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DECLARATION OF CONDOMINIUM

Prepared by: Harold W. Beavers, Esq. *D. Stone Builders P.O. Box 9696
 GREENSBORO NC 27429*

D. STONE BUILDERS, INC., a North Carolina corporation with its principal place of business in Guilford County, North Carolina, hereinafter referred to as "Declarant," pursuant to N.C. Gen. Stat. §47C-1-101, et. seq., does hereby make, declare and establish this Declaration of Condominium as and for the plan of dwelling ownership of JACOB'S WAY CONDOMINIUM, being the property and improvements hereinafter described.

Article 1

ESTABLISHMENT OF CONDOMINIUM

1.1 Declarant is the owner of the fee simple title to that certain real property situated in Morehead Township, Guilford County, State of North Carolina, which property is shown on Exhibit "A" attached hereto and incorporated herein by reference, and on which property there has been constructed two (2) one and two-story buildings containing a total of four (4) condominium living units and their supporting facilities, areas designated for parking spaces and other appurtenant improvements. The buildings are of wood frame construction as more particularly shown on Exhibit "A" hereto. Declarant does hereby submit the above-described property and improvements to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina (North Carolina Condominium Act), and hereby declares the same to be a condominium to be known and identified as "JACOB'S WAY CONDOMINIUM," sometimes hereinafter referred to as the "Condominium."

Article 2

SURVEY AND DESCRIPTION OF IMPROVEMENTS

2.1 Annexed hereto and expressly made a part hereof as Exhibit "A", consisting of three (3) page(s), is a survey of the graphic descriptions and plans of the

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improvements constituting the Condominium (the "Condominium Plan"), identifying the Units and Common Elements, as said terms are hereinafter defined, and their respective locations, approximate dimensions and principal building materials. Each Unit has been assigned an Identifying Number on said Exhibit "A", and no Unit bears the same Identifying Number as any other Unit. The Condominium Plan is recorded in Condominium Plat Book 009, Pages 094 & 095, Guilford County Public Registry.

Article 3

DEFINITIONS

The Condominium consists of Units and Common Elements, as said terms are hereinafter defined.

3.1 "Units" as the term is used herein shall mean and compromise the two (2) separately identified Units that are designated in Exhibit "A" to this Declaration, excluding, however, all spaces or improvements lying:

- a. Beneath the subflooring materials of all floors;
- b. Beneath the interior surfacing material of all perimeter walls, interior bearing walls and/or bearing partitions;
- c. Above the interior surfacing material of the ceilings;

and further excluding all pipes, ducts, wires, conduits and other facilities for the furnishing of utilities and other services to Units and Common Elements, up to and including the point of entry of such pipes, ducts, wires and conduits through the interior surfacing material for walls and ceilings and subflooring surfacing material for floors. All pipes, ducts, wires, conduits and other such facilities shall become a part of the respective Units at such point of entry.

As shown on Exhibit "A" there is a patio located immediately to the rear of each Unit and a covered porch located immediately to the front of each Unit. Such patios and porches are a part of the respective Units to which they are attached.

3.2 "Common Elements" shall mean and comprise all of the real property, improvements and facilities of the Condominium other than the Units and all personal property held and maintained for the use and enjoyment of all the Unit Owner(s).

3.3 Certain portions of the common Elements are reserved for the use of a particular Unit or Units to the exclusion of other Units and are designated as "Limited Common Elements." Any common expense associated with the maintenance, repair or replacement of a Limited Common Elements must be assessed against the Unit to which that Limited Common Element is assigned. Limited Common Elements are the Units to which they are reserved are as follows:

Any shutters, awnings, window boxes, doorsteps, stoops and all exterior doors, window frames, panes and screens designed to serve a single Unit but located outside the Unit's boundaries are allocated exclusively for the use of that Unit.

3.4 The terms "Allocated Interests," "Association," "Common Elements," "Common Expenses," "Common Expense Liability," "Condominium," "Declaration," "Development Rights," "Executive Board," "Identifying Number," "Limited Common Elements," "Residential Purposes," "Special Declarant Rights," "Unit," "Unit Owner," and "Lessee," unless it is plainly evident from the content of this Declaration that a different meaning is intended, shall, as used herein, have the meaning set out in Section 47C-1-103 of Chapter 47C of the General Statutes of North Carolina, known as the North Carolina Condominium Act, as that statute exists as of the date of the filing of this Declaration.

Article 4

OWNERSHIP OF UNITS

AND

ALLOCATED INTEREST IN COMMON ELEMENTS

4.1 Each Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Unit owner of each Unit shall also own, as an appurtenance to the ownership of each said Unit, an Allocated Interest in the Common Elements. The Allocated Interest appurtenant to each Unit as of the date of this Declaration is set out in Exhibit "B" attached hereto and made a part hereof. The Allocated Interest in the Common Elements appurtenant to each Unit as shown in said Exhibit has been determined by dividing the Common Elements equally among all Units of the Condominium on the date of this Declaration.

Article 5

DEVELOPMENT RIGHTS

5.1 Addition of Real Estate to Condominium; Connection to Existing Rights-of-Way; Creation of Additional Units, Common Elements and Limited Common Elements.

5.1.1 Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to add additional real estate to the Condominium, to connect to existing public and/or private rights-of-way in the event additional real estate is added to the Condominium, and to create upon such additional real estate additional Units, Common Elements and Limited Common Elements, all without the consent of any Owner or mortgagee. In the event Declarant elects to add additional real estate to expand the Condominium, such expansion could result in the addition of up to twenty-two (22) additional Units. The total number of Units in all phases shall not exceed forty (40).

Additional phases, if added to the Condominium, will be located within the land designated on Exhibit "C" which is attached hereto and incorporated herein by reference, as Phases ____ through ____, inclusive. Additional Units, Common Elements and Limited Common Elements will be consistent with existing Units, Common Elements and Limited Common Elements in structure type and quality of construction, and all improvements intended for additional phases will be substantially completed prior to the addition of such phases to the Condominium. No assurances are made in regard to the order in which new phases may be added. Declarant shall have no obligation of any kind to add any or all of the additional real estate described herein to the Condominium. With respect to any additional real estate added to the Condominium under this Paragraph 5.1, Declarant may exercise any or all of the Development Rights reserved under Paragraphs 5.2, 5.3, and 5.4 of this Article if the amendment adding such real estate so permits.

5.1.2 In the event Declarant elects to add additional phases to the Condominium, then the Allocated Interest in the Common Elements appurtenant to each Unit will change and shall be as set forth in amendment(s) to this Declaration. The proportional interest in the Common Elements appurtenant to each Unit shall be determined by dividing the Common Elements equally among all Units of the Condominium.

5.2 Subdivision of Units.

5.2.1 Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to subdivide an existing Unit owned by Declarant into two or more new Units, or into two or more new Units and new Common Elements and/or Limited Common Elements, without the consent of any Unit Owner(s) or mortgagee. Declarant's right under this Paragraph 5.2.1 shall apply to Units created under this original Declaration, as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Paragraph 5.1 of this Article.

5.2.2 If Declarant elects to exercise its right to subdivide Units, Declarant shall file an amendment to this Declaration reallocating the Allocated Interest appurtenant to the original Unit between or among the new Units created by the subdivision of the Unit in proportion to the number of square feet of heated floor area contained in each new Unit.

5.3 Conversion of Units to Common Elements.

5.3.1 Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to convert an existing Unit or Units owned by Declarant entirely to Common Elements, without the consent of any Unit Owner(s) or mortgagee. Declarant's right under this Paragraph 5.3 shall apply to Units created under this original Declaration as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Paragraph 5.1 of this Article.

5.3.2 If Declarant elects to exercise its right to convert Units to Common Elements, Declarant shall file an amendment to this Declaration reallocating the Allocated Interest appurtenant to the former Unit(s) among the remaining Units in the Condominium. The additional proportional interest in the Common Elements allocated to each remaining Unit as set out in the amendment will be in proportion to the respective Allocated Interest of each such remaining Unit prior to the conversion of the former Unit to Common Elements.

5.4 Withdrawal of Real Estate.

5.4.1 Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to withdraw real estate from the Condominium without the consent of any Unit Owner or mortgagee but subject to prior approval by the City of Greensboro, North Carolina Planning Department. The Declarant's right to withdraw under this Paragraph 5.4 presently extends only to the real property described in Exhibit "A" attached to this Declaration; provided, however, that if and as additional real estate is added to the Condominium pursuant to Paragraph 5.1 of this Article, Declarant's right of withdrawal under this Paragraph 5.4 shall extend to each additional piece of real estate so added.

