counties in which the Condominium is located.

24.2 Contract For Sale At Termination; Ownership of Property. The Association, on behalf of the Owners, may contract for the sale of property in the Condominium, but the contract is not binding on the Owners until approved by the Owners in conformity with Section 24.1. If any property in the Condominium is to be sold following termination, title to that property, upon termination, vests in the Association, as trustee for the holder of all interests in the Units. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to Owners and Lienholders as their interest may appear, in proportion of the respective interest of Owners as provided in Section 24.7 below. Unless otherwise specified in the termination agreement, as long as the Association holds title to the property, each Owner and his successors in interest have an exclusive right to occupancy of the portion of the property that formerly constituted his Unit. During the period of that occupancy each Owner and his successors in interest remain liable for all assessments and other obligations imposed on Owners by the Declaration.

24.3 No Sale at Termination; Ownership of Property. After termination of the condominium where no sale has been agreed to, the Owners shall own the property as tenants in common in their respective interests as defined in Section 24.7 and the holders of mortgages and liens against the Unit or Units formerly owned by such Owners shall have mortgages and liens upon the respective interest of the Owners. All funds held by the Association and insurance proceeds, if any, shall be, and continue to be held for the Owners in the same proportion. While the tenancy in common ownership exists, each Owner and its successors in interest have an exclusive right to occupancy of his portion of the property that formerly constituted his Unit.

The costs incurred by the Association in connection with the termination shall be a Common Expense.

24.4 Partition or Sale Following Termination. Following termination, the property may be partitioned and sold upon the application of any former Owner having an interest in the property.

24.5 Association Powers Continue. The members of the Board acting collectively as agent for all Owners, shall continue to have such powers as in this Section are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

24.6 Association as Trustee. Following termination of the Condominium, the proceeds of any sale of property, together with the assets of the Association, are held by the Association as trustee for Owners and holder of liens of the Units as their interest may appear. Following termination, creditors of the Association holding liens on the Units, which were recorded before termination, may enforce those liens in the same manner as any Lienholder. All other creditors of the Association are to be treated as if they had perfected liens on the Units immediately before termination.

24.7 Owners Respective Interest on Termination. The respective interests of Owners referred to in Sections 24.2, 24.3 and 24.7 are as follows:

(a) Except as provided in paragraph (b), the respective interest of Owners are the fair market value of their Units, Limited Common Elements, and Common Element interests immediately before their termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within thirty (30) days after distribution by Owners of Units to which fifty percent (50%) of the votes in the Association are allocated. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Unit and Common Elements.

(b) If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interest of all Owners is their respective Common Element interest immediately before the termination.

24.8 Foreclosure of Lien on Whole Condominium Not a Termination. Except as provided in Section 24.9, foreclosure or enforcement of a lien or encumbrance against the entire Condominium does not of itself terminate the Condominium, and foreclosure or enforcement of a lien or encumbrance against a portion of the Condominium, other than withdrawable real estate, does not withdraw that portion from the Condominium. Foreclosures or enforcement of a lien or encumbrance against withdrawable real estate does not withdraw that real estate from the Condominium, but the person taking title thereto has the right to require from the Association, upon request an amendment excluding the real estate from the Condominium.

24.9 Priority of Liens. If a lien or encumbrance against a portion of the Condominium has priority over the Declaration, and the lien or encumbrance has not been released the parties foreclosing that lien or encumbrance may upon foreclosure, record an instrument excluding the real estate subject to that lien or encumbrance from the Condominium.

