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AMENDED AND RESTATED
DECLARATION OF CONDOMINIUM
FOR
SEVEN GATES
A CONDOMINIUM COMMUNITY

DATE: SEPTEMBER 14, 2022

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

Prepared by and Mail to:
Margaret M. Chase, Higgins Benjamin, PLLC
301 N. Elm Street, Suite 800, Greensboro, NC 27401

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NORTH CAROLINA
GUILFORD COUNTY

**AMENDED AND RESTATED DECLARATION OF CONDOMINIUM
FOR SEVEN GATES CONDOMINIUM**

This Amended and Restated Declaration of Condominium for Seven Gates, a Condominium (this "Declaration") is made this 14th day of September, 2022, by Seven Gates Condominium Association, Inc. (the "Association") pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the "North Carolina Condominium Act."

BACKGROUND STATEMENT

WHEREAS, by the following instruments recorded in the Guilford County Registry, D. Stone Builders, Inc., a North Carolina corporation (the "Declarant"), subjected Seven Gates (the "Property") to the following rights, restrictions, affirmative obligations and conditions:

1. Deed Book 6567, Page 1447;
2. Deed Book 6593, Page 633;
3. Deed Book 6610, Page 2581;
4. Deed Book 6634, Page 2400;
5. Deed Book 6653, Page 1025;
6. Deed Book 6664, Page 2585;
7. Deed Book 6688, Page 1154;
8. Deed Book 6697, Page 324;
9. Deed Book 6706, Page 2291;
10. Deed Book 6708, Page 460;
11. Deed Book 6712, Page 2582;

12. Deed Book 6732, Page 2582;
13. Deed Book 6746, Page 1193;
14. Deed Book 6753, Page 1937;
15. Deed Book 6757, Page 785;
16. Deed Book 6802, Page 815;
17. Deed Book 6803, Page 1238;
18. Deed Book 6804, Page 957;
19. Deed Book 6808, Page 932;
20. Deed Book 6835, Page 838;
21. Deed Book 6893, Page 2558;
22. Deed Book 6942, Page 1520;
23. Deed Book 6950, Page 2168;
24. Deed Book 6964, Page 634;
25. Deed Book 6972, Page 3015;
26. Deed Book 6992, Page 283;
27. Deed Book 7000, Page 242;
28. Deed Book 7117, Page 1540;
29. Deed Book 7126, Page 1306;
30. Deed Book 7126, Page 1312;
31. Deed Book 7274, Page 3024;
32. Deed Book 7432, Page 1144;
33. Deed Book 7436, Page 2943;
34. Deed Book 7521, Page 2701;
35. Deed Book 7546, Page 479;
36. Deed Book 7944, Page 463; and
37. Deed Book 7965, Page 2925.

WHEREAS, all units within the jurisdiction of the Association at the time of the recording of this Amendment are reflected on the following Plat Books and Pages, recorded with the Guilford County Register of Deeds:

The Condominium Project is a parcel of real property located in Guilford County, North Carolina, and more particularly described in Exhibit A attached hereto (the "Land"). Declarant constructed on the Land thirty-one (31) buildings containing either one (1) or two (2) residential condominium units. Declarant also constructed on the Land other common amenities, such as sidewalks, driveways, landscaped areas and other improvements.

In addition, Declarant created a nonprofit, incorporated community association to which will be delegated and assigned powers of maintaining and administering the "Common Elements" of the "Condominium" (as those terms are defined below), of administering and enforcing the covenants and restrictions created in this Declaration, and of levying, collecting and disbursing the assessments and charges created in this Declaration, and of taking any steps or performing any acts deemed necessary or appropriate to preserve the values of condominium units within the Property and to promote the recreation, health and welfare of the Unit Owners.

STATEMENT OF DECLARATION

NOW THEREFORE, having at least ninety percent (90%) of the votes in the Association to amend this Declaration of Condominium for Seven Gates (the "Declaration"), the Association hereby amends and restates the same in order to supersede and replace entirely the terms with the following Declarations of Condominium for Seven Gates.

NOW, THEREFORE, the Association hereby declares that all of the above-described Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each unit owner thereof.

ARTICLE I DEFINITIONS

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases shall have the following meanings when used in this Declaration:

Section 1.1 Act. "Act" shall mean and refer to the North Carolina Condominium Act, Chapter 47C of the General Statutes of North Carolina, as amended from time to time.

Section 1.2 Association. "Association" shall mean and refer to Seven Gates Condominium Association, Inc., a corporation organized and existing under the North Carolina Non-Profit Corporation Act pursuant to and in accordance with this Declaration, the Bylaws, and the Act.

Section 1.3 Buildings. "Building" shall mean and refer to the buildings located upon the Land, and to any buildings which are hereinafter constructed upon any land that is later subjected to this Declaration.

Section 1.4 Bylaws. "Bylaws" shall mean and refer to the bylaws of the Association, as amended from time to time as attached hereto as Exhibit C.

Section 1.5 Common Elements. "Common Elements" shall mean and refer to all portions of the Seven Gates Condominium other than the Units, as depicted on the Plans, and as more particularly described in Article VI of this Declaration.

Section 1.6 Common Elements Interest. "Common Elements Interest" shall mean the proportionate undivided interest, expressed as a numerical percentage of each Unit in the Common Elements, as set forth on Exhibit B attached hereto and incorporated herein by reference, and shall be used to allocate voting rights, each Unit's share of Common Expenses,

and the division of proceeds, if any, resulting from any casualty loss or eminent domain proceedings.

Section 1.7 Common Expenses. "Common Expenses" shall mean and refer to (i) any and all expenditures made by or financial liabilities of the Association which include but are not limited to ad valorem taxes, public assessments or governmental liens levied against the Common Elements, to the extent not billed to individual Units, and the maintenance and repair of Common Elements, and (ii) any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws, and NCGS § 47C-1-103(5).

Section 1.8 Condominium. "Condominium" shall mean and refer to Seven Gates, a Condominium.

Section 1.9 Condominium Documents. "Condominium Documents" shall mean and refer to this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the rules and regulations governing the use of the Property, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.

Section 1.10 Declaration. "Declaration" shall mean and refer to this Declaration of Condominium for Seven Gates, a Condominium, as it may be amended from time to time.

Section 1.11 Executive Board. "Executive Board" shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the Act.

Section 1.12 Land. "Land" shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on Exhibit A attached hereto.

Section 1.13 Limited Common Elements. "Limited Common Elements" shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of NCGS § 47C-2-102(2) or (4), including easement rights, for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 6.2 of this Declaration, and as depicted on the Plans.

Section 1.14 Mortgage. "Mortgage" shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.

Section 1.15 Mortgagee. "Mortgagee" shall mean and refer to the Unit Owner and holder of a Mortgage that has notified the Association in writing of its name and address, and that it holds a Mortgage on a Unit. Such notice will be deemed to include a request that the Mortgagee be given the notices and other rights described in Article XVI.

Section 1.16 Person. "Person" shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust or other legal entity.

Section 1.17 Plans. "Plans" shall mean and refer to the surveys, plans and specifications of the Buildings and Property and recorded under the name of the Condominium in the Plat Books in the Office of the Register of Deeds of Guilford County.

Section 1.18 Property. "Property" shall mean and refer to the Land; the Buildings and all other improvements and structures located on the Land; and all easements, rights and appurtenances belonging or appertaining to the Land, together with any additional Units that may be subjected to this Declaration.

Section 1.19 Unit. "Unit" shall mean and refer to one or more of those fifty-two (52) Units located in Seven Gates Condominium, which are restricted to residential use.

Section 1.20 Unit Owner. "Unit Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit as merely security for the payment or performance of an obligation.

In addition, the definitions set forth in NCGS § 47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or the Condominium Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II

DESCRIPTION OF CONDOMINIUM

Section 2.1 The Property. The Property is located entirely in Guilford County, North Carolina and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Property contains approximately 20,551 square feet or 0.472 acres, more or less, of residential space and appurtenant Common Elements as shown on the Plans. The Seven Gates Condominium Property is hereby subjected to the terms of the Act. The name of the Condominium is Seven Gates.