5.4.2 If Declarant elects to exercise its right to withdraw real estate from the Condominium, Declarant shall file an amendment to this Declaration pursuant to Paragraph 5.5 of this Article reallocating the proportional interest in the Common Elements of each Unit remaining in the Condominium after the withdrawal. The proportional interest will be in proportion to the respective Allocated Interest of each such remaining Unit prior to the withdrawal of such real estate from the Condominium.

5.5 Method of Exercising Development Rights.

5.5.1 In the event Declarant exercises any of its development rights under Paragraphs 5.1, 5.2, 5.3 or 5.4 of this Article, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Declaration in the public records of Guilford County, North Carolina, such amendment to refer specifically to the recording data identifying this Declaration. Such amendment shall assign an Identifying Number to any new unit created thereby, describe any new Common Elements and Limited Common Elements created thereby and, in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. If appropriate, the amendment shall reallocate the Allocated Interest in the Common Elements among all Units then located in the Condominium, and Declarant's determination as to such reallocation shall be conclusive and binding on all Unit Owners and mortgagees.

5.5.2 In addition to the execution and recordation of the amendment to the Declaration described above, Declarant shall record in the public records of Guilford County either new plats and plans of the Condominium evidencing the changes effected by Declarant's exercise of its development rights, or new certificates of the plats and

plans previously recorded if the Condominium continues to conform to those plats and plans.

5.5.3 Each Unit Owner(s) shall be deemed by his acceptance of the deed to a Unit to have consented to the Development Rights reserved in this Article and to any amendments previously or thereafter executed by Declarant pursuant to this Article and to Article 24 hereof. Except as provided in this Declaration, the Allocated Interest in the Common Elements appurtenant to each Unit shall not be changed except with the unanimous consent of all Unit Owner(s) and with the consent of all of the Institutional Lenders, as defined in Article 31 hereof, holding first mortgages or deeds of trust on the Units.

5.5.4 Any and all of the Development Rights reserved under this Article 5 may be exercised as to any, all or none of the real estate described in Exhibit "A" and Exhibit "C" of this Declaration, at different times from time to time, and in any sequence, all in the sole discretion of the Declarant.

5.6 Successor to Declarant's Rights. In the event a party or parties other than Declarant is the owner of all or any undeveloped portion of the property described in Exhibit "C" attached hereto and wishes to add such property to the Condominium and to create thereon additional Units, Common Elements and Limited Common Elements, such party(ies) shall be entitled but not obligated to add such property to the Condominium as fully as is Declarant hereunder, and shall, upon its recordation of an amendment to this Declaration adding such additional real property to the Condominium, succeed to all rights of Declarant under this Declaration, the Articles and Bylaws. In the event any such party(ies) succeeds to the rights of a declarant as described in this Paragraph, the rights of the prior declarant to exercise the powers of Declarant under this Declaration, the Articles and the Bylaws shall thereupon terminate, except such rights as to which the prior declarant is entitled by virtue of its ownership of any Unit(s). It is the intent of this Paragraph to allow for multiple successor declarants under this Declaration, but no more than one (1) party shall have the right to exercise the powers of Declarant hereunder at any one time.

Article 6

RESTRICTIONS AGAINST FURTHER SUBDIVIDING OF UNITS: REALLOCATION OF LIMITED COMMON ELEMENTS: SEPARATE CONVEYANCE OF COMMON ELEMENT INTEREST PROHIBITED

6.1 Except as provided in Paragraph 5.2 of Article 5, no Unit may be divided or subdivided.

6.2 Limited Common Elements may be reallocated by two or more Unit Owner(s) by an amendment to the Declaration executed by all Unit Owner(s) between or among whose Units the reallocation is made. The Association, at the expense of such

Unit Owner(s), shall prepare and record the executed amendment in the names of the Unit Owner(s) executing same, in the same manner as a deed, in the public records of Guilford County, North Carolina.

6.3 Except as otherwise provided in this Declaration, the Allocated Interest in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the Allocated Interest in the Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such Allocated Interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transaction which purports to grant any right, interest or lien in, to or upon a Unit shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its Allocated Interest in Common Elements, unless the same purports to affect any interest in a Unit and its Allocated Interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the Identifying Number assigned thereto in Exhibit "A" without limitation or exception, shall be deemed and construed to affect the entire Unit and its Allocated Interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

Article 7

THE CONDOMINIUM SUBJECT TO RESTRICTIONS

7.1 The Units, Common Elements and Limited Common Elements shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use thereof and setting forth the obligations and responsibilities incident to ownership of each Unit and its Allocated Interest in the Common Elements, and said Units, Common Elements and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium.

7.2 Listed below is the recording data for all easements, licenses, and liens which have been recorded prior to this Declaration and which now affect the Condominium or which affect the property which may become a part of the Condominium by virtue of the exercise of the Development Rights set out in Article 5 hereof:

1. Deed of Trust dated March 5, 2004 from Declarant to Southland Associates, Inc., Trustee for Central Carolina Bank, recorded March 5, 2004, in Book 6045, page 2051, Guilford County Registry, securing the sum of \$2,000,000.00.

Article 8**PERPETUAL NON-EXCLUSIVE EASEMENT IN
COMMON ELEMENTS**

8.1 The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Unit Owner(s) for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Unit Owner(s). Notwithstanding anything above provided in this article, JACOB'S WAY CONDOMINIUM, hereinafter identified, shall have the exclusive right to establish the rules and regulations pursuant to which a Unit Owner(s), his family, guests and invitees, may be entitled to use the Common Elements, including the right to make permanent and temporary assignments of parking spaces, and to establish regulations concerning the use thereof.

Article 9**RESTRAINT UPON SEPARATION AND PARTITION
OF COMMON ELEMENTS**

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

Article 10**ADMINISTRATION OF THE CONDOMINIUM
BY THE ASSOCIATION**

10.1 To efficiently and effectively provide for the administration of the Condominium by the Unit Owner(s), a nonprofit North Carolina corporation known and designated as JACOB'S WAY CONDOMINIUM ASSOCIATION, INC. has been organized, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. The Unit Owner(s) of each Unit shall automatically become members of said corporation upon his, their or its acquisition of an ownership interest in title to any Unit and its Allocated Interest in the Common Elements, and the membership of such Unit Owner(s) shall terminate automatically upon such Unit Owner(s) being divested of such ownership interest in the title to such Unit, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other

encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said corporation or to any of the rights or privileges of such membership except as set forth in Article 31 hereof. In the administration of the operation and management of the Condominium, JACOB'S WAY CONDOMINIUM ASSOCIATION, INC., shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board of said Association may deem to be in the best interest of the Association. JACOB'S WAY CONDOMINIUM ASSOCIATION, INC. is hereinafter referred to as the "Association."

Article 11

RESIDENTIAL USE RESTRICTIONS APPLICABLE TO UNITS

11.1 Except as provided in Paragraph 12.1 of Article 12 hereof, each Unit is hereby restricted to residential use by the Owner(s) thereof, his immediate family guests, invitees and lessees. Any lease or rental agreement for a Unit shall be in writing and for a period of at least thirty (30) days, unless the prior written approval of the Executive Board is obtained. Such leases shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. The Executive Board shall be furnished with a copy of all leases. No Owner(s) of any Unit shall permit the use of his Unit for transient hotel or commercial purposes. Corporate or partnership members, other than the Declarant, shall permit the use of a Unit owned by it only by its principal officers, directors or partners, or other guests or lessees. Such corporate or partnership member shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration and with the rules and regulations which may be promulgated by the Association from time to time and acknowledging that the party's right to use such Unit shall exist only so long as the corporation or partnership shall continue to be a member of the Association. Upon demand by the Association to any corporate or partnership member to remove a party for failure to comply with the terms and provisions of this Declaration and/or the rules and regulations of the Association, the corporate or partnership member shall forthwith cause such party to be removed, failing which, the Association, as agent of the Unit Owner(s), may take such action it may deem appropriate to accomplish such removal and all such action by the Association shall be at the cost and expense of the Unit Owner(s) who shall reimburse the Association therefor upon demand, together with such attorney's fees as the Association may have incurred in the process of removal.