ARTICLE XXV AMENDMENT OF DECLARATION OF CONDOMINIUM

This Declaration of Condominium may be amended in the following manner:

25.1 General Procedure for Amendment. Except as provided otherwise in this Article XXV, an amendment or amendments to this Declaration of Condominium may be proposed by the Board or the Association acting upon a vote of a majority of the Allocated Interest, whether meeting as Members or by instrument in writing signed by them. Upon any Amendment or Amendments to this Declaration of Condominium being proposed by the Board or members, such proposed Amendment or Amendments 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 ten (10) days nor later than thirty (30) days from receipt by him of the proposed Amendment or Amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed Amendment or Amendments in reasonable 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 or Amendments proposed must be approved by an affirmative vote of sixty-seven percent (67%) of the votes in the Association based upon the Allocated Interest in order for such Amendment or Amendments to become effective. Thereupon such Amendment or Amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such Amendment or Amendments, so certified and executed with the same formalities as a Deed, shall be recorded in the Public Records of the county in which the Condominium is located within ten (10) days from the date on which the same became effective, such Amendment or Amendments to specifically refer to the recording data identifying the Declaration of Condominium. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the Officers of the Association shall be delivered to the Owners of all Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments.

25.2 Certain Amendments Requiring Unanimous Consent. Except as permitted herein and as provided in Section 25.3 or by applicable law, no amendment may create or increase Special Declarant Rights, increase the number of Units, change boundaries of a Unit, change the allocated interest in Common Elements of a Unit, or the uses to which any Unit is restricted, without prior written consent of all the Owners of all Units.

25.3 Amendments Permitted Other Than By Action Under Section 25.1 and Section 25.2.

(a) Amendments Prior to Sale. The Declaration may be amended by the Declarant at any time prior to recording of the sale of the first Unit to an Owner by filing an amendment in the Office of the Register of Deeds of the County in which the Condominium is located with a Certificate certifying the fact that no sale has previously occurred.

25.4 Amendment by Declarant, the Association and Owners. The Declaration may be amended by the Declarant, the Association or Owners as provided in N.C. Gen. Stat. §§ 47C-2-109(d), 47C-2-110, 47C-1-107, 47C-1-106(d), 47C-2-106(d), 47C-2-112(a), 47C-2-113(b) or 47C-2-118(b). Declarant also has the right to unilaterally amend the Declaration during the Declarant Control Period, except where expressly prohibited by the Act.

25.5 Declarant Rights. 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 Declarant being first had and obtained. Written consent of the Declarant shall not be required after termination of the Development Period.

ARTICLE XXVI REMEDIES IN EVENT OF DEFAULT

The Owner of each Unit shall be governed by and shall comply with the provisions of this Declaration of Condominium and the Articles of Incorporation and Bylaws of the Association, and any rules or regulations issued pursuant thereto, as any of the same are now constituted or 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:

26.1 Actions at Law and Equity. Failure to comply with any of the terms of this Declaration of Condominium or other restrictions and regulations contained in the Articles of Incorporation or By-laws of the Association or any rules and regulations issued pursuant thereto, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due to damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Owner.

26.2 Liabilities of Owners. Each 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 his guests, servants, agents, invitees 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 of insurance companies or rights or subrogation.

26.3 Collection or Enforcement Costs and Expense. In any proceeding arising because of alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

26.4 No Waiver. The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration of Condominium or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

26.5 Cumulative Remedies. 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 the Declaration, shall be deemed to be cumulative, and the exercise of any one or

more shall not be deemed to constitute an election of remedies, nor shall it preclude the 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.

26.6 No Waiver By Declarant. The failure of Declarant to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration or other above-mentioned 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.

26.7 Fines and Penalties. Notwithstanding the foregoing, and in addition thereto, any Owner may be fined by the Association for failure to comply with the terms of this Declaration, the Bylaws, Articles of Incorporation or published rules and regulations in an amount not to exceed One Hundred Dollars (\$100.00) or any higher amount allowed by the Act, in accordance with N.C. Gen. Stat. § 47C-3-107.1. Any fine shall be assessed against the Owner and his Unit as a Common Expense and, if unpaid, shall be a lien on the Unit as provided herein.

ARTICLE XXVII

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

“Institutional Lender” or “Institutional Lenders”, as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders. So long as any Institutional Lender or Institutional lenders shall hold any mortgage upon any Unit or Units, or shall be the Owner of any Unit or Units, such Institutional Lender or Institutional Lenders shall have the following rights:

27.1 Records and Statement. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the Annual Financial Statement and Report of the Association, prepared by the Association Treasurer or a Certified Public Accountant designated by the Association, such Financial Statement and Report to be furnished within one hundred twenty (120) days after the end of each fiscal year.