ARTICLE III

DESCRIPTION OF BUILDINGS

The Buildings contain those certain units, common elements and limited common elements shown on the Plans and described herein. The Plans contain a certification by a North Carolina registered surveyor and a North Carolina licensed architect, that the Plans contain all the information required by NCGS. § 47C-2-109.

ARTICLE IV

DESCRIPTION OF UNITS

Section 4.1 **Location of Buildings.** The location and dimensions of the Buildings are shown on the Plans.

Section 4.2 **Units.** The location of Units within the Buildings, their dimensions, and their floor and ceiling elevations, are shown on the Plans. There are a total of fifty-two (52) Units in thirty-one (31) buildings on the Property; The identifying number for each Unit is set forth on the Plans.

Section 4.3 **Unit Boundaries.** The boundaries of each Unit are as follows:

- 1) **Upper Boundary:** The horizontal plane of the top surface of the wallboard in the ceilings located on the second story within each Unit.
- 2) **Lower Boundary:** The horizontal plane of the bottom surface of the subflooring or underlayment for the floor immediately beneath the Unit.
- 3) **Vertical Boundaries:** The vertical planes which include the back surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

As provided in NCGS § 47C-2-102(1), all furring, wallboard, plasterboard, tiles, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Unit. As provided in NCGS § 47C-2-102(2), if any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof that lies outside the designated boundaries of a Unit serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 6.2 below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element.

ARTICLE V

DEVELOPMENT RIGHTS

Section 5.1 **Creation of Additional Units, Common Elements and Limited Common Elements.** Declarant hereby reserves the right until July 19, 2026 to create new Units, Common Elements and Limited Common Elements in accordance with the provisions of this Article V. The maximum number of Units within the Condominium that Declarant reserves the right to create, including Units in existence as of the date of recording this Declaration is thirty-six (36). Declarant may exercise this Development Right until July 19, 2026, without the consent or approval of the Association, or any other Unit Owner, by executing and recording a Supplemental Declaration. If the Declarant exercises its Development Right to create additional Units, the Declarant shall not be obligated to create up to the maximum number of Units and

Limited Common Elements as specified above but may create any number less than the maximum number specified above. 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 Section 5.1, Declarant may exercise any or all of the Development Rights reserved in this Article if the amendment adding such real estate so permits.

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.

Section 5.2 Subdivision of Units. Declarant hereby reserves the right until July 19, 2026 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 Section 5.2 shall apply to Units created under this Declaration, as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Section 5.1 of this Article.

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.

Section 5.3 Conversion of Units to Common Elements. Declarant hereby reserves the right until July 19, 2026 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 Section 5.3 shall apply to Units created under this Declaration as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Section 5.1 of this Article.

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.

Section 5.4 Withdrawal of Real Estate. Declarant hereby reserves the right until July 19, 2026 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 Section 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 Section 5.1 of this Article, Declarant's right of withdrawal under this Section 5.4 shall extend to each additional piece of real estate so added.

If Declarant elects to exercise its right to withdraw real estate from the Condominium, Declarant shall file an amendment to this Declaration pursuant to Section 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.

Section 5.5 Method of Exercising Development Rights. In the event Declarant exercises any of its development rights under 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 shall be conclusive and binding on all Unit Owners and mortgagees.

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.

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. 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 XVI hereof, holding first mortgages or deeds of trust on the Units.

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 the Declaration

recorded in Deed Book 6567, Page 1447 of the Guilford County Register of Deeds, at different times from time to time, and in any sequence, all in the sole discretion of the Declarant.

ARTICLE VI **COMMON ELEMENTS**

Section 6.1 Common Elements. The Common Elements include all portions of the Condominium that are not part of the Units, including without limitation:

- 1) All improvements located on the Land outside of the Buildings, including without limitation, signage, including the entrance monument, all paved areas, and all landscaped areas;
- 2) The Limited Common Elements described in Section 6.2 below;
- 3) Any connections, lines and meters for utility services that are not owned by the public utility or municipal agency providing such services that are located outside of the Units but within the Seven Gates Condominium Property; and
- 4) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association.

Section 6.2 Limited Common Elements. The Limited Common Elements shall be composed of any Common Element for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units including, but not limited to, the following:

- 1) Any shutters, awnings, window boxes, doorsteps, stoops, porches, patios and all exterior doors and windows, heating, ventilating, and air conditioning systems or other fixtures designed to serve a single Unit but located outside Unit boundaries, which shall be Limited Common Elements allocated exclusively to that Unit;
- 2) The concrete patios, covered porches, wooden decks and the steps associated therewith to the rear of the Units allocated exclusively to the Unit which provides direct access thereto except for the patios to the rear of Units 27 and 28 and the covered screened porch on Unit 40. The patios to the rear of Units 27 and 28 and the covered screened porch to the rear of Unit 40 are part of the respective units to which they are attached;
- 3) The storage areas which are accessible through a Unit and/or which are located over certain garages which are part of a Unit shall be Limited Common Elements allocated exclusively to that Unit; and
- 4) If any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the

designated boundaries of a Unit, any portion thereof that lies outside the designated boundaries of a Unit serving only that Unit.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Unit Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the Act, the obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Unit Owners of the Units to which such Limited Common Elements are allocated. References in this Declaration to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise.

Section 6.3 Undivided Interests of Unit Owners in Common Elements. The percentage interest in the Common Elements allocated to each Unit shall be the Common Elements Interest for that Unit as set forth on Exhibit B attached hereto.

Section 6.4 Maintenance of Common Elements. 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, excluding the Limited Common Elements to be maintained by the Unit Owner as more fully described in Section 8.8 of this Declaration. 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 maintained by the Association, 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.

The Association shall be responsible for maintaining the completed permanent wet detention pond as directed by the governmental office having jurisdiction for watershed protection. 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 wet detention pond. 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 permeant wet detention pond, and such other needs as may arise. 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 VII
RESTRICTIONS AGAINST RELOCATION
OF BOUNDARIES; SUBDIVISION AND PARTITIONING

Section 7.1 Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Unit Owners of such adjoining Units ("Adjoining Unit Owners") and upon the written approval by the Association of such application; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within sixty (60) days after submission to it of the application that the proposed relocation of boundaries is reasonable and would not impair the structural integrity of the Building in which such Unit is located, the application shall be deemed denied. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining Unit Owners' expense, an amendment to this Declaration and a plat which identifies the Units involved, describes and depicts the altered boundaries, and gives the dimensions of the altered Units. Such amendment shall also contain operative words of conveyance and be signed by the Adjoining Unit Owners and consented to by their Institutional Lenders, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Unit Owners.

Section 7.2 Subdivision or Combination of Units. Units may not be subdivided. Units may be combined only with the written approval of the Association. If any Unit is combined in accordance with this Section 7.2, the party seeking such combination shall have prepared, executed and recorded, at its sole expense, an amendment to this Declaration and a plat which identifies the existing Unit(s) involved, describes and depicts the boundaries of the new Unit into which the existing Unit(s) have been combined, gives the dimensions and floor area of each newly created Unit as agreed by the Association. The amendment to the Declaration shall specify the Common Elements Interest allocated to such Units, and provided, further that if Units are combined by any Unit Owner, the dues payable for each Unit shall not be reallocated (for example, if two Units are combined, the Unit Owner of the combined Unit shall pay the equivalent of two Unit assessments) under this Declaration.

Section 7.3 Partitioning. The interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately

from said Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's allocated interests in the Common Elements unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying number assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing Ownership of any Unit and its allocated interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or any other form by law permitted.

ARTICLE VIII **RESTRICTIONS ON USE**

Section 8.1 Residential Use. All Units shall be used for residential purposes only; provided, however, that portions of the Units also may be used for home office purposes by the residents of such Units, provided that the primary use of each Unit is residential, no business customers of the Unit Owner visit the Unit and the Unit Owner does not advertise the address of the Unit as such Unit Owner's business address. In addition, all Units shall be used in a manner which is consistent with those rules and regulations promulgated from time to time by the Association, which rules may change from time to time.

Section 8.2 Nuisance. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Unit Owners, or endanger the health and safety of any Unit Owner. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Property. Unit Owners are responsible for preventing disturbing noises or noisy and boisterous conduct which would disturb the peace and conduct of other Unit Owners. The loud playing of stereos, televisions or musical instruments is discouraged, together with any noisy or boisterous conduct which would disturb the peace and quiet enjoyment of other Unit Owners.