Article 12SPECIAL DECLARANT RIGHTS

12.1 Sales and Management Offices: Model Units: Advertising on Common Elements. Declarant shall have the right to maintain a sales office, a management office and no more than two (2) Unit models in Units and to display advertising signs upon the Common Elements during the period of Unit sales. Any such offices, model Units or signs may be located within such Units and upon such portions of the Common Elements as Declarant shall select, and Declarant shall have the right at any time and from time to time to relocate any offices, model Units or signs from their previous location to another location. Such rights shall terminate when all Units in all phases of the Condominium are sold.

12.2 Easements Through Common Elements. Declarant shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary for the exercise of any of the Development Rights set out in Article 5 of this Declaration or the Special Declarant rights reserved in this Article, or as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Declaration or under the North Carolina Condominium Act.

Article 13USE OF COMMON ELEMENTS SUBJECT TO RULES OF ASSOCIATION

13.1 The use of Common Elements, including the Limited Common Elements, by the Unit Owner(s), and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association.

Article 14THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES: RESTRICTIONS AGAINST NUISANCES

14.1 No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Unit Owner(s) shall permit or suffer anything to be done or kept in his Unit or on the Common Elements, including any Limited Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Unit Owner(s) undertake any use or practice which shall create and

constitute a nuisance to any other Unit Owner(s), or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

Article 15

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

15.1 In case of any emergency originating in or threatening any Unit, regardless of whether the Unit Owner(s) is present at the time of the emergency, the Executive Board of the Association, or any other person authorized by it, or the managing 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.

Article 16

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

16.1 Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements, the Unit Owner(s) of each Unit shall permit a 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 17

LIMITATION UPON RIGHT OF UNIT OWNER(S) TO ALTER AND MODIFY UNITS: NO RIGHT TO ALTER COMMON ELEMENTS

17.1 A Unit Owner(s) may make improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium.

17.2 A Unit Owner(s) may, after acquiring an adjoining Unit and obtaining the written consent of the Executive Board, remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element, if such acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Such removal of partitions or creation of apertures as described in this paragraph is not an alteration of Unit boundaries.

17.3 The Association, through the Executive Board (or its Architectural Control Committee), shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner(s) shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium (including

199100 painting or other decoration, the installation of electrical wiring, television or radio antennae or any other objects or devices which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. No Unit Owner(s) shall cause any object to be fixed to the Common Elements (including the location or construction of fences and the planting or growing of flowers, trees, shrubs, or any other vegetation) or to any Limited Common Elements or in any manner change the appearance of the Common Elements or Limited Common Elements without the written consent of the Association being first had and obtained.

17.4 Any Unit Owner(s) desiring to make any improvement, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Executive Board which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition to the granting or approval of any request made under this Article, the Association may require that the Unit Owner(s) requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Unit Owner(s) shall evidence his consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Unit Owner(s), and any subsequent Owner(s) of that Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth in Article 24 and subject to the lien rights described in said Article.

Article 18

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

18.1 The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements (including the right to grant and establish upon, over and across the Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and the Common Elements) which do not materially prejudice the rights of any Unit Owner(s) in the use and enjoyment of his Unit, provided the making of such alterations and improvements are approved by the Executive Board of the Association, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all Unit Owner(s). However, where any alterations and improvements are exclusively or substantially for the benefit of the Unit Owner(s) of certain Unit(s) requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Unit Owner(s) of the Unit(s) exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Executive Board of the Association.

Article 19MAINTENANCE AND REPAIR OF UNITS BY UNIT OWNER(S)

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

19.2 If a Unit Owner(s) fails to perform any maintenance or repair within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owner(s), the Association may perform such maintenance as it deems necessary, twenty (20) days after giving written notice to such Unit Owner(s) of the necessary maintenance. The cost of such maintenance performed by the Association shall be assessed exclusively against such Unit Owner(s), and the assessment shall be the personal obligation of such Unit Owner(s) and a lien against such Unit to the same extent provided under Article 24 of this Declaration.

Article 20MAINTENANCE AND REPAIR OF COMMON ELEMENTS
BY THE ASSOCIATION

20.1 The Association shall be responsible for the maintenance, repair and replacement of all the Common Elements, including those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements for the furnishing of utility and other services to the Units and said Common Elements, and should any incidental damage be caused to any Unit by virtue of any work which may be done or caused to be done by the

Association in the maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. The Association shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary in the exercise and discharge of its maintenance rights and obligations reserved and imposed by this Declaration or under the North Carolina Condominium Act. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a Unit Owner(s), his immediate family, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement and the Unit Owner(s) who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of insurance proceeds applicable to such maintenance, repair and replacement.

20.2 The Association shall be responsible for maintaining the completed permanent sand filter as directed by the governmental office having jurisdiction for watershed protection. If the Association should be dissolved or cease to exist, then in that event all the owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

Article 21

AUTHORITY TO PURCHASE INSURANCE

21.1 Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the managing agent or Executive Board of the Association, as trustees for the Unit Owner(s) and their respective mortgagees as their interest may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner(s) or mortgagee endorsements or to the holders of first mortgages on the Units, or any of them.

21.2 Insurance policies upon the Condominium purchased by the Association must provide that:

- 21.2.1 Each Unit Owner(s) 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.
- 21.2.2 The insurer waives its right to subrogation under the policy against any Unit Owner(s), members of his household, the Association and their respective servants, agents and guests;

- 21.2.3 No act or omission by any Unit Owner(s), unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;
- 21.2.4 If, at any time of a loss under the policy, there is other insurance in the name of a Unit Owner(s) covering the same risk covered by the policy described in this Article, the Association's policy provides primary insurance;
- 21.2.5 The insurer issuing the Policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner(s) and to each mortgagee or beneficiary under a Deed of Trust to whom certificates of memoranda of insurance have been issued at their respective last known addresses.

21.3 Each Unit Owner(s) may obtain insurance, at his own personal 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 22

INSURANCE COVERAGE TO BE MAINTAINED: USE AND DISTRIBUTION OF INSURANCE PROCEEDS

22.1 Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium:

22.1.1 Casualty insurance covering the Common Elements and Units, except such personal property as may be owned by the Unit Owner(s), shall be procured in an amount equal to 100% of the current replacement cost (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company affording such coverage. Such policy shall contain an Agreed Amount Endorsement or an Inflation Guard Endorsement, if available. By way of illustration and not of limitation, such casualty insurance shall cover fixtures, installations or additions, or equal replacements thereof, comprising a part of the building within each individual Unit (as that term is defined in Article 3 hereof) in accordance with the original Condominium plans and specifications. In determining the amount of coverage for such fixtures, installations or additions, the Executive Board of the Association shall annually set the standard allowance for such items as carpeting, bathroom and kitchen cabinets, wall covering, vinyl floor covering, ceramic tile, kitchen appliances, bookshelves, etc., which were included in the original Condominium plans and specifications. By way of illustration and not of limitation, such casualty insurance shall not cover furniture,

furnishings or other household or personal property owned by, used by or in the care, custody or control of a Unit Owner(s) (whether located within or without the Unit), or fixtures, installations or additions that are placed in an individual Unit by a Unit Owner(s) thereof at his expense. Such coverage shall afford protection against: (a) loss or damage by fire or other hazards covered by the standard extended coverage endorsement; and (b) 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. The maximum deductible amount under any policy shall be the lesser of (i) Ten Thousand Dollars (\$10,000.00) or (ii) one percent (1%) of the face amount of the policy; provided, however, that in no event shall the total amount of insurance after application of any deductibles 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. Funds to cover deductible amounts shall be included in the operating reserve account maintained by the Association.

22.1.2 A comprehensive policy of public liability insurance insuring the Association in the amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

22.1.3 The Executive Board may maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the officers or directors of the Association can and do directly receive or disburse the monies of the Association), then the Executive Board shall provide the coverage set forth in this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to the Association and to any Institutional Lender who has given the notice required under Article 31 of this Declaration.

22.1.4 All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owner(s) as a group to a Condominium Unit Owner(s).

22.2 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 Unit Owner(s) in proportion to each Unit's share of the Allocated Interests, unless otherwise specifically allocated by the Executive Board, in its sole discretion.