27.2 Notice of Certain Meetings. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Condominium, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed.

27.3 Notice of Owner’s Default. To be given notice of default by any Owner owning a Unit encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing.

27.4 Request for Notices. Whenever an Institutional Lender or Institutional Lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to the address stated herein, identifying the Unit or Units upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Units owned by them, or any of them, together with sufficient pertinent facts to

identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender or Institutional Lenders.

**ARTICLE XXVIII
RIGHT OF DECLARANT TO REPRESENTATION ON BOARD**

During the Declarant Control Period, Declarant shall be entitled to designate and select persons to serve on the Board and the manner in which such person or persons shall be designated and the number thereof and the composition of the Board and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term or any Director or Directors so removed. Any Director designated and selected by the Declarant need not be an Owner. Notwithstanding the foregoing, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units (including Units which may be created pursuant to special rights) to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Board shall be elected by Owners other than Declarant.

**ARTICLE XXIX
SEVERABILITY**

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

**ARTICLE XXX
LIBERAL CONSTRUCTION**

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

**ARTICLE XXXI
DECLARATION OF CONDOMINIUM BINDING ON ASSIGNS
AND SUBSEQUENT OWNERS**

The restrictions and burdens imposed by the covenants of this Declaration of Condominium are intended to and shall constitute covenants running with the land, and shall

constitute an equitable servitude upon each Unit and its appurtenant Allocated Interest in Common Elements. This Declaration of Condominium shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Owners of Units in the Condominium and their respective heirs, legal representatives, successors in title and assigns.

ARTICLE XXXII EASEMENTS

32.1 Utilities. The Board may hereafter grant easements in the name of the Association for utility purposes for the benefit of the Condominium and for the benefit of any Unit, including the right to install, lay, maintain, repair and replace, waterlines, pipes, sewer lines, storm drainage facilities, telephone wires, cable telephone wires, and electrical conduits, wires over, under and along any portion of the property, and the Owners of any Unit hereby grant to the Association an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing.

32.2 Public Service Access. An easement is hereby established over the Common Elements for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

ARTICLE XXXIII DISCLAIMER BY GOVERNMENTAL AUTHORITIES

Some governmental authorities or fire or police departments refuse to be responsible for failing to provide any emergency or regular fire, police or other public service to such developments or their occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, Association or Owners. Accordingly, the Board is hereby empowered to make all efforts to assure that there is adequate access to all Units and shall not allow any blocking of access or defects in access to remain uncorrected.

ARTICLE XXXIV SIGNS

Except for Declarant's signs permitted under Section 5.2(d) hereof, all signs and numbers on entrance doors to Units shall conform in all respects to the rules and regulations adopted by the Board.

ARTICLE XXXV CONDEMNATION

35.1 General. Whenever all or any part of the Condominium shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law.

35.2 Common Elements. If the taking is confined to the Common Elements or the Common Elements on which improvements shall have been constructed, but shall not involve a Unit or Limited Common Element then the award for the Common Element loss shall be payable to the Association.

35.3 Limited Common Elements. Any portion of any award in condemnation attributable to the taking of all or any portion of a Limited Common Element shall be paid to the Owner of the Unit to which the Limited Common Element was allocated or, if more than one, apportioned among the Owners of the Units to which the Limited Common Element taken was allocated.

35.4 Units.

(a) If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Owner for his Unit and its interest in the Common Elements, whether or not any Common Elements are acquired. Unless the condemnor acquires the right to use the Unit's interest in Common Elements, that Unit's allocated interest are automatically reallocated to the remaining Units in proportion to the respective Allocated Interest of those Units before the taking exclusive of the Unit taken, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this subsection is thereafter a Common Element.

(b) Except as provided in subsection (a), if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and of its interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, (1) that Unit's Allocated Interest are reduced in proportion to the reduction in the size of the Unit, and (2) the portion of the Allocated Interest divested from the partially acquired Unit is automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interest of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interest.