Section 8.3 Prohibitions on Use of Common Elements. The Common Elements shall not be used for the storage of personal property of any kind, including without limitation bicycles, wagons and carts. Sidewalks, driveways, drainage areas and parking areas shall not be obstructed in any way, or used for other than their intended purposes. Nothing shall be built, caused to be built or done in or to any part of the Property which will alter or cause any alteration to the Common Elements without the prior written approval of the Executive Board. In general, no activity shall be carried on nor conditions maintained by any Unit Owner either in his or her Unit or upon the Common Elements which despoils the appearance of the Property.

Section 8.4 Parking. No motor home, travel trailer, camper, van (other than non-commercial passenger vans), trucks (unless licensed as a passenger vehicle and less than three-quarter ton capacity), commercial vehicles (whether or not registered as a commercial vehicle with the State Department of Transportation) or other recreational vehicle may be parked on the Common Elements. The Association shall have the right to tow any vehicle in violation of this Section 8.4 at its Owner's expense.

Section 8.5 Animals. No animals, wildlife, livestock, or poultry of any kind shall be kept or maintained on Seven Gates Condominium except no more than three (3) common household pets may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes. All animals shall be leashed (if outdoors) or kept within the Unit and shall not be permitted to roam free. The Association may restrict the walking of pets to certain areas. Unit Owners who walk their pets on Common Elements must clean up after their pets. Commercial activity involving pets, including, without limitation, boarding, breeding, grooming or training is not allowed. If, in the opinion of the Executive Board, any pet becomes a source of unreasonable annoyance to others, or the Unit Owner of the pet fails or refuses to comply with these restrictions, the Unit Owner, upon written notice, may be required to remove the pet from the Property. Pets may not be left unattended or leashed outside the Unit. No dog houses or similar structures shall be permitted.

Section 8.6 Architectural Control. 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. The Association 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 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 exterior portion of any building or any limited common elements not visible from the exterior 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.

Section 8.7 Signs. No sign of any kind shall be displayed to the public view on Unit except with the written permission of the Executive Board, or except as may be required by legal proceedings or political signs during the forty-five (45) day period prior to an election. Political signs must be in accordance with the applicable local ordinances regarding political signs.

Section 8.8 Unit Owner Maintenance. 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, 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. Each Unit Owner(s) shall further be responsible and liable for the maintenance, repair and replacement of the Limited Common Elements described in Section 6.2(1-3) of this Declaration and any pipes and equipment, including fixtures and/or their connections required to provide water and sewer to a Unit until the point of exit from the Building. 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. If a Unit Owner(s) fails to perform any maintenance or repair he/she is obligated to maintain 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), the assessment shall be the personal obligation of such Unit Owner(s) and a lien against such Unit to the same extent provided herein.

Section 8.9 Landscaping and Drip Irrigation. Unit Owners shall have the right to install landscaping plants and drip irrigation in the side or rear yards adjacent to their Unit. The Unit Owner's installation of such landscaping plants and drip irrigation systems, including any replacements or additions thereto, shall be subject to the prior written approval of the Executive Board of the Association, or its duly appointed committee. Each Unit Owner shall be responsible for all necessary maintenance, removal and replacement of all landscaping plants and drip irrigation systems which are located in the side or rear yards immediately adjacent to the Unit Owner's Unit. Any drip irrigation installed by the Unit Owner shall be connected to and served by the Unit Owner's water meter. All landscaping and drip irrigation installed by the Declarant in the front yard of each Unit shall be maintained by the Association as part of the Common Element pursuant to the provisions of Article VI.

Section 8.10 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be furnished by the Association to all Unit Owners upon request.

Section 8.11 Illegal Activities. The Unit Owner, any member of the Unit Owner's household, or a guest or other person under the Unit Owner's control shall not engage in or facilitate criminal activity on or near the Condominium, including, but not limited to, violent criminal activity or drug-related criminal activity. "Violent criminal activity" means any felonious criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another. "Drug-related criminal activity" means the illegal manufacture, sale, distribution or use, or possession with intent to manufacture, sell, distribute or use, of a controlled substance (as defined in 42 U.S.C. 1437).

Section 8.12 Satellite Dishes, Antennas, etc. Unit Owners are prohibited, to the maximum extent permitted by law, from attaching, installing, displaying or affixing satellite dishes, antennas or other transmitting devices, to the exterior of any Building (including but not limited to any balcony, patio, or other Limited Common Element or Common Element) or on the Land, subject to prior approval as set forth herein.

Section 8.13 Leases. Any lease or rental agreement for a Unit shall be in writing and for a period of not less than thirty (30) days. 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.

ARTICLE IX **THE ASSOCIATION**

Section 9.1 Organization of Association. A nonprofit North Carolina corporation known and designated as Seven Gates Condominium Association, Inc. (the "Association") has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws, and the North Carolina Condominium Act. Every Unit Owner shall be required to be and shall automatically be a member of the Association by virtue of its ownership interest in a Unit.

Section 9.2 Powers, Lien for Assessment. In the administration of the operation and management of the Seven Gates Property, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration; to levy and collect assessments in the manner provided in Article XI below and in the Bylaws; and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Association may deem to be in the best interest of the Unit Owners in accordance with the Bylaws. Any assessment levied against a Unit or against a Unit Owner shall constitute a lien on the Unit with respect to which the assessment was made or fine levied from the time the assessment or fine became due, in accordance with NCGS §47C-3-116 of the Act, and shall be enforceable by the Association in accordance with the Act and with the Bylaws.

Section 9.3 Voting, Unit Allocations. The Common Elements Interests are described in Section 1.6 and are stated on Exhibit B. The votes in the Association are equally allocated to all Units with each Unit Owner having one (1) vote for each Unit owned.

Section 9.4 Administration. The administration of the Common Elements by the Association shall be in accordance with the provisions of North Carolina law and the Condominium Documents, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Elements or by any title insurance company selected by Declarant to insure title to any portion of the Common Elements.

Section 9.5 Register of Unit Owner(s) and Mortgages. 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.

ARTICLE X **EASEMENTS AND PROPERTY RIGHTS**

Section 10.1 Access by the Association. The Association, or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Property, provided that the Association shall first arrange a convenient time with the Unit Owner, and shall give the Unit Owner twenty-four (24) hours notice except in the event of an emergency, as set forth in Section 10.5.

Section 10.2 Encroachment Easements. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling or shifting of any Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as such Building shall stand. If any Building, any Unit, or any portion of the Common Elements is partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and subsequently is rebuilt, any encroachment of parts of the Common Elements upon any Unit, or of parts of any Unit upon the Common Elements, due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Buildings shall stand.

Section 10.3 Easements over Common Elements. The Association may grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; and water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits; and wires over, under, along and on any portion of the Common Elements (other than the Limited

Common Elements); and each Unit Owner hereby grants to the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing. All such easement rights described in this Section 10.3 shall be appurtenant to, and shall run with title to, the Property.

Section 10.4 Perpetual Non-Exclusive Easement. The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all 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, and for the enjoyment of said Unit Owner(s).

Section 10.5 Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Unit Owner is present at the time of such emergency, the Association, or any other person authorized by it, shall have the right to enter any Unit or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Unit Owners, and such right of entry shall be immediate. Any public body rendering police and fire services is granted an easement over, upon and through the Common Elements and Limited Common Elements for the purpose of providing police and fire protection services and to enforce all applicable police and fire regulations.

Section 10.6 Conveyance or Encumbrance of Common Elements. While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances of or security interests or liens of any nature shall arise or be created against the Common Elements without the prior written consent of at least eighty percent (80%) of all Unit Owners. Every agreement for the performance of labor or the furnishing of materials to the Common Elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material finished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Article XI of this Declaration. Nothing in this Section 10.6 shall be construed to limit the right of any Unit Owner to convey or to encumber his or her allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his or her Unit.

Section 10.7 Nature of Interest in Unit. Every Unit, together with its allocated interest in the Common Elements, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property. The Unit Owner of each Unit shall be entitled to the exclusive fee simple ownership and possession of his or her Unit subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules and regulations set forth in the Condominium Documents, or adopted by the Executive Board of the Association.