22.3 If the insurance described in this Article is not reasonably available, in the sole determination of the Executive Board of the Association, the Executive Board shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owner(s).

22.4 All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owner(s) and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Unit Owner(s) and their respective mortgagees, to be utilized and distributed as set out in Article 23 of this Declaration.

22.5 In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner(s) shall be held for the mortgagee and the Unit Owner(s) as their interest may appear.

Article 23

RECONSTRUCTION OR REPAIR OF CASULTY DAMAGE

23.1 If any part of the Condominium shall be damaged by casualty, the damaged area shall be reconstructed or repaired unless:

- 23.1.1 The Condominium is terminated as provided in Article 28 hereof;
or
- 23.1.2 Repair or replacement would violate any state or local health or safety statute or ordinance; or
- 23.1.3 The Unit Owner(s) by a vote of Unit Owner(s) owning at least eighty percent (80%) of the Allocated Interests (including one hundred percent (100%) of the Owner(s) of Units which shall not be restored), determine not to rebuild or restore all or any portion of the damaged area.
- 23.1.4 Institutional Lenders (as defined in Article 31 of this Declaration) representing at least fifty-one percent (51%) of the Allocated Interests subject to mortgages held by Institutional Lenders, determine not to rebuild or restore all or any portion of the damaged area.

23.2 In the event the Condominium is terminated, insurance proceeds shall be distributed in accordance with Paragraph 27.4 of Article 27 of this Declaration.

23.3 Any reconstruction or repair shall be performed substantially in accordance with the plans and specifications contained herein and on file with and approved by the City of Greensboro, North Carolina, or the applicable governmental authority.

23.4 If the damage is only to those parts of one or more Units for which the responsibility for maintenance and repair is that of such Unit Owner(s), then such Unit Owner(s) shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

23.5 Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Executive Board deems necessary and appropriate.

23.6 When the damage is to both Common Elements and Units or to Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the Common Elements, then to the cost of repairing the Units.

23.7 In the event the Unit Owner(s) determine, pursuant to Paragraph 23.1, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows.

23.7.1 Proceeds attributable to the damaged Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Condominium;

23.7.2 Proceeds attributable to Units and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Unit Owner(s) and mortgagees of Units which are not to be rebuilt or restored and to the Unit Owner(s) and mortgagees of the Units appurtenant to the damaged Limited Common Elements; and

23.7.3 Any remaining proceeds shall be distributed among all Unit Owner(s) and mortgagees, as their interests may appear, in proportion to the Allocated Interests appurtenant to each Unit.

23.8 Each Unit Owner(s) shall be deemed to have delegated to the Executive Board of the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

23.9 All remittances to Unit Owner(s) and their mortgagees shall be payable jointly to them.

23.10 In the event that Unit Owner(s) vote not to rebuild a damaged Unit, that Unit's Allocated Interest in the Common Elements shall be automatically reallocated among the remaining Units at the time of such vote, in proportion to each remaining Unit's (exclusive of the damaged Unit) respective Allocated Interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Declaration reflecting such allocation.

23.11 The cost of repair or replacement of a Common Element in excess of Insurance proceeds and reserves is a Common Expense of the Association.

Article 24

CONDEMNATION OF COMMON ELEMENTS OR UNITS

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

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

24.3 In the event a portion of the Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the Common Elements shall be paid to the Association.

Article 25

ASSOCIATION TO MAINTAIN REGISTER OF UNIT OWNER(S) AND MORTGAGEES

25.1 The Association shall at all times maintain a register setting forth the names of the Unit Owner(s). 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. Further, each Unit Owner(s) shall notify the Association of the names of the parties holding any mortgage or mortgages on his Unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

Article 26

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

26.1 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 Unit Owner(s). To administer properly the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Unit Owner(s), costs 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 been granted the right to make, levy and collect assessments against the Unit Owner(s) and their Units. In furtherance of this grant of authority to the Association to make, levy and collect assessment 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 all Unit Owners.

26.2 The assessments levied by the Association shall be used as required or deemed appropriate by the Association for the repair and/or maintenance of the permanent sand filter. Repairs and maintenance shall include but are not limited to the cost of repairs, replacements, and additions, and the cost of labor, equipment, materials, management and supervision. Assessments shall also provide for the procurement and maintenance of liability insurance, the provision of adequate reserves for the replacement of major structures incorporated into the permanent wet detention ponds, and such other needs as may arise.

26.3 Unless specifically otherwise provided for in this Declaration, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner(s) and his Unit shall bear the same ratio to the total assessment made against all Unit Owner(s) 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; provided, however, that any portion of the Common Expense which, in the opinion of the Executive Board was incurred on behalf

of or benefited fewer than all Unit Owner(s) may be assessed solely against the Unit Owner(s) so benefited, in such proportions as the Executive Board, in its sole discretion, shall determine.

26.4 In the event utility services which are provided to Unit Owner(s) are charged to and paid for by the Association, the cost of such utilities shall be part of the Common Expenses and levied against each Unit Owner(s) in proportion to his Unit's share of the Allocated Interest, or in such other proportions as the Executive Board, in its sole discretion, shall determine.

26.5 Assessments provided for herein shall be payable in monthly or quarterly installments as determined by the Executive Board of the Association. Such assessments shall commence for each Unit on the first day of the first month following the recordation of a plat showing such Unit in the Guilford County Public Registry. Until the Association makes a Common Expense assessment, Declarant shall pay all Common Expenses.

26.6 In addition to the annual assessment authorized above, the Executive Board may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of Unit Owner(s) of Units to which two-thirds (2/3rds) of the Allocated Interest in the Common Elements are assigned, voting in person or by proxy at a meeting duly called for such purpose.

26.7 The Executive Board of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, and the budget shall 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 Executive Board shall keep separate, in accordance with Paragraph 26.8 below, items relating to operation and maintenance from items relating to capital improvements. Within thirty (30) days after adoption of the budget by the Executive Board, the Executive Board shall provide a copy of said budget or a summary thereof to each Unit Owner(s), and shall set a date for a meeting of the Unit Owner(s) to consider ratification of the budget not less than 14 (fourteen) nor more than 30 (thirty) days after mailing of the budget or summary to the Unit Owner(s). There shall be no requirement that a quorum be present at the meeting. The budget is deemed ratified unless at the meeting the Unit Owner(s) entitled to cast sixty-seven percent (67%) of the votes of the Association reject the budget. In the event the proposed budget is rejected, the annual budget last ratified shall be continued until such time as the Unit Owner(s) ratify a subsequent budget proposed by the Executive Board.

26.8 Until December 31st of the year in which the first Unit is conveyed to a Unit Owner(s) other than Declarant, the maximum annual assessment shall be Two Thousand Two Hundred Eighty and No/100 Dollars (\$2,280.00) per Unit payable in monthly installments of no more than One Hundred Ninety and No/100 Dollars (\$190.00), in advance. From and after January 1 of the year immediately following the conveyance of the first Unit to a Unit Owner(s) other than Declarant, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership of the Association. From and after January 1 of the year immediately following the conveyance of the first Unit to a Unit Owner(s) other than Declarant, the maximum annual assessment may be increased above ten percent (10%) by a vote of the Unit Owner(s) to whom sixty-seven percent (67%) or more of the Allocated Interest in the Common Elements have been assigned who are voting in person or by proxy, at a meeting duly called for such purpose or by written instrument.

26.9 The Executive Board of the Association, in establishing the annual budget for operation, management and maintenance of the Condominium, shall designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Elements (Capital Improvement Fund). This Fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of portions of the Common Elements. The amount to be allocated to the Capital Improvement Fund shall be established by the Executive Board also as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements. The amount collected for the Capital Improvement Fund may 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 Executive Board of the Association, be expended for current operation and maintenance. Each Unit Owner(s) shall be deemed to own a portion of the Capital Improvement Fund equal to his Unit's Allocated Interest in the Common Elements and the Association shall annually notify each Unit Owner(s) of the amount of his balance in the Capital Improvement Fund. However, such balances shall not be subject to withdrawal by a Unit Owner(s).

26.10 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, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Unit Owner(s), the same may be commingled with monies paid to the Association by the other Unit Owner(s). 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 his Unit. When a

Unit Owner(s) shall cease to be a member of the Association by reason of his divestment of Ownership of such Unit, by whatever means, the Association shall not be required to account to such Unit Owner(s) for any share of the funds or assets of the Association, or which may have been paid to the Association by such Unit Owner(s), as all monies which any Unit Owner(s) 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.