**ARTICLE XXXVI
MEMBERSHIP IN EATON'S CROSSING**

Declarant hereby subjects the Property to the Eaton's Crossing Declaration except to the extent set forth below. Without limiting the foregoing, all Owners shall be deemed an Owner as defined in the Eaton's Crossing Declaration and Member of the Eaton's Crossing Association and shall be entitled to the benefits of Owners and Members including all easements set forth in the Eaton's Crossing Declaration. All Owners of Units shall also pay all assessments required under the terms of the Eaton's Crossing Declaration. Units owned by Declarant shall be entitled to exercise the rights of Class B Members as more specifically provided in the Eaton's Crossing Declaration. All other Owners of Units shall be entitled to exercise the rights of Class A Members as more specifically provided in the Eaton's Crossing Declaration.

Sections 10.2, 10.3, 10.5, 10.11, 10.12, 10.13, 10.14, 10.16, 10.18, 10.19, 10.22 and 10.23 of the Eaton's Crossing Declaration shall be applicable to the Property as defined herein and may be enforced by the Eaton's Crossing Association or the Association. The remaining provisions of Article X of the Eaton's Crossing Declaration shall not be applicable to the Condominium. It is expressly understood that the covenants, conditions and restrictions contained in this Declaration may be more restrictive than those contained in the applicable portions of Article X and in the Eaton's Crossing Declaration in general, and the provisions of this Declaration shall control.

IN WITNESS WHEREOF, Declarant of this Declaration has hereunto caused this instrument to be executed by its duly elected officers and its corporate seal affixed hereto, all as an act and deed of the Declarant this the 22 day of January 2014.

EATON'S CROSSING NC LP

By: W.E.H., Inc., its General Partner

By:


Stephen N. Fleischman,
Vice President

STATE OF NC

COUNTY OF WAKE

ACKNOWLEDGEMENT

I, MARC B. LUTCAVAGE, a Notary Public of the County and State aforesaid, certify that Stephen N. Fleischman of whose identity I have personal knowledge, personally appeared before me and acknowledged that the signature on the record presented is his signature and that he voluntarily executed the foregoing instrument for the purpose stated therein and in the capacity indicated and with full authority to do so.

Witness my hand and official stamp or seal, this 22 day of JANUARY, 2014.




Notary Public

MARC B. LUTCAVAGE
Printed Name

My Commission Expires: 5-26-2014

EXHIBIT A

Property

Being all of Tract 1 as shown on that map entitled "MINOR SUBDIVISION. FINAL PLAT. EATON'S CROSSING AMENITIES & MULTI-FAMILY TRACT" prepared by Civiltek East and recorded in Map Book 293, Page 7 in the Office of the Register of Deeds of Warren County, North Carolina.

EXHIBIT B

Annexation Property

Being all of Tracts 2 and 3 as shown on that map entitled "MINOR SUBDIVISION. FINAL PLAT, EATON'S CROSSING AMENITIES & MULTI-FAMILY TRACT" prepared by Civiltek East and recorded in Cabinet 1, Slide 293A, Plat 7 in the Office of the Register of Deeds of Warren County, North Carolina.

EXHIBIT C

INITIAL ALLOCATED INTEREST

UNIT NO.	SQUARE FOOTAGE	ALLOCATED INTEREST
101	1967	26.3
102	1977	26.5
201	1763	23.6
202	1763	23.6
TOTAL	7470	100.00%

EXHIBIT D

**BYLAWS OF
EATON'S CROSSING AT LAKE GASTON
CONDOMINIUM ASSOCIATION, INC.**

ARTICLE I

GENERAL INFORMATION

Section 1. DEFINITIONS AND INTERPRETATION. All capitalized words, phrases, and terms used in these Bylaws but not defined herein shall have the meanings as set forth in the Declaration of Condominium for Eaton's Crossing at Lake Gaston Condominium recorded in the Warren County Public Registry (the "Declaration"), to which a copy of these Bylaws is attached as an exhibit. In the event of a conflict between the provisions of the Declaration and the provisions of these Bylaws, the Declaration shall prevail. The Declaration shall also prevail in the event of any conflict between the Declaration and the Articles of Incorporation of the Association ("Articles"). In the event of a conflict between the provisions of the Articles and the provisions of these Bylaws, the Articles shall prevail.