ARTICLE XI
COVENANT FOR ASSESSMENTS

Section 11.1 Assessments.

1) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property, related to the maintenance, use and enjoyment of the Common Elements, or to those improvements outside of the Common Elements but which benefit the Property, including but not limited to the maintenance of streets within the Common Elements that have not been accepted for dedication by a public authority, roadway medians and islands, privacy walls, storm drainage facilities; the maintenance of any private drainage easements located within the Property; and sidewalks and street lights. Expenditures may include but are not limited to the following: the costs of repairs; replacements and additions; the cost of labor; equipment; materials; management and supervision; the extension and provision of utility services to the Common Elements; the payment of taxes assessed against the Common Elements and/or the payment of assessments for public improvements to the Common Elements assessed by any governmental body having jurisdiction over the Common Elements; the procurement and maintenance of insurance (including, but not necessarily limited to, hazard and liability insurance in such amounts as the Association deems just and proper); the employment of attorneys and other professionals to represent the Association when necessary, water and sewer service; and such other needs and expenses as may arise and that are related to the purposes of the Association as stated herein.

2) 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 Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws. As monies for any assessment are paid unto the Association by any Unit Owner, the same may be commingled with monies paid to the Association by the other Unit Owners unless specifically identified otherwise. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom 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 shall cease to be a Member of the Association by reason of his divestment of ownership of his Unit, by whatever means, the Association shall not be required to account to such Unit Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Unit Owner, as all monies which any Unit Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Property.

Notwithstanding the foregoing, any common expense or portion thereof benefitting fewer than all of the units must be assessed exclusively against the units benefited and any common expense associated with the maintenance, repair or replacement of a Limited Common Element must be assessed against the Unit(s) to which that Limited Common Element is assigned.

3) Such assessments shall be fixed and established as hereinafter provided and will be collected from time to time as determined by the Executive Board.

Section 11.2 Special Assessments. In addition to the assessments 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 sixty-seven percent (67%) of the Allocated Interest in the Common Elements are assigned, voting in person or by proxy at a meeting duly called for such purpose.

Section 11.3 Annual Budget. The Executive Board of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year). 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, 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 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.

Section 11.4 Maximum Annual Assessment. The 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. 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.

Section 11.5 Capital Improvement Fund. 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, at 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; however, such balances shall not be subject to withdrawal by a Unit Owner(s).

Section 11.6 Creation of the Lien and Personal Obligation of Assessments. Each Unit Owner of a Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments or charges as provided herein including interest and late fees, costs and reasonable attorney's fees; (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (c) to the appropriate governmental taxing authority: (1) a pro rata share of ad valorem taxes levied against the Common Elements and (2) a pro rata share of assessments for public improvements to or for the benefit of the Common Elements if the Association shall default in the payment of either or both for a period of six (6) months. The annual and special assessments together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such assessment or charge is made. Each such assessment and charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Unit Owner of such Unit at the time when the assessment or charge fell due. The personal obligation for the delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.

Section 11.7 Effect of Nonpayment of Assessments: Remedies of the Association. Assessments authorized by this Declaration shall be due and payable on the dates established by the Executive Board from time to time. Fees, fines and penalties authorized by this Declaration shall be due and payable thirty (30) days after written notice thereof from the Association to the Unit Owner. Any assessment, fee, fine or penalty not paid within thirty (30) days after the due date shall bear interest from the due date at a rate of twelve percent (12%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which to be established from time to time by the Executive Board for assessments not paid within thirty (30) days after the due date. The Association may bring an action at law against the Owner personally obligated to pay any past due assessment fee, fine or penalty or may foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of deeds of trust. Interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Unit Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Elements or abandonment of his Unit.

Section 11.8 Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. The sale or transfer of any Unit shall not affect the lien or liens provided for in the preceding Sections. However, the sale or

transfer of any Unit which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments, fees, fines or penalties as to the payment thereof which shall have become due prior to such sale or transfer. No such sale or transfer shall relieve such Unit from liability for any assessments, fees, fines or penalties thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 11.9 Common Surplus. The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source, over the amount of Common Expenses. The Common Surplus shall be owned by the Unit Owners in the same proportion as their respective shares of Common Expenses, as provided herein; provided, however, that the Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restriction upon the use and distribution thereof. Except for distribution of any insurance proceeds or upon termination of the Seven Gates Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the current Unit Owners in proportion to their respective shares of Common Expenses.

ARTICLE XII **INSURANCE**

Section 12.1 Authority to Purchase Insurance. Insurance policies upon the Common Elements 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.

- 1) Insurance policies purchased by the Association shall provide that:
 - a) 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;
 - b) 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;
 - c) 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;

- d) If, at the 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, the Association's policy provides primary insurance; and
- e) 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 the Deed of Trust to whom certificates of memoranda of insurance have been issued at their respective last known addresses.

Section 12.2 Insurance Coverage to be Maintained: Use and Distribution of Insurance Proceeds. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium:

- 1) Property insurance covering the Common Elements insuring against all risk of direct physical loss commonly insured against including fire and extended coverage perils. 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, the total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement costs of the insured property at the time the insurance is purchased and at each renewal dated, exclusive of land, excavations, foundations and other items normally excluded from property policies;
- 2) A comprehensive policy of public liability insurance insuring the Association in the amount not less than One Million (\$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 of water damage;
- 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 bond shall name the Association as an obligee; shall be written in an amount equal to at least one hundred and fifty percent (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" of

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 XVII of this Declaration;

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

5) 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;

6) 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 this Declaration; and

7) 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.

If the insurance described in Section 12.2(1) or Section 12.2(2) herein is not reasonably available, the Association shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all unit owners.

Section 12.3 Insurance Obtained by Unit Owners. The following insurance coverage shall be maintained in full force and effect by each Unit Owner:

1) Casualty insurance and personal liability insurance pertaining to his or her Unit. A Unit Owner shall exhibit to the Executive Board, upon request, evidence that such insurance is in effect. If any Unit Owner shall fail to maintain such insurance, the Executive Board is authorized to obtain such insurance in the name of the Unit Owner(s) from an insurer selected by the Executive Board, and the cost of such insurance shall be included in the annual assessment of the Unit Owner and shall constitute a lien against his Unit until paid as a result of enforcement by the Association or otherwise.

ARTICLE XIII
DUTY TO REPAIR OR RECONSTRUCT

Section 13.1 Reconstruction and Repair.

- 1) If any part of the Condominium shall be damaged by casualty, the damaged area shall be reconstructed and repaired by the Association unless:
 - a) The Condominium is terminated as provided in Article XV hereof; or
 - b) Repair or replacement would violate any state or local health or safety statute or ordinance; or
 - c) 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 Unit Owner(s) of Units which shall not be restored), determine not to rebuild or restore all of any portion of the damaged area.

- 2) In the event the entire Condominium is not repaired or replaced,
 - a) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;
 - b) The insurance proceeds attributable to Limited Common Elements which are not rebuilt shall be distributed to the owners of the units to which those Limited Common Elements were allocated or to lienholders, as their interest may appear; and
 - c) The remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interest may appear, in proportion to their common element interest.

- 3) 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.

- 4) 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.

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.

6) 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.

7) 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 XIV AMENDMENT TO THE DECLARATION

Except as is otherwise specifically authorized herein, this Declaration may be amended only with an affirmative vote of Unit Owner(s) to which at least ninety percent (90%) of the votes in the Association are allocated until July 19, 2026 and thereafter, by the vote of not less than seventy-five percent (75%) of the total votes in the Association. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose and recorded in the office of the Register of Deeds of Guilford County, North Carolina. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Institutional Lender without the written consent of such Institutional Lender. With respect to any amendment to this Declaration which requires the consent of any Institutional Lender, the Association shall request the consent of such Institutional in writing and the notice shall be delivered by certified or registered mail, with a "return receipt" requested. If such Institutional Lender does not respond to said written request within sixty (60) days, the consent of such Institutional Lender shall be deemed obtained.

ARTICLE XV TERMINATION

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

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 for herein. 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.