26.11 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 for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of twelve percent (12%) per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to Association. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, shall be subject to such reasonable late charge per month for each monthly assessment in arrears as the Executive Board may from time to time fix. All monies owing to the Association shall be due and payable at the main office of the Association in the State of North Carolina.

26.12 The Unit Owner(s) 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 Unit Owner(s). In the event that any Unit Owner(s) are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner(s) shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all late charges and costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

26.13 No Unit Owner(s) may exempt himself from liability for 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 in any other way.

26.14 Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and management results in benefit to all of the Unit Owner(s), and that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner(s), 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 Unit Owner(s) of each such Unit, which lien shall also secure 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 late charges, fines and all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant Allocated Interest in the Common Elements. The lien granted to the

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 Association may be foreclosed in the same power of sale under the laws of the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Unit Owner(s) 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 rate of twelve percent (12%) per annum on any such advances made for such purpose. All persons, firms or corporations 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 thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any unit expressly subject to such lien rights.

26.15 The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Office of the Clerk of Superior Court of Guilford County, North Carolina, in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Unit encumbered thereby, the name of the recorded owner(s), the amount due and the 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, fees, charges, late charges, fines, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, it shall be satisfied of record.

26.15.1 The lien provided for herein shall be subordinate to: (i) any liens and encumbrances recorded before the docketing of the lien (including any mortgage or Deed of Trust; and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit.

26.15.2 Any person, firm or corporation acquiring title to any Unit and its appurtenant Allocated Interest in the Common Elements by virtue of any foreclosure of a first Deed of Trust, deed in lieu of foreclosure of a first Deed of Trust or judicial sale relating to a first Deed of Trust, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Unit and its Allocated Interest in the Common Elements 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 for 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 Unit Owner(s) as a part of the Common Expense, including such purchaser, its heirs, successors and assigns, 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.

26.16 Whenever any Unit may be leased, sold or mortgaged by the Unit Owner(s) thereof, the Association, upon written request of the Unit Owner(s), 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 on account of 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 assessment.

26.16.1 In the event that a Unit is to be leased, sold or mortgaged at the time when payment of any assessment against such Unit and its Unit Owner(s) 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 owing to any unit Owner(s) who is responsible for payment of such delinquent assessment shall be paid to the Association, to the extent of the unpaid balance.

26.17 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 owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

26.18 In any voluntary conveyance of a Unit, the purchaser thereof shall not be personally liable for any unpaid assessments owed by the seller prior to the time of such voluntary conveyance.

26.19 In order to insure that the Association will have sufficient monies available to meet operational needs during the initial months of the Condominium's existence, the Association has established a working capital fund. At the time of the closing of the first sale of each Unit, the purchase thereof shall pay into such Fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association. No such payments made into the working capital fund shall be considered advance or current payment of regular assessments. All monies paid into the working capital fund shall be held and administered by the Association in accordance with the terms of this Declaration and the By-Laws.

Article 27

COMMON SURPLUS

27.1 "Common Surplus," meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments,

rents, profits and revenues from whatever source) over amount of the Common Expenses, shall be owned by the Unit Owner(s) in the same proportion that the Allocated Interest in Common Elements appurtenant to each Unit Owner(s)' Unit bears to the total of all Allocated Interest in Common Elements appurtenant to all Units. The Common Surplus shall be held by the Association in the manner prescribed in, and subject to, the terms, provisions and conditions of this Declaration; provided, however, that the Association shall have the sole discretion as to whether any distribution of Common Surplus should be made to Unit Owner(s) and, if so, when. Nothing in this Article shall require periodic distributions of Common Surplus. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to then current Unit Owner(s) in accordance with their Allocated Interests in Common Elements.

Article 28

TERMINATION

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

28.1 Except in the case of taking of the Units by eminent domain, the termination of the Condominium may be effected only by the agreement of Unit Owner(s) to which at least eighty percent (80%) of the Allocated Interest in the Common Elements are allocated, expressed in a termination agreement to that effect executed in the same manner as a deed; 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 percentage of the Allocated interest of the Unit Owner(s) in the Condominium as provided in subparagraph 28.3 below. The termination agreement shall become effective when it has been recorded in the public records of Guilford County, North Carolina, and shall specify a date after which it will be void unless then recorded.

28.2 Following termination of the Condominium, the Association, on behalf of the Unit Owner(s), may contract for the sale of real estate in the Condominium, but such contract shall not be binding on the Unit Owner(s) until approved by unanimous agreement of all Unit Owner(s) and the termination agreement described in Paragraph 28.1 above reflects such approval and is recorded as required. For purpose of any such sale following termination, title to that real estate, upon approval of sale, shall be deemed vested in the Association as trustee for those holding an interest in the Units and the Common Elements. Thereafter, the Association shall have all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association shall continue in existence with all powers vested in the Association before the termination. Proceeds of the sale must be distributed to the Unit Owner(s) and lien holders, as their interest may appear, in proportion to the respective interests in the Common Elements of the Unit Owner(s) and their mortgagees as set forth in Paragraph 28.4 below. All remittance to Unit Owner(s) and lien holders shall be payable jointly to them. Unless otherwise specified in the termination agreement, as long as the Association is deemed to hold title to the real estate, each Unit Owner(s) and his

successors in interest shall have an exclusive right to occupancy of the portion of the real estate that formerly constituted his Unit. During the period of that occupancy, each Unit Owner(s) and his successors in interest shall remain liable for all assessments and other obligations imposed on Unit Owner(s) by law and under this Declaration.

28.3 In the event the real estate constituting the Condominium is not to be sold following termination, title to the Common Elements and to all real estate in the condominium shall vest in the Unit Owner(s) as tenants in common in proportion to each Unit's Allocated Interest, and all liens on such Units shall shift accordingly. While such tenancy in common exists, each Unit Owner(s) and his successors in interest shall have an exclusive right to occupancy of the property that formerly constituted his Unit. The property may be subject to an action for partition upon the application of any Unit Owner(s).

28.4 The respective ownership interests of Unit Owner(s) described in this Article 28 are as follows:

28.4.1 Except as provided in subparagraph 28.4.2 below, the respective interest of a Unit Owner(s) is the fair market value of such Unit Owner(s) Unit, Limited Common Elements and such Unit's allocated Interest in the Common Elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The appraisals shall be distributed to the Unit Owner(s) and shall become final unless disapproved within thirty (30) days after distribution by Unit Owner(s) of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owner(s) is determined by dividing the fair market values of that Unit Owner's Unit's Allocated Interest in the Common Elements by the total fair market value of all the Units and Common Elements.

28.4.2 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 each Unit Owner(s) shall be the Allocated Interest appurtenant to this Unit immediately before termination.

Article 29

AMENDMENT OF DECLARATION OF CONDOMINIUM

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

29.1 An Amendment or Amendments to this Declaration of Condominium may be proposed by the Executive Board of the Association acting upon a vote of a majority of the Directors, or by Unit Owner(s) of Units to which at least fifty percent (50%) of the votes in the Association are allocated, 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 Executive Board or Members, such proposed amendment or Amendment shall be transmitted to the President of the Association, or

other officers 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 not later than fifty (50) 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 reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than fifty (50) 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. During the twenty (20) year period beginning with the date of this Declaration, an affirmative vote of Unit Owner(s) to which at least ninety percent (90%) of the votes in the Association are allocated shall be required to amend this Declaration. From and after the expiration of said twenty (20) year period, an affirmative vote of Unit Owner(s) to which at least seventy-five percent (75%) of the votes in the Association are allocated shall be required. Upon adoption such Amendment or Amendments of 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 Guilford County, North Carolina. Such Amendment or Amendments shall specifically refer to the recording data identifying the Declaration of Condominium and shall become effective upon recordation. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to all Unit Owner(s), but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments.

29.2 Declarant shall have the right to file amendments to this Declaration pursuant to Article 5 hereof, without the consent or joinder of any Unit Owner(s) or their mortgagees.

29.3 The Association shall have the right to file amendments to this Declaration pursuant to the provisions of N.C.G.S. §§47C-1-107 and 47C-2-106(d) and Articles 23 and 24 of this Declaration without the consent of any Unit Owner(s) or their mortgagees.