Section 2. FISCAL YEAR. The fiscal year of the Association shall be 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 and continue until the end of the calendar year in which such closing occurs.

Section 3. SEAL. A seal with the words "EATON'S CROSSING AT LAKE GASTON CONDOMINIUM ASSOCIATION, INC." on the outer circle and the date "2012" within the circle shall be the common corporate seal of the Association.

Section 4. CONFORMITY. The Association, its Board members, Officers and Members shall at all times act in accordance with the Declaration, the Act and the North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes (as the same exists or may hereafter be amended, the "Nonprofit Act").

ARTICLE II

ASSOCIATION MEMBERS

Section 1. QUALIFICATION. Membership in the Association shall consist exclusively of all of the Unit Owners. Membership in the Association shall be appurtenant to and may not be separated from Unit ownership.

Section 2. ANNUAL MEETING OF MEMBERS. The annual meeting of the Members of the Association shall be held in the State of North Carolina in February of each year for the purpose of electing officers and for the transaction of such other business as may be brought before the meeting. The specific date, time and location shall be fixed by the President of the Association.

Section 3. SUBSTITUTE ANNUAL MEETING. If the annual meeting shall not be held as designated in these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. SPECIAL MEETINGS. Special meetings of the Members may be held whenever called in writing by: (i) the President of the Association; (ii) a majority of the Board members; or (iii) Members representing twenty percent (20%) of the votes in the Association, based on their Allocated Interest as set forth in the Declaration. Business to be acted upon at any special meeting shall be confined to the subjects stated in the notice of such meeting.

Section 5. NOTICE OF MEETING. Written or printed notices stating the time and place of meeting shall be mailed or delivered by the Secretary to each Member of record at the Member's last known address. Notwithstanding the foregoing, notice given to any one tenant in common, joint tenant, tenant by the entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of the subject Unit.

The notice of each meeting shall be mailed or delivered by the Secretary not less than ten (10) days or more than fifty (50) days prior to the date set for such meeting and as to special meetings, the notice shall indicate the purpose or purposes thereof. Notices by mail shall be deemed delivered two (2) days after deposited in the United States mail as aforesaid. A Member may waive notice of any meeting, before or after the meeting, by signing a written waiver and delivering the same to the Secretary of the Association, who shall file the same in the Association's books and records. A Member's attendance at a meeting (i) waives objection to the lack of notice or defective notice of the meeting, unless the Member objects to the transaction of business at the beginning of the meeting and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the Member objects to considering the matter before it is voted upon.

Section 6. ELECTRONIC COMMUNICATIONS AND ELECTRONIC VOTING. The use of electronic transactions and transmissions by the Members or the Board is authorized in lieu of other forms of communication set forth herein to the fullest extent allowed by North Carolina law, including without limitation, the Condominium Act, Nonprofit Corporation Act and Article 40 of Chapter 66 of the North Carolina General Statutes.

Unless otherwise prohibited by law, the Board may adopt a web-based or other electronic based method of voting which allows owners to cast votes electronically. Any electronic voting system approved by the Board may be used in conjunction with, but not in lieu of, regular or

special meetings at which persons may still cast their votes in person or by proxy. If electronic voting is to be utilized, the Board must clearly identify in the meeting notice that electronic voting will be available, the method by which the Member can access the voting option and cast the Member's vote, and the date and time by which the electronic voting option will close. For purposes of determining quorum, any votes cast electronically will count towards determining whether or not a quorum was present.

Section 7. QUORUM. At any meeting of the Members, the presence of Members representing twenty percent (20%) of the votes in the Association, based on their Allocated Interest as set forth in the Declaration, whether present in person or represented by proxy, shall constitute a quorum of the membership for all purposes.