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 Article XV, Section 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 Article XV, Section 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.

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).

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

- a) Except as provided in Article XV, Section 4(b) 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.

- b) If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interest of each Unit Owner(s) shall be the Allocated Interest appurtenant to this Unit immediately before termination.

ARTICLE XVI
RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS;
RIGHTS RESERVED UNTO THE VETERANS ADMINISTRATION

Section 16.1 General Provisions. This Article XVI establishes certain standards and covenants for the benefit of institutional Lenders and the Veterans Administration. This Article XVI is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the event of any conflict between the provisions of the Condominium Documents and the provisions of this Article XVI, the provisions of this Article XVI shall control.

Section 16.2 Institutional Lenders. "Institutional Lender" or "Institutional Lenders," as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, 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:

- 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.
- 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 designated by the Association, such financial statement report to be furnished by May 15 of each calendar year.
- 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.
- 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.

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.

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.

ARTICLE XVII **CONDEMNATION**

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

ARTICLE XVIII **MISCELLANEOUS PROVISIONS**

Section 18.1 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 18.2 Waiver. No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 18.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 18.4 Law Controlling. This Declaration and the Condominium Documents shall be construed and controlled by and under the laws of the State of North Carolina.

Section 18.5 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium Ownership as provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

ARTICLE XIX
ENFORCEMENT

Section 19.1 Actions by the Association. In addition to and not in lieu of the other remedies for default provided in this Declaration and the other Condominium Documents, the Executive Board may bring a civil action against any Unit Owner to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents. The court may award reasonable attorney's fees to the prevailing party.

Section 19.2 Actions by Unit Owners. Any Unit Owner may also bring a civil action against any other Unit Owner, or against the Association, or against the Executive Board, or any one or more of them to enforce any obligation, covenant or restriction set forth in this Declaration or in the other Condominium Documents.

ARTICLE XX
DISCLAIMERS

Each Unit Owner, by acceptance of a deed to his or her Unit, acknowledges and agrees that sound transmission in a multi-story building, such as a condominium, is very difficult to control, and that noises from adjoining or nearby Units or mechanical equipment, can often be heard in another unit. By acceptance of a deed, each Unit Owner will be deemed to have expressly released Declarant from any loss, claim, liability or damage now or hereafter arising from or related to noise in the building.

This the 14th day of September, 2022.

Seven Gates Condominium Association, Inc.

By: Sabrina N. Gibson
President, Seven Gates Condominium
Association, Inc.

ATTESTED:

John E. Batchelor
Secretary, Seven Gates Condominium Association, Inc.

I, John E. Batchelor, Secretary of Seven Gates Condominium Association, Inc., certify that Sabrina Gibson personally acknowledged that s/he is the President of Seven Gates Condominium Association, Inc., a corporation, and that s/he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand this the 14th day of September 2022.

J. E. Batchelor
Secretary, Seven Gates Condominium Association, Inc.

NORTH CAROLINA
Guilford COUNTY

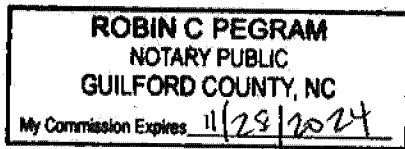
I, the undersigned Notary Public, do hereby certify that Sabrina Gibson personally appeared before me this day and acknowledged that s/he is the President of Seven Gates Condominium Association, Inc. and that s/he has executed the foregoing instrument as its President.

WITNESS my hand and seal this the 14th day of September 2022.

Robin C. Pegram
Notary Public

My commission expires:
11/28/2024

Robin C. Pegram
Printed Name



NORTH CAROLINA
Guilford COUNTY

I, the undersigned Notary Public, do hereby certify that John E. Batchelor personally appeared before me this day and acknowledged that s/he is the Secretary of Seven Gates Condominium Association, Inc., and that s/he has executed the foregoing instrument as its Secretary.

WITNESS my hand and seal this the 14th day of September 2022.

[Signature]
Notary Public

My commission expires:
11/28/2024

Robin C. Pegram
Printed Name

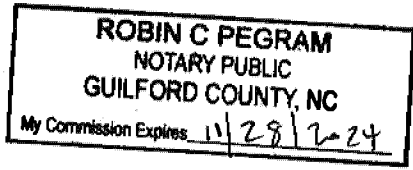


EXHIBIT A

Being all of that certain real property described in the following Condominium Plat Book and Pages of the Guilford County Registry:

- Condominium Plat Book 11, Page 1;
- Condominium Plat Book 11, Page 2;
- Condominium Plat Book 11, Page 3;
- Condominium Plat Book 11, Page 14;
- Condominium Plat Book 11, Page 28;
- Condominium Plat Book 11, Page 54;
- Condominium Plat Book 11, Page 79;
- Condominium Plat Book 11, Page 107;
- Condominium Plat Book 11, Page 126;
- Condominium Plat Book 11, Page 144;
- Condominium Plat Book 12, Page 7;
- Condominium Plat Book 12, Page 11;
- Condominium Plat Book 12, Page 13;
- Condominium Plat Book 12, Page 19;
- Condominium Plat Book 12, Page 35;
- Condominium Plat Book 12, Page 57;
- Condominium Plat Book 12, Page 91;
- Condominium Plat Book 12, Page 98;
- Condominium Plat Book 12, Page 136;
- Condominium Plat Book 12, Page 139;
- Condominium Plat Book 12, Page 141;
- Condominium Plat Book 12, Page 147;
- Condominium Plat Book 13, Page 33;
- Condominium Plat Book 13, Page 139;
- Condominium Plat Book 13, Page 145;
- Condominium Plat Book 14, Page 5;
- Condominium Plat Book 14, Page 15;
- Condominium Plat Book 14, Page 38;
- Condominium Plat Book 14, Page 101;
- Condominium Plat Book 14, Page 109;
- Condominium Plat Book 14, Page 111;
- Condominium Plat Book 15, Page 9;
- Condominium Plat Book 15, Page 57; and
- Condominium Plat Book 15, Page 81.

EXHIBIT BUnits' Allocated Interest in
the Common Elements

Unit Identification	Allocated Interest
1	1.9607%
2	1.9607%
3	1.9607%
4	1.9607%
5	1.9607%
6	1.9607%
7	1.9607%
8	1.9607%
9	1.9607%
10	1.9607%
11	1.9607%
12	1.9607%
13	1.9607%
14	1.9607%
15	1.9607%
16	1.9607%
17	1.9607%
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38	1.9607%
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41	1.9607%
42	1.9607%
43	1.9607%
44	1.9607%
45	1.9607%
46	1.9607%
47	1.9607%
48	1.9607%
49	1.9607%
50	1.9607%
51	1.9607%
52	<u>1.9607%</u>
	100%

EXHIBIT C**BYLAWS****OF****SEVEN GATES CONDOMINIUM ASSOCIATION, INC.**

A corporation not for profit under
the laws of the State of North Carolina

1. IDENTITY.

These are the Bylaws of Seven Gates Condominium Association, Inc, a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on February 20, 2006. Seven Gates Condominium Association, Inc., hereinafter called "Association," has been organized for the purpose of administering the operation and management of Seven Gates Condominium, a condominium established or to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Friendship Township, Guilford County, North Carolina, and shown on Schedule "A" attached hereto and incorporated herein by reference.

a) The provisions of these Bylaws are applicable to Seven Gates Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and which may be contained in the formal Declaration of Condominium which will be recorded in the Public Records of Guilford County, North Carolina (the "Declaration"), at the time said property and the improvements now or hereafter situated thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever the same may be in conflict. All present or future owners, tenants, future tenants or their employees, or any other person of Condominium Units (specifically including D. Stone Builders, Inc., a North Carolina corporation hereinafter referred to as "Developer") that might use Seven Gates Condominium or any of the facilities thereof in any manner, are subject to the provisions of these Bylaws and of the Articles of Incorporation and Declaration of Condominium.

b) The office of the Association shall be at 2904 Lawndale Drive, Greensboro, North Carolina 27408, or such other place as the Executive Board shall designate from time to time.

c) The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit.

d) Defined terms used in these Bylaws shall have the same meaning given such terms in Section 47C-1-103 of the North Carolina General Statutes.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

a) The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

(i) The Owners of all Units in the Condominium shall be members of the Association, and no other person or entity shall be entitled to membership, except as provided in Paragraph (b)(v) of this Article 2.