29.4 Certain Unit Owner(s), acting in conjunction with the Association, shall have the right to file amendments to this Declaration as set forth in N.C.G.S. §§47C-2-108(b) with the consent of other Unit Owner(s) or their mortgagees not parties to the Amendment.

29.5 Except to the extent expressly permitted or required by the North Carolina Condominium Act or by other provisions of this Declaration, no amendment of this Declaration may create or increase special Declarant rights, increase the number of Units,

or change the boundaries of any Unit, the Allocated Interest appurtenant to a Unit, or the uses to which any Unit is restricted, without the unanimous consent of all of the Unit Owner(s) and all of the Institutional Lenders, as hereinafter defined.

29.6 Except for Amendments filed by Declarant pursuant to the exercise of Development Rights reserved in Article 5 hereof, no material alteration, amendment or modification of this Declaration, the Articles of Incorporation or By-Laws of the Association shall become effective without the prior written consent of Institutional Lenders (as hereinafter defined) holding first mortgage loans on Units to which at least fifty-one percent (51%) of the votes in the Association have been assigned. Any change to the provisions of this Declaration, the Articles of Incorporation or By-Laws that affects any of the following shall be deemed material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs, reallocation of interests in the Common Elements or Limited Common Elements or vice versa; expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium; insurance or fidelity bonds; leasing of Units; imposition of any restrictions on a Unit Owner(s) right to sell or transfer his Unit, a decision by the Association to establish self management; restoration or repair of the Condominium; any provisions that expressly benefit Institutional Lenders.

29.7 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 Declarant being first had and obtained.

29.8 Amendments to this Declaration of Condominium, the Bylaws or the Articles of Incorporation of the Association relating to the maintenance and ownership of the permanent sand filter shall not be permitted without review and approval by the governmental office having jurisdiction for watershed protection.

Article 30

REMEDIES IN EVENT OF DEFAULT

The Unit Owner(s) of each Unit shall be governed by and shall comply with the provisions of this Declaration, and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by any Unit Owner(s) shall entitle the Association or the Unit Owner(s) of any other Units to the following relief:

30.1 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 which may be adopted pursuant thereto, shall be grounds for relief, including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner(s).

30.2 As provided herein and in the By-Laws, each Unit Owner(s) shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

30.3 The By-Laws of the Association provide that the Association may fine a Unit Owner(s) in an amount not to exceed One Hundred Fifty Dollars (\$150.00) or a greater amount if authorized by statute, for each violation of this Declaration, the By-Laws or the rules and regulations of the Association, or may assess liability against a Unit Owner(s) in an amount not to exceed Five Hundred Dollars (\$500.00) for any occurrence of damage to Common Elements caused by a Unit Owner(s) which is not covered by the Association's insurance. As set forth in the By-Laws, a hearing for the accused Unit Owner(s) must be held before an adjudicatory panel appointed by the Association, which panel shall afford to the party charged with the violation: (i) notice of the charge; (ii) opportunity to be heard and present evidence; and (iii) a notice of the decision. Any such fine or liability assessment shall be both the personal obligation of the Unit Owner(s) against whom the fine is assessed and a lien upon the Unit of such Unit Owner(s) and its appurtenant Allocated Interest, to the same extent as the assessments described in Article 36 hereof.

30.4 If damage is inflicted on any Unit by an agent of the Association acting with the scope of his activities as such agent, the Association shall be liable to repair such damage or to reimburse the Unit Owner(s) for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit Owner(s).

30.5 If any proceeding arising because of an alleged default by a Unit Owner(s), 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.

30.6 The failure of the Association or any Unit Owner(s) to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents, shall not constitute a waiver of the right of the Association or of the Unit Owner(s) to enforce such right, provision, covenant or condition in the future.

30.7 All rights, remedies and privileges granted to the Association or the Unit Owner(s) pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the 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.

30.8 The failure of the Declarant to enforce any right, privilege, covenant or condition which may be granted by this Declaration or the other above mentioned documents, shall not constitute a waiver of the right of the Declarant to thereafter enforce such right, provision, covenant or condition in the future.

30.9 The failure of an Institutional Lender or Institutional Lenders, as said term is hereby defined, to enforce any right, provision, privilege, covenant or condition which may be granted by this Declaration or the 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.

Article 31

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS: **RIGHTS RESERVED UNTO THE VETERANS ADMINISTRATION**

31.1 "Institutional Lender" or "Institutional Lenders," as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, the Veterans' Administration, the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and eligible insurers and governmental guarantors. In addition to any other rights set forth in this Declaration, so long as any Institutional Lender or Institutional Lenders shall hold any first mortgage upon any Unit or Units, or shall be the owner of Unit or Units, such Institutional Lender or Institutional Lenders shall have the following rights:

- 31.1.1 To approve the company or companies with whom casualty insurance is placed, to be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association and to be furnished copies of all such policies.
- 31.1.2 To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by an independent accountant designed by the Association, such financial statement report to be furnished by May 15 of each calendar year.
- 31.1.3 To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering: (1) any proposed Amendment to this Declaration, or the Articles of Incorporation and Bylaws of the Association; (2) the proposed termination or abandonment of the Condominium; (3) the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association. Such notice shall state the nature of the Amendment or action to be proposed.

31.1.4 To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days by any Unit Owner(s) 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.

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

31.1.6 Whenever any 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 its 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.

31.2 So long as Declarant retains the right to appoint a majority of members of the Executive Board of the Association as set forth in Article 32 hereof, the following actions will require the prior approval of the Veterans Administration: amendment the Articles of Incorporation or of this Declaration (excluding amendments by Declarant to exercise any of the Development Rights reserved under Article 5 hereof); annexation of properties not described in this Declaration; dedication of any common Elements; merger or consolidation of the Association or of the Condominium; encumbrance of any of the Common Elements; and dissolution of the Association.

Article 32

RIGHT OF DECLARANT TO REPRESENTATION ON EXECUTIVE BOARD OF THE ASSOCIATION

32.1 For a period ending one hundred and twenty (120) days after the conveyance of eighty percent (80%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owner(s) other than a Declarant, but in any event no longer than two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, two (2) years after the last exercise of any Development Rights set out in Article 5 of this Declaration or twenty (20) years from the date of recording of this Declaration, whichever occurs first, Declarant shall have the right to

designate and select all persons who shall serve as members of each Executive Board of the Association.

32.2 In the event of dissolution of Declarant at a time when it is the Unit Owner(s) of a Unit, then the rights of the Declarant under this Article shall pass to and may be exercised by its successors receiving ownership of any such Unit in dissolution.

32.3 Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident in the Condominium. However, Declarant shall be responsible for the payment of any assessments which may be levied by the Association against any Unit or Units owned by the said Declarant, and for complying with the remaining terms and provisions hereof in the same manner as any other Unit Owner(s).

Article 33

SEVERABILITY

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

Article 34

LIBERAL CONSTRUCTION

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

Article 35

DECLARATION OF CONDOMINIUM BINDING ON ASSIGNS AND SUBSEQUENT UNIT OWNER(S)

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

Article 36

AGENT FOR SERVICE OF PROCESS

36.1 The following named individual is designated as the person to receive service of process for the Association: Harold W. Beavers, Attorney at Law, unless a different person is designated by the Association in accordance with law.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed in its name by its President, this the 20th day of June, 2005.

D. STONE BUILDERS INC.

By: 

Its: President

(Remainder of this page left intentionally blank)

NORTH CAROLINA

GUILFORD COUNTY

I, Teresa W. Jarrett, a Notary Public, do hereby certify that Dwight D. Stone personally appeared before me this day and acknowledged that he is the President of D. Stone Builders, Inc., a North Carolina corporation, and that by authority duly given, and as the act of the Corporation, the foregoing instrument was signed in its name by him as its President for and on behalf of the corporation.

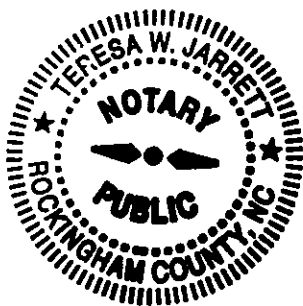
WITNESS my hand and official seal this the 20th day of June, 2005.