If a quorum is not present at any meeting, the meeting may be recessed from time to time by announcement from the presiding Officer at the time such meeting was set and such shall be sufficient notice of the time and place of the recessed meeting. The Members present at a duly organized meeting at which a quorum is present at the beginning of the meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 8. ORGANIZATION. The President, or in his absence, the Vice President, shall preside over all meetings of Members and the Secretary of the Association shall act as Secretary at all meetings of the Members and take minutes and record the votes; provided, however, in the Secretary's absence the President may appoint another person to act as Secretary for the meeting of the Members.

Section 9. VOTING. Each Member shall be entitled to one vote for each percentage Allocated Interest in the Common Elements. By way of example, if a Unit has a 26.3 percent interest in the Common Elements as set forth in the Declaration, the Owner of said Unit shall be entitled to 26.3 votes out of the 100 votes available to be cast. When more than one Person holds a fee simple ownership interest of record in any Unit, all such Persons shall be Members. The vote for such Unit shall be exercised as the Owners thereof determine, but in no event shall more than the total number of votes allocated to such Unit be cast with respect to such Unit, and fractions of the allocated votes may not be cast by different Owners with respect to such Unit. If more than one joint Owner votes, the unanimous action of all joint Owners voting shall be necessary to effectively cast the votes allocated to such Unit. Such unanimous action shall be conclusively presumed if any one of such joint Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners. The casting of a majority of the votes represented at a meeting of Members at which a quorum is present, in person or by proxy, shall constitute the act of the Members on that matter, unless the vote of a greater number is required by law or by the Declaration, the Articles or these Bylaws. Cumulative voting shall not be allowed. No votes allocated to a Unit owned by the Association may be cast.

Section 10. VOTING BY PROXY. The votes allocated to a Member may be cast pursuant to a dated written proxy executed by the Member or his duly authorized attorney-in-fact. A proxy terminates one (1) year after its date, unless it specifies a shorter term. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary (or duly acting Secretary) either prior to or during the meeting for which they are applicable. A proxy may not be revoked except by written notice delivered to the person presiding over a meeting of the Association, who shall advise the Secretary of the same. All of the above provisions concerning voting by joint Owners shall apply to the votes cast for any one Unit by two or more proxy holders.

Section 11. ACTION WITHOUT MEETING. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all of the Members entitled to vote on the action or their proxies. Any action so approved shall be filed with the Secretary and inserted in the books and records of the Association, and shall have the same effect as though taken at a meeting of the Members.

ARTICLE III

BOARD OF DIRECTORS

Section 1. NUMBER AND TERM OF OFFICE. The affairs of the Association shall be managed by a Board of Directors which shall consist of not less than three (3) nor more than five (5) individuals. The Board shall determine the precise number of Board members to serve at any time. The initial Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles. During the Declarant Control Period, the Declarant may appoint and remove the members of the Board from time to time, subject, however, to the limitations contained in the Declaration. Prior the expiration of the Declarant Control Period, the Members shall elect the Board members, at least a majority of whom shall be Unit Owners. Each Board member shall serve until his successor is elected and qualified at the next annual meeting of the Members and thereafter the Board members shall be elected by the Members at each annual meeting. Board members may succeed themselves in office. Corporate or other non-individual Members, including the Declarant, may elect individual board members.

Section 2. COMPENSATION. No Board member shall receive compensation for any service he may render to the Association. However, with the prior approval of the Board, any Board member may be reimbursed for actual expenses incurred in the performance of his duties. In addition to the limitations of N.C. Gen. Stat. § 55A-8-31 and other provisions of the Nonprofit Act, no financial payments, including payments in the form of goods and services, may be made to any Board member or to a business, business associate or relative of any Board member, except as expressly provided for herein or in payments for services or expenses paid on behalf of the Association which are approved in advance by the Board.