(ii) Membership shall be established by the acquisition of fee title to a Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Units, or who may own a fee ownership interest in two or more Units, so long as such party shall retain title to or a fee ownership interest in any Unit.

(iii) The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Unit. The funds and assets of the Association shall belong solely to the Association, subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration, and in the Articles of Incorporation of the Association.

(iv) On all matters which the membership shall be entitled to vote, each Unit shall have a vote equal to its Allocated Interests in the Common Elements as set forth in Exhibit B of the Declaration, as amended from time to time. The vote of each Unit may be cast or exercised by the Owner of each Unit in such manner as may be provided herein. Should any member own more than one Unit, such member shall be entitled to exercise or cast the votes associated with each Unit owned by him in the manner provided herein.

(v) Until such time as the property described in the Declaration, and the improvements constructed thereon, are submitted to a Plan of Condominium Ownership by the recordation of the Declaration, the membership of the Association shall be comprised of the three (3) individuals named in Article 4(k) herein, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

b) A quorum at members' meetings shall consist of the presence at the beginning of the meeting of persons owning at least ten percent (10%) of the total Allocated Interests in the Common Elements of the Condominium. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

c) The vote of the Owners of a Unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a certificate signed by all of the Owners of the Unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, or for any other purpose.

d) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be dated and filed with the Secretary before the appointed time of the meeting.

e) Approval or disapproval of an Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.

f) Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration of Condominium, or whether the same may otherwise be required by laws, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

a) The First Annual Meeting shall be held within one (1) year of the incorporation of the Association. Thereafter, the Annual Meeting of members of the Association shall be held at such time and place as may be designated in the notice of meeting, for the purpose of informing the membership of the names of the individuals appointed to the new Executive Board, if any, of informing the membership of the status of the budget for the coming year and for such other purposes as the Board Members may determine.

b) Special meetings of members of the Association shall be held whenever called by the President or Vice-President or by a majority of the Executive Board and must be called by such officers within thirty (30) days following receipt of a written request from members of the Association representing at least twenty percent (20%) of the votes in the Association, describing the purpose for which such special meeting is requested.

c) Notice of all member s' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in the absence of said Officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place of the meeting and the items on the agenda of such meeting, including the general nature of any proposed amendment to the Declaration, the Articles or these Bylaws, any budget changes and any proposal to remove a Board Member. Except as otherwise specifically required by law or these Bylaws, such notice shall be given to each member not less than ten (10) days nor

more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be sent first class mail and shall be deemed to be properly given when deposited in the United States Mail addressed to the member at this address as it appears on the records of the Association (Register of Owners) as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration), the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

d) The order of business at Annual Meetings of members of the Association and, as far as practical, at any other members' meetings, shall be:

- i) Call to order and proof of notice of meeting or waiver of notice;
- ii) Announcement of and certification of proxies;
- iii) Reading and disposal of any unapproved minutes;
- iv) Reports of Officers;
- v) Reports of Committees;
- vi) Election of Board Members;
- vii) Unfinished business;
- viii) New business; and
- ix) Adjournment.

4. EXECUTIVE BOARD

a) The first Executive Board of the Association shall consist of three (3) persons. At the time of the first Annual Meeting of the members of the Association, the Executive Board shall consist of five (5) persons. Each succeeding Executive Board shall consist of at least five (5) and not more than nine (9) persons, as determined from time to time by the Executive Board Members, in their sole discretion. At least a majority of the

Executive Board shall be Unit Owners or employees of a corporate or partnership member of the Association. Notwithstanding the foregoing, Developer shall have the right to designate and select a majority of the persons who shall serve as Members of each Executive Board of the Association until the first to occur of: (i) one hundred twenty (120) days after conveyance by Developer of eighty percent (80%) of the Units in the Condominium (including units which may be created pursuant to the Development Rights reserved in Article 5 of the Declaration); (ii) two (2) years after Developer has ceased to offer Units for sale in the ordinary course of business; (iii) two (2) years after Developer's last exercise of its right under Article 5 of the Declaration to add additional units to the Condominium; or (iv) five (5) years after the date of the sale of the first unit in the Condominium. Any Board Member designated by and selected by Developer need not be an Owner or resident in the Condominium.

Each Member of the Executive Board whom Developer shall designate shall hold office until the first annual Meeting following the date on which Developer's right to designate and select a majority of the Executive Board Members shall terminate. Each such Member shall serve until his successor is duly selected or elected and qualified to serve, or until removed in the manner elsewhere provided or as may be provided by law.

Developer shall have the absolute right at any time, in its sole discretion, to replace any Executive Board Member appointed by it with another person to serve on said Executive Board. Replacement of any person designated by Developer to serve on any Executive Board of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from said Executive Board. The removal of any Board Member and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

b) Election of Board Members shall be conducted in the following manner:

i) All Members of the Executive Board whom Developer shall not be entitled to designate and select under the provisions of these Bylaws shall be elected by a plurality of the votes at the Annual Meeting of the members of the Association. Except as set out in Subparagraph (iii) of this Paragraph, the term of office of such Board Members shall be two (2) years, until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

ii) Vacancies in the Executive Board may be filled until the date of the next Annual Meeting by the remaining Board Members, except that should any vacancy in the Executive Board be created as to a Board Membership previously filled by any person designated and selected by Developer, such vacancy shall be filled by Developer designating and selecting, by written instrument delivered to any officer of the

Association, the successor Board Member to fill the vacated Board Membership for the unexpired term thereof.

iii) At the first Annual meeting following the expiration of Developer's right to appoint a majority of the Members of the Executive Board, successors to the Board Members whom Developer had been entitled to appoint and to other Board Members whose terms then expire shall be elected for staggered terms of office, such that no more than one-third (1/3) of all Board Members shall have terms expiring in any subsequent year. By way of illustration, if at the first Annual Meeting after Developer's right to appoint a majority of the Executive Board terminates there are a total of five (5) Members of the Executive Board, three of whom were previously appointed by Developer and two of whom were elected by the Members of the Association (both of whose terms expire at such Annual Meeting), the two (2) Board Members who receive the highest number of votes shall be elected for three (3) year terms, the two (2) Board Members who receive the next highest number of votes shall be elected for two (2) year terms and the last Board Member elected shall be elected for a one (1) year term. Thereafter, all Board Members shall be elected for two (2) year terms.

iv) In the election of Board Members, there shall be appurtenant to each Unit a total vote equal to the number of Board Members to be elected multiplied by the Unit's Allocated Interest in the Common Elements as set forth in Exhibit "B" of the Declaration, as amended from time to time; provided, however, that no member or Owner of one (1) Unit may cast a vote greater than the Unit's Allocated Interest in the Common Elements for any one person nominated as a Board Member, it being the intent hereof that voting for Board Members shall be noncumulative.

c) The organizational meeting of each newly elected Executive Board shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Board Members at the meeting at which any of its Members were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

d) Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the Board Members. Notice of regular meetings shall be given to each Board Member, personally or by mail, telephone, telegram or facsimile transmission at least three (3) days prior to the day named for such meeting, unless notice is waived.

e) Special meetings of the Board Members may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Executive Board. Not less than three (3) days' notice of a meeting shall be given to each

board Member, personally or by mail, telephone, telegram or facsimile transmission, which notice shall state the time, place and purpose of the meeting.

f) Any Board Member may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

g) A quorum at a meeting of the Board Members shall consist of the presence at the beginning of the meeting of Board Members entitled to cast a majority of the votes of the entire Executive Board. The acts of the Executive Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Executive Board, except as specifically otherwise provided in the Articles of Incorporation, these Bylaws, or the Declaration of Condominium. If any Board Members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Board Members required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration of Condominium, the Board Members who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Board Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Board Member for the purpose of determining a quorum.

h) The presiding officer of Board Members' meetings shall be the Chairman of the Executive Board, if such an officer has been elected; and if none, then the President of the Association shall preside. In the absence of the presiding officer, the Board Members present shall designate one of their number to preside.

i) Board Members' fees, if any, shall be determined by the Executive Board.