Teresa W. Jarrett

Notary Public

My Commission Expires:

5/24/2010



Central Carolina Bank, as holder of that certain promissory note secured by a deed of trust on the property described in this Declaration of Condominium, said deed of trust being recorded in Book 6045, Page 2051, Guilford County Registry, and Southland Associates, Inc., as Trustee under said deed of trust, join in the execution hereof for the purpose of subjecting the aforesaid deed of trust to the terms and provisions of the Declaration of Condominium.

CENTRAL CAROLINA BANK

By: Thomas C. Finner
Vice - President

SOUTHLAND ASSOCIATES, INC., Trustee

By: Spencer G. Givens
Vice President

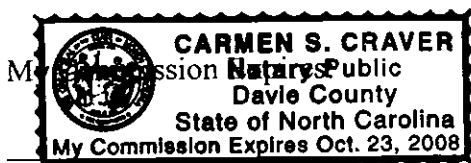
STATE OF NORTH CAROLINA

COUNTY OF NC Davie

I, Carmen S Craver, a Notary Public, do hereby certify that Thomas Peters personally appeared before me this day and acknowledged that he/she is Vice President of Central Carolina Bank, a banking corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President for and on behalf of the corporation.

WITNESS my hand and official seal this the 21st day of June, 2005.

Carmen S Craver
Notary Public



STATE OF NORTH CAROLINA

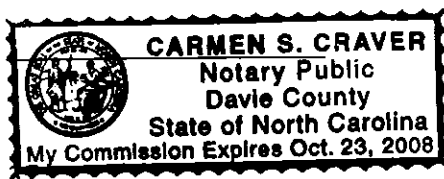
COUNTY OF Davie

I, Carmen S Craver, a Notary Public, do hereby certify that Karen Lindler personally appeared before me this day and acknowledged that he/she is Vice President of Southland Associates, Inc., a corporation, Trustee, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President for and on behalf of the corporation.

WITNESS my hand and official seal this the 21st day of June, 2005.

Carmen S Craver
Notary Public

My Commission Expires:



901686

PAGE

CONDOMINIUM PLAT BOOK

FC - RRU - 05/25/05

FILE # - HUGH CREED ASSOCIATES, INC. P.A. 1906 H. HENDOVER AVE GREENSBORO, NC 27409

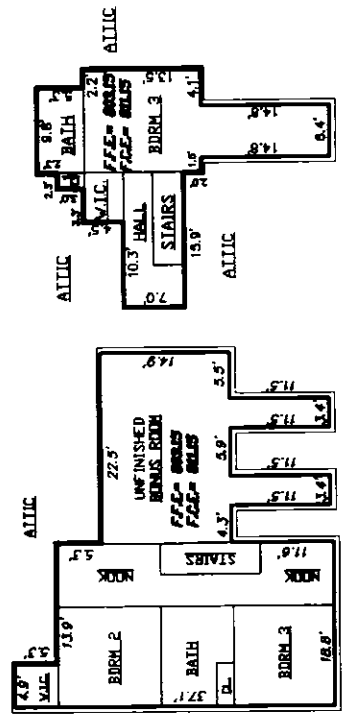
001688

I CERTIFY THAT THESE PLATS AND PLANS CONTAIN ALL OF THE INFORMATION REQUIRED UNDER A.C. GENERAL STATUTES SECTION 47C-2-109 AND THAT THESE PLATS AND PLANS FULLY AND ACCURATELY REFLECT THE LAYOUT, LOCATION, CEILING AND FLOOR ELEVATIONS, UNIT NUMBERS AND DIMENSIONS OF THE UNITS, AS BUILT. I FURTHER CERTIFY THAT THESE PLATS AND PLANS ACCURATELY DEPICT THE LEGAL BOUNDARIES OF THE CONDOMINIUM AND THE PHYSICAL LOCATIONS OF UNITS AND OTHER IMPROVEMENTS CONSTRUCTED WITHIN THE CONDOMINIUM RELATIVE TO THOSE BOUNDARIES.

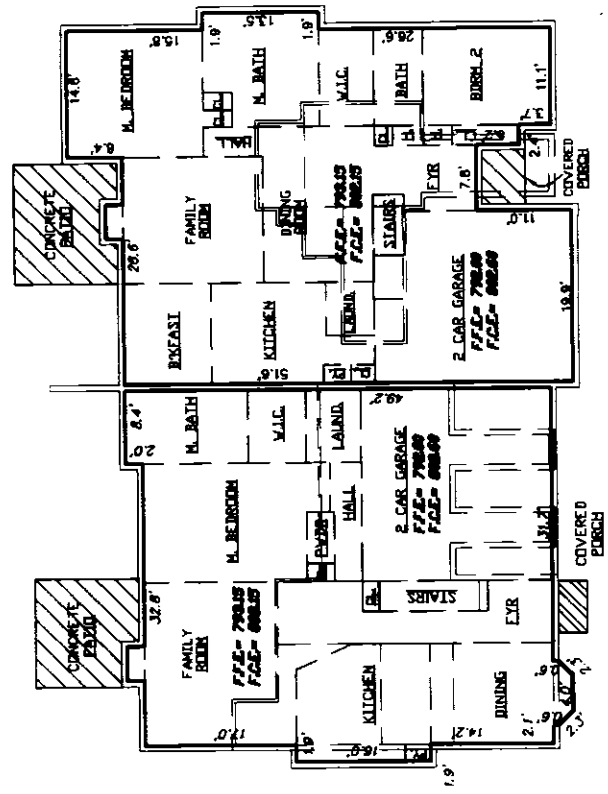
PROFESSIONAL ENGINEER
REGISTRATION NUMBER 80222
DATE MAY 29, 2005

This map is not a certified survey and has not been reviewed by a local government agency for compliance with any applicable land development regulations.

SECOND FLOOR



FIRST FLOOR



INTERIOR DIMENSIONS
8'00" x 10'00"

UNIT LABELS
LIMITED COMMON ELEMENTS

APPROVED BY THE PLANNING BOARD OF THE CITY OF GREENSBORO, N.C. ON THE DATE OF MAY 29, 2005.

CITY CLERK

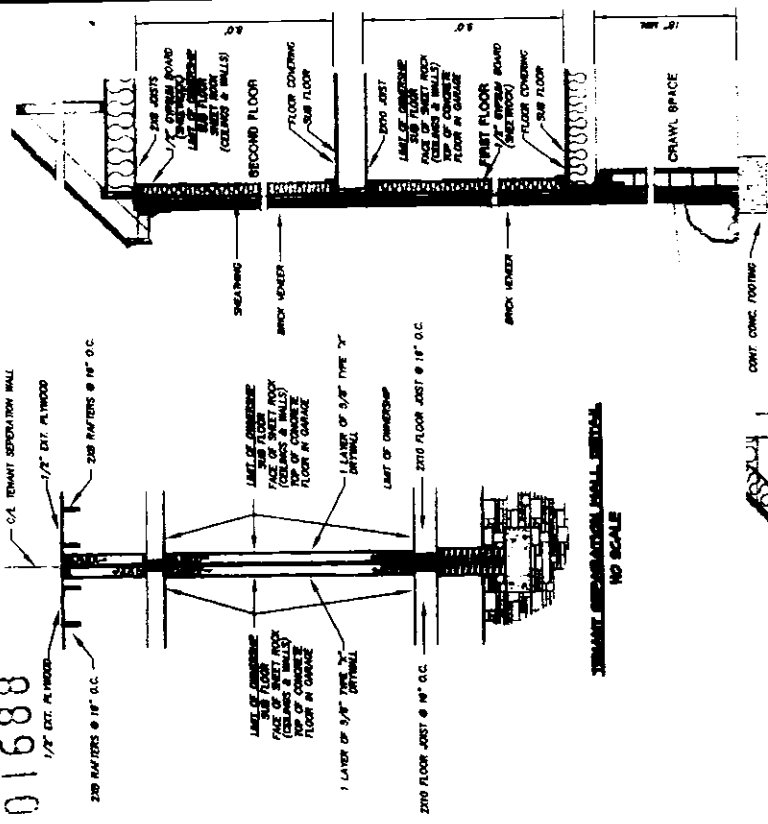
CITY OF GREENSBORO, GREENSBORO COUNTY, NC

THE PLANNING BOARD OF THE CITY OF GREENSBORO, N.C. HAS REVIEWED THE PLATS AND PLANS AND HAS APPROVED THEM FOR RECORDATION.