Section 3. ACTION WITHOUT MEETING. The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all of the Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

Section 4. MEETINGS AND NOTICES. Regular meetings of the Board shall be held annually without notice, at such place and time as may be fixed from time to time by resolution of the Board. Special meetings of the Board may be called by any Board member after not less than five (5) days written notice to each Board member by hand delivery, United States mail, postage prepaid or by electronic means. Notices by mail shall be deemed delivered two (2) days after deposited in the United States mail as aforesaid. Such notice shall state the general nature of any proposed amendment to the Bylaws, but otherwise need not state the items on the agenda, unless required by law. A Board member may waive such notice, before or after the special meeting, by signing a written waiver and delivering the same to the Secretary of the Association, who shall file the same in the Association's books and records. A Board member's attendance at or participation in a special meeting waives the required notice to him of the meeting unless the Board member objects to the transaction of business promptly upon his arrival and does not thereafter vote for or assent to action taken at the meeting.

Section 5. QUORUM. A majority of the Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting of which a quorum is present shall be regarded as the act of the Board.

Section 6. LOANS TO BOARD MEMBERS. No loan, guaranty or other form of security shall be made or provided by the Association to any Board member. Board members who vote for, assent to or participate in such loan or guaranty shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof or for any liability of the Association upon such guaranty.

Section 7. INDEMNIFICATION. To the extent permitted by the provisions of the Nonprofit Act, each Board member is hereby indemnified by the Association with respect to any liability and expenses of litigation arising out of his status or activities as a Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by the Nonprofit Act.

Section 8. POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS. Subject to the provisions contained herein, the Declaration and applicable law, the Board shall have the power and authority to exercise all of the rights and powers of the Association, including, but not limited to, the following powers:

(a) To adopt rules and regulations governing the use of the Common Elements, and the personal conduct of the Unit Owners and their guests thereon, and establish penalties for the infraction thereof;

(b) To declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(c) To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties; provided, that any contract for professional management must contain a clause requiring not more than ninety (90) days termination notice;

(d) To procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the Unit Owners same for their pro rata portion of such expense;

(e) To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements or any other services provided to the Unit Owners;

(f) To exercise all other powers that may be exercised in the State of North Carolina by legal entities of the same type as the Association;

(g) To exercise any other powers necessary and proper for the governance and operation of the Association;

(h) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina by law may now or hereafter have or exercise;

(i) To enforce the provisions of the Declaration;

(j) To foreclose any unpaid assessments and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Unit Owner personally obligated to pay the same;

(k) To exercise all authority with respect to architectural review and control, including but not limited to the authority to approve plans and specifications for all structures on and improvements to the Units and Common Elements, to impose and collect architectural review fees, to approve landscaping plans, to enforce design guidelines applicable to the Units and Common Elements, and to enact additional guidelines for all improvements;

(l) To exercise all authority in connection with Unit use restrictions, including but not limited to the authority to enforce use restrictions applicable to the Units, to enact rules and regulations relating to Unit use and Unit Owners and guests, and to establish and collect fines for breaches of such restrictions, rules and regulations;

(m) To exercise all authority to grant easements over the Common Elements, provided, however, any delegation of this authority to grant easements shall be limited to the power to grant only non-exclusive easements for a public use;

(n) To delegate to any person or entity any powers not prohibited by law to be delegated; and

(o) To hire attorneys and other professionals.

Section 9. DUTIES OF THE BOARD OF DIRECTORS. It shall be the duty of the Board to do the following:

(a) To cause the Common Elements to be maintained, repaired, and replaced as required by the Declaration, and to assess the Unit Owners for the cost thereof;

(b) To keep a complete and accurate record of all its minutes, acts and corporate affairs and present a statement thereof to the Members at the annual meeting, or at any special meeting when such statement is requested in writing by Members representing twenty percent (20%) of the votes in the Association, based on their Allocated Interests as set forth in the Declaration;

(c) To supervise all officers, agents and employees of the Association;

(d) To fix the amount of the annual assessment as required in the Declaration;

(e) To send written notice of each assessment to every Member at least thirty (30) days in advance of the due date for each annual assessment or the first installment thereof (if applicable);

(f) To issue, or have issued, upon request, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid;

(g) To procure and maintain, at all times, the property, liability and other insurance coverages required to be maintained by the Association as provided in the Declaration;

(h) To enforce the Declaration as provided therein; and

(i) To take such other actions as are allowed or authorized under the Declaration, the Nonprofit Corporation Act or the Act.