j) All of the powers and duties of the Association shall be exercised by the Executive Board, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these Bylaws and the Declaration. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these Bylaws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

i) To make, levy and collect assessments against members and members' Units to defray the costs of the Condominium, as provided in Article 26 of the Declaration, which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

ii) To maintain, repair, replace, operate and manage the Common Elements, including the Limited Common Elements, whenever the same is

required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for said purposes;

iii) To reconstruct any part of the Common Elements after casualty in accordance with Article 23 of the Declaration, and to make further improvement to the Common Elements, real and personal, and to make and to enter into any and all contracts necessary or desirable to accomplish said purposes;

iv) To make, amend and enforce regulations governing the use of the Common Elements and Units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration;

v) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than Units shall require the approval of the Association;

vi) To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities including, but not limited to recreational facilities, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the owners of Units;

vii) To contract for the professional management of the Condominium and to designate to such manager all of the powers and duties of the Association, except those which may be required by law or by the Declaration to have approval of the Executive Board or membership of the Association. The contract for such management shall contain term and termination provisions, including the right of the Association to terminate the contract, with or without cause and without penalty, upon not more than ninety (90) days' advance notice. Provided, however, that professional management contracts entered into during the time that Developer has the right to appoint a majority of the Executive Board shall provide for termination without cause and without penalty, at any time after Developer's transfer of control of the Executive Board;

viii) To enforce by legal means or proceedings the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration

and the regulations hereinafter promulgated governing use of the Common Elements in the Condominium;

ix) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units, and to assess the same against the Owners and their respective Units subject to such liens;

x) To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with Articles 21 and 22 of the Declaration;

xi) To pay all costs of power, water, sewer and other utility services rendered to the Condominium and not billed separately to Owners of Units;

xii) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium including the Common Elements;

xiii) To establish an adjudicatory panel to provide a hearing to determine if an Owner should be fined not to exceed One Hundred Fifty Dollars (\$150.00) for each violation of the Declaration, these Bylaws or any rules and regulations of the Association. If allowed by law, such fine may be assessed on a daily basis for a continuing violation. The adjudicatory panel shall accord to the Owner charged with the violation notice of the charge, an opportunity to be heard and to present evidence, and notice of the panel's decision. Any fine established hereunder by an adjudicatory panel shall be an assessment against the Owner charged with the violation and a lien against said Owner's Unit, subject to all the provisions and enforcement of Article 30 of the Declaration;

xiv) To establish an adjudicatory panel to provide a hearing to determine if an Owner is responsible for damages to any Common Elements or whether the Association is responsible for damages to a Unit, in cases where the claim for such damages is Five Hundred Dollars (\$500.00) or less. The adjudicatory panel shall accord to the Owner charged or the Association notice of the claim, an opportunity to be heard and to present evidence and notice of the panel's decision. The panel may assess a per incident liability not in excess of Five Hundred Dollars (\$500.00). A liability assessed against an Owner shall be an assessment against said Owner and a lien against his Unit, subject to all provisions and enforcement of Article 30 of the Declaration. A liability assessed against the Association may be offset by the Owner whose Unit was damaged by act of the Association to reduce the amount of any assessments owed by such Owner to the Association;

xv) To convey or subject to a security interest all or portions of the Common Elements, if such conveyance or encumbrance is approved by Owners (other than Declarant) owning at least eighty percent (80%) of the Allocated Interests in the Common Elements (including one hundred percent (100%) of the Owners of Units appurtenant to any Limited Common Elements which are proposed to be conveyed or encumbered). In connection with any encumbering of the Common Elements, the Association also may assign its right to future income, including the right to receive Common Expense assessments, if such assignment is approved by Owners owning at least eighty percent (80%) of the Allocated Interests in the common Elements. The approval of Owners required above shall be evidenced in a writing executed by all such Owners, in the same manner as a deed, and recorded in the public records of Guilford County, North Carolina. The agreement must specify a date after which it will be void unless then recorded. Any proceeds derived from the conveyance or encumbrance of Limited Common Elements shall be distributed as agreed upon between the Association and the Owners of the Units to which such Limited Common Elements are appurtenant. Any proceeds derived from the conveyance or encumbrance of Common Elements other than Limited Common Elements shall be an exclusive asset of the Association. No conveyance or encumbrance of Common Elements or Limited Common Elements pursuant to this paragraph shall deprive any Unit of its rights of access and support;

xvi) To appoint an Architectural Control Committee to exercise the powers described in Article 17 of the Declaration (which shall consist solely of members appointed by the Developer until the conveyance of the last Unit in the Condominium, including units which may be created pursuant to the Development Rights reserved in Article 5 of the Declaration), and such other committees as the Executive Board, in its discretion, shall determine; and

xvii) To exercise any other powers allowed by law, the Articles of Incorporation and the Declaration as may be necessary and proper for the governance and operation of the Association.

k) The initial Executive Board of the Association shall be comprised of the three (3) persons designated below:

1. Dwight Stone
2. Joe Gonzales
3. Teresa Jarrett

Should any initial Executive Board Member be unable to serve for any reason, a majority of the remaining members of the Executive Board shall have the right to select and

designate a party to act and serve as a Board Member for the unexpired term of the Board Member who is unable to serve.

l) The undertakings and contracts authorized by the initial Executive Board shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the membership after the property identified herein has been submitted to the plan of condominium ownership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with law and all applicable condominium documents; and provided further that any undertaking or contract entered into by the Association at a time the Developer has the right to appoint a majority of the Executive Board shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other part(ies) thereto.

m) Any one or more of the members of the Executive Board may be removed, either with or without cause, at any time by a vote of at least sixty-seven (67%) of all members present and entitled to vote at any meeting of Owners at which a quorum is present; provided, however, that only Developer shall have the right to remove a Board Member appointed by it.

5. OFFICERS

a) The executive officers of the Association shall be a President, who shall be a Board Member, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Executive Board and who may be pre-emptorily removed by a vote of the Board Members at any meeting. Any person may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Executive Board shall, from time to time, elect such other officers and designate their powers and duties as the Executive Board shall find to be required to manage the affairs of the Association.

b) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

c) The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board Members.

d) The Secretary shall keep the minutes of all proceedings of the Board Members and the members. He shall attend to the giving and serving of all notices to the members and Board Members, and such other notices required by law. He shall have custody of

the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration which the Association is required or allowed to prepare and record. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Board Members or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

f) The compensation of all officers and employees of the Association shall be fixed by the Board Members. This provision shall not preclude the Executive Board from employing a Board Member as an employee of the Association, nor preclude the contracting with a Board Member for the management of the Condominium.

g) All officers shall serve at the pleasure of the Executive Board and any officer may be removed from office at any time, with or without cause, by a majority vote of the Executive Board.

6. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association set forth in the Declaration and Articles of Incorporation shall be supplemented by the following provisions:

a) The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

b) The Executive Board shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to the following:

i) Common Expense budget which, subject to the limitations in the Declaration, may include the estimated amounts necessary for maintenance and operation of and capital improvements to the Common Elements including landscaping, street and walkways, office expense, utility services, casualty insurance, liability insurance, fidelity coverage, administration and reserves (operating and Capital Improvement and Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities

whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the Owners; and

ii) Proposed assessments against each member and his Unit.

Within thirty (30) days after its adoption of a budget, the Executive Board shall provide a summary thereof to all members, and shall set a date for a meeting of the members to consider ratification of the budget, which meeting shall be held not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless the meeting is the annual meeting of members of the Association, there shall be no requirement that a quorum be present at the meeting. The budget shall be ratified unless at that meeting members holding a majority of the Allocated Interests in the Common Elements of the Condominium reject the budget. In the event the proposed budget is rejected, the budget last ratified shall be continued until such time as the members ratify a subsequent budget proposed by the Executive Board.

c) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board Members and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board Members.

d) An audit of the accounts of the Association shall be made annually by an independent accountant, and a copy of the report shall be made available (not later than one hundred twenty (120) days after the end of the Association's fiscal year for which the report is made) to each member, his authorized agent and any holder, insurer or guarantor of a first mortgage secured by a Unit, upon such party's written request therefor.

e) Fidelity bonds shall be required by the Executive Board from all officers and employees of the Association who handle or are responsible for Association funds. The amount of such bonds shall be determined as set forth in the Declaration. The premiums on such bonds shall be paid by the Association. The professional management agent of the Association, if it handles Association funds, shall obtain its own fidelity insurance coverage, which shall provide the same coverage required of the Association by law or by the Declaration.

7. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

8. AMENDMENTS TO BYLAWS

Amendments to these bylaws shall be proposed and adopted in the following manner:

a) Amendments to these Bylaws may be proposed by the Executive Board of the Association acting upon a vote of the majority of the Board Members, or by members of the Association owning a majority of the Allocated Interests in the Common Elements of the Condominium, whether meeting as members or by instrument in writing signed by them.

b) Upon any amendment to these bylaws being proposed by said Executive Board or members, such proposed amendment shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Executive Board and the membership for a date not sooner than twenty (20) days or later than fifty (50) days from receipt by such Officer of the proposed amendment, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

c) In order for such amendment to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Executive Board and by an affirmative vote of the members owning in the aggregate not less than seventy percent (70%) of the Allocated Interests in the Common Elements of the Condominium. Thereupon, such amendment to these Bylaws shall be transcribed and certified by the President and Secretary of the Association.

d) Upon the approval of any amendment, the same shall become binding upon all Owners.

e) At any meeting held to consider any amendment to the Bylaws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

f) Notwithstanding the foregoing provisions of this Article 8, no amendment to these Bylaws which shall abridge, amend or alter the right of Developer to designate and select members of each Executive Board of the Association, as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of Developer.

g) Notwithstanding the foregoing provisions of this Article 8, no material alteration, amendment or modification of these Bylaws (as defined in Article 31 of the Declaration) shall be effective without the consent of Institutional Lenders required in such Article.

9. AVAILABILITY OF DOCUMENTS AND RECORDS

The Executive Board shall cause to be maintained at the office of the Association a file containing current copies of the Declaration, the Articles of Incorporation, these Bylaws,

any Rules and Regulations applicable to the Condominium, and other books, records and financial statements of the Association. Such file and the documents and information contained therein shall be available for inspection, upon request, during normal business hours, by all Owners and their authorized agents, by holders, insurers and guarantors of first mortgages secured by Units, and by prospective purchasers of Units, all of whom may also, upon request and payment of a reasonable charge determined by the Executive Board, obtain copies thereof.

10. RULES AND REGULATIONS.

The following Rules and Regulations shall apply to the Condominium, the Common Elements, the Limited Common Elements and the Units. Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision.

- a) The sidewalks, entrances, passages, stairways and all of Common Elements must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises; nor shall carriages, bicycles, motorbikes, mopeds, wagons, shopping carts, chairs, benches, tables, or any other object of similar type and nature be stored therein.
- b) The personal property of any Owner shall be stored within his Unit, including within garage space(s) which are part of such Owner's Unit, and within any storage space which is a Limited Common Element appurtenant to such Owner's Unit.
- c) No garbage cans, supplies, milk bottles or other articles shall be placed in any portion of the Common Elements, nor shall any linens, clothing, curtains, rugs, mops or laundry of any kind, or other articles, be shaken or hung on or from any balcony or terrace nor from any of the windows, doors or exposed on any part of the Limited Common Elements or Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly material. The Association shall have the right to remove unauthorized materials from the Common Elements without notice to any Owner.
- d) No Owner shall allow anything whatsoever to fall from the windows of the Unit, nor shall he sweep or throw any dirt or other substances from his Unit.
- e) Refuse and bagged garbage shall be deposited only in the area provided therefor.
- f) Except as the Executive Board may otherwise provide, no trucks, commercial vehicles, recreational vehicles, motor homes, motorcycles, campers, boats or boat trailers may be parked upon the Common Elements. This proscription against trucks shall include any such vehicles for personal non-commercial use. Vans under 3,500 pounds gross vehicle weight (as indicated on such vehicle's State of North Carolina registration

certificate) that are used solely for personal non-commercial purposes shall be permitted. No car covers shall be allowed and no unlicensed vehicles or vehicles with an expired state inspection sticker shall be allowed to park on the Common Elements. No maintenance or repair work to any type of motor vehicles shall be conducted on the Common Elements. Anything to the contrary notwithstanding, a moped or other motorized bicycle may be kept on the Condominium property provided that it is not visible from the streets, roads and parking areas of the Condominium.

g) Owners, their guests, invitees and lessees shall be permitted to park permitted motor vehicles only in designated parking spaces. Violations of sections (f) and (g) of this paragraph 10 shall constitute a nuisance and, in addition to all other remedies available to it at law and in equity, the Association shall have the right: (i) to assess fines against an Owner for violations by him, his family and guests, invitees and lessees of his Unit; and (ii) to remove the offending vehicle from the Common Elements upon the commission of a second offense by an Owner, his family, guests, invitees and lessees. The cost of such removal and any storage fees shall be the responsibility of the Owner and the guest, invitee and lessee. The fines, costs and fees described in this section shall be deemed to be assessments as set forth in Article 26 of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

h) The Association shall have the right to assign exterior parking spaces for exclusive use by Owners of designated Units, their guests and invitees. Any such assignment shall not affect the characterization of such parking spaces as Common Elements.

i) Employees of the Association or its professional managing agent shall not be sent off the condominium premises by any Owner at any time for any purpose. No Owner or resident shall direct, supervise or in any manner attempt to assert any control over the employees of the Association or the managing agent.

j) No Owner shall make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons which will interfere with the rights, comforts or convenience of the Owners.

k) No Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including painting or other decoration, the installation of electrical wiring, television or radio antennae, or any other objects or devices which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the prior written permission of the Architectural Control Committee, as set out in Article 17 of the Declaration. No Owner shall cause any object to be fixed to the Common Elements or to any Unit's terrace or balcony (including the location or construction of fences or the planting or growing of flowers, trees, shrubs or other vegetation) or in any manner change the

appearance of the exterior of the Condominium without the prior written permission of the Architectural Control Committee.

l) The Executive Board may retain a pass-key to all Units. No Owner or Occupant shall alter any lock or install a new lock without the written consent of the Executive Board. Where such consent is given, the Owner shall provide the Association with an additional key for the use of the Association pursuant to its right of access.

m) No flammable, combustible or explosive fluid, chemical or substance shall be kept or used in any Unit, Limited Common Elements or Common Elements except as are required for normal household use.

n) No resident of the Condominium shall post any advertisements or posters of any kind in or on the Common Elements except as authorized by the Association.

o) No animals other than common household pets shall be kept or maintained in any Unit, and no more than three (3) common household pets shall be kept or maintained in any Unit. Common household pets shall not be kept, bred or maintained for commercial purposes. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Condominium property. Animals shall be permitted on the Common Elements only if on a leash or under direct voice control of the owner and in compliance with all laws and ordinances of the City of Greensboro and County of Guilford relating thereto.

11. ENFORCEMENT

The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, the Rules and Regulations of the Association as set forth herein or as they may exist from time to time. In addition, the Executive Board shall have the right to assess reasonable fines against an Owner for violations of the Association's published Rules and Regulations by such Owner, his family, guests, invitees and lessees. Such fines shall be deemed to be assessments as set forth in Article 26 of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments. Failure by the Association or by any Owner to enforce any rule or regulation shall in no event be deemed a waiver of the right to do so thereafter. The Association shall have the right to request that law enforcement, public safety and animal control officers come on to the Common Elements to facilitate the enforcement of the laws, codes and ordinances of any governmental authority and the rules and Regulations of the Association.

12. COMPLIANCE

These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act, Chapter 47C of the General Statutes of the State of North Carolina.

In the event that any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the Bylaws of Seven Gates Condominium Association, Inc., a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Executive Board on February 20, 2006.

Secretary

APPROVED:

President

SCHEDULE "A"

Seven Gates Condominium Association, Inc.

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

TRACT I:

BEGINNING at an existing pin iron located in the northern right-of-way margin of New Garden Road, said existing iron pin marking the southwestern corner of the property of Richard P. Blackburn and wife, as described in that certain deed recorded in Deed Book 3454, Page 1900, Guilford