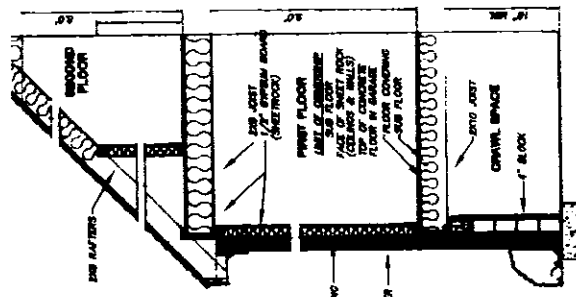
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THE PLANNING BOARD OF THE CITY OF GREENSBORO, N.C. HAS REVIEWED THE PLATS AND PLANS AND HAS APPROVED THEM FOR RECORDATION.



NO SCALE



NO SCALE

RECORDED
DATE OF RECORDATION
GREENSBORO COUNTY, NC
THIS _____ DAY OF _____, 2005.
TIME _____ PAGE _____

JACOB'S WAY
A CONDOMINIUM
PHASE 6
SHEET 2 OF 2

D. STONE BUILDERS, INC.
1111 JACOB'S WAY
NORFOLK TOWNSHIP, GREENSBORO COUNTY
GREENSBORO, NORTH CAROLINA
SCALE: AS NOTED DATE: MAY 29, 2005
HUGH CREED ASSOCIATES, INC. P.A.
CONSULTING ENGINEER & LAND SURVEYOR
1001 E. 10TH ST.
GREENSBORO, NC 27405
PHONE: (336) 275-2882
FAX: (336) 275-3375
B-1491 B

EXHIBIT "B"UNITS ALLOCATED INTERESTS IN
COMMON AREAS AND FACILITIES

<u>Unit Number</u>	<u>Percentage Interest</u>
Phase 6, Unit 11	50.00%
Phase 6, Unit 12	50.00%
Total percentage allocation	100.00%

689101

EXHIBIT "C"

Lying and being located in Morehead Township, Guilford County, North Carolina, and being more particularly described as follows:

TRACT I:

BEGINNING at a point in the western margin of a dirt road, North Carolina Highway No. 572, said point being at a corner with Arthur Rankin and running thence North 88 deg. 20 min. West 172.52 feet to a point; running thence North 1 deg. 43 min. West 177.3 feet to a point; running thence South 87 deg. 13 min. East 61.05 feet to a point; running thence South 39 deg. 08 min. East 227.5 feet to point of BEGINNING, containing .46 of an acre, more or less, same being according to a survey by Wachter Survey's dated November 7, 1960, and being the same property conveyed to Felix D. Semper by deed recorded in Book 5938, Page 1393, Guilford County Registry. This tract is a portion of that tract conveyed to Walter and Betty Rankin by Robert Alston, Osha Lee Alston, A. T. James and Olivia James by deed recorded in Book 1401, at Page 371, Guilford County Registry.

TRACT II:

BEGINNING at the southeast corner of the tract of land as described in that certain deed recorded in Book 1841, Page 180, Guilford County Registry, and running thence from said beginning point South 86 degrees 33' West 503 feet to an iron pin, Sam Bass' southeast corner; thence with Bass' eastern line North 1 degree 34' East 294.69 feet to an iron pin; thence South 86 degrees 30' East 165.70 feet to an iron pin; thence South 14 degrees 10' East 35.5 feet to an iron pin; thence South 88 degrees 20' East 172.47 feet to an iron pin in the western margin of State Road #572; thence with the western margin of State Road #572 South 34 degrees 50' East 260.67 feet to the point of BEGINNING, and being the same property conveyed to Maelene J. Woods as described in that certain deed recorded in Book 4252, Page 1874, Guilford County Registry.

SAVE AND EXCEPT THEREFROM that portion of the above-described property previously conveyed to Tamla M. Cook by that certain deed recorded in Book 5175, Page 602, Guilford County Registry, and being described as follows:

BEGINNING at an existing iron pin in the western margin of Bass Chapel Road, northeast corner of the property of Warren Jones et ux per Deed Book 1411, Page 324, Guilford County Registry; thence running South 86 degrees 46' 57" West 503.43 feet to an existing iron pin; thence North 1 degrees 48' 37" East 50.16 feet to a point, a new corner; thence North 83 degrees 51' 57" East 455.57 feet to a point in the western margin of Bass Chapel Road; thence along and with the western margin of Bass Chapel Road South 34 degrees 16' 48" East 85.39 feet to the point and place of BEGINNING, and being 0.682 acres, more or less, all in accordance to that certain survey dated December

27, 2000 by Mitcham & Associates, P. A., RLS, showing the eastern most tract and having a tax map reference of ACL-6-354-704-N-19. This description includes all that property conveyed in Deed Book 1841, Page 180, Guilford County Registry.

TRACT III:

BEGINNING at an existing iron pin in the western margin of Bass Chapel Road, northeast corner of the property of Warren Jones et ux per Deed Book 1411, Page 324, Guilford County Registry; thence running South 86 degrees 46' 57" West 503.43 feet to an existing iron pin; thence North 1 degrees 48' 37" East 50.16 feet to a point, a new corner; thence North 83 degrees 51' 57" East 455.57 feet to a point in the western margin of Bass Chapel Road; thence along and with the western margin of Bass Chapel Road South 34 degrees 16' 48" East 85.39 feet to the point and place of BEGINNING, and being 0.682 acres, more or less, all in accordance to that certain survey dated December 27, 2000 by Mitcham & Associates, P. A., RLS, showing the eastern most tract and having a tax map reference of ACL-6-354-704-N-19. This description includes all that property conveyed in Deed Book 1841, Page 180, Guilford County Registry.

TRACT IV:

BEGINNING at a point marking the southeast corner of the property of Bass Chapel United Methodist Church as described in that certain deed recorded in Book 4507, Page 1457, Guilford County Registry, and from said Beginning point running thence to a new iron pin; thence running South 11 deg. 14 min. 31 sec. East 113.20 feet to a new iron pin; thence running South 86 deg. 17 min. 19 sec. West 472.39 feet to a point; thence running North 01 deg. 31 min. 39 sec. East 115.30 feet to a point; thence running North 86 deg. 47 min. 57 sec. East 143.95 feet to the point and place of BEGINNING, containing 1.196 acres, more or less, as per map of survey thereof prepared by Hugh Creed Associates, Inc., P. A., dated February 26, 2004, and being a portion of the property as described in that certain deed recorded in Book 1411, Page 324, Guilford County Registry.

TRACT V:

BEGINNING at a new iron pin located in the southern property line of the property of William J. Rankin as described in that certain deed recorded in Book 1411, Page 325, Guilford County Registry, said Beginning point being located South 86 deg. 02 min. 40 sec. West 304.70 feet from a monument marking the southeast corner of the said Rankin property located in the western right-of-way margin of Bass Chapel Road, and from said Beginning point running thence South 86 deg. 02 min. 40 sec. West 497.79 feet to a monument; thence running North 01 deg. 31 min. 11 sec. East 115.26 feet to a point; thence running North 86 deg. 17 min. 19 sec. East 472.39 feet to a new iron pin; thence running South 11 min. 14 min. 31 sec. East 113.64 feet to the point and place of BEGINNING, containing 1.2666 acres, more or less, as per map of survey thereof prepared by Hugh Creed Associates, Inc., P. A., dated February 26, 2004, and being a portion of the property as described in that certain deed recorded in Book 1411, Page 325, Guilford County Registry.

001692



JEFF L. THIGPEN, REGISTER OF DEEDS
 GUILFORD COUNTY
 201 SOUTH EUGENE STREET
 GREENSBORO, NC 27402

* * * * *

State of North Carolina, County of Guilford

The foregoing certificate of _____

_____ *Teresa W. Garrett* _____

_____ *Carmen S. Craven* _____

A Notary (Notaries) Public is/are certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.

JEFF L. THIGPEN, REGISTER OF DEEDS

By: _____ *Jeff L. Thigpen* _____
 Deputy - Assistant Register of Deeds

* * * * *

**This certification sheet is a vital part of your recorded document.
 Please retain with original document and submit when re-recording.**

RECORDED - 975347
JEFF L. THIGPEN
REGISTER OF DEEDS
GUILFORD COUNTY, NC
BOOK: 6339
PAGE(S): 1693 TO 1693
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