ARTICLE IV

OFFICERS

Section 1. OFFICERS. The Officers of the Association shall be a President, Vice President, and Secretary/Treasurer.

Section 2. ELECTION OF OFFICERS. The Board shall elect a President, Vice President, and Secretary/Treasurer and other officers as the Board may deem appropriate. Each officer shall serve until the next election and their successor has been elected and qualified.

Section 3. POWERS AND DUTIES OF THE EXECUTIVE OFFICERS.

(a) The President shall preside at all meetings of the Board and of the Members; he shall see that orders and resolutions of the Board are carried out; he shall sign all leases, mortgages, deeds, contracts and other written instruments; and he may sign checks and promissory notes on behalf of the Association, and he shall have all of the general powers and duties which are incident to the office of President in the supervision and control of the management of the Association in accordance with these Bylaws.

(b) The Vice President shall act in the place of the President in the event of his absence, or his inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the President or the Board.

(c) The Secretary shall record the votes, keep records of proxies and keep the minutes of all meetings, proceedings and written consents of the Board and of the Members; he shall keep the associate seal and affix it on all papers requiring said seal; he shall serve notice of meetings of the Board and of the Members; he shall keep appropriate current records showing the Members of the Association together with their addresses; he shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; and he shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; he may sign checks and promissory notes on behalf of the Association; he shall keep complete, accurate and proper financial records and books of account; and he shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each Member.

Section 4. REMOVAL. Any Officer, other than an Officer appointed by the Declarant during the Declarant Control Period, may be removed with or without cause, by a vote of at least sixty-seven percent (67%) of all Members present and entitled to vote at any meeting of the Members at which a quorum is present. In the event of death, resignation or removal of an

Officer, his successor shall be selected by the Board to serve until the next annual meeting of the Members at which election of officers shall be had when his successor shall be elected.

ARTICLE VI

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members at which a quorum is present, by a vote of a majority of the Members present in person or by proxy. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the Declarant's rights provided for in the Declaration without the written consent of the Declarant.

Section 2. During the Declarant Control Period, the Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the sole judgment of the Declarant, would tend to impair the right of Declarant or to interfere with development or construction of any portion of the Property, or diminish the level of services being provided by the Association. The Declarant shall be given written notice of all meetings and proposed actions approved at meetings of the Association, the Board or any committee. Notice shall, except in the case of regularly scheduled Board meetings, set forth with reasonable particularity the agenda for each such meeting. The Declarant's right to disapprove any proposed action, policy or program may be exercised at any time within ten (10) days following the meeting at which such action was proposed, or in the case of an action taken by written consent in lieu of a meeting, any time within ten (10) days following receipt of written notice of the proposed action.

These foregoing constitute the original Bylaws of the Association and are effective as of this 22nd day of JANUARY, 2014.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Eaton's Crossing at Lake Gaston Condominium Owners Association, Inc., a North Carolina corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Board of Directors at a meeting held on the 22 day of January, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 22 day of January, 2014.

Eric Martin [SEAL]
Secretary

STATE OF NORTH CAROLINA

ACKNOWLEDGEMENT

COUNTY OF WAKE

I, MARC B. LUTCAVAGE, a Notary Public of the County and State aforesaid, certify that Eric Rifkin, of whose identity I have personal knowledge, personally appeared before me and acknowledged that the signature on the record presented is his/her signature and that he/she voluntarily executed the foregoing instrument for the purpose stated therein and in the capacity indicated and with full authority to do so.

Witness my hand and official stamp or seal, this 22 day of January, 2014.



M-B. JS
Notary Public

MARC B. LUTCAVAGE
Printed Name

My Commission Expires: 5-22-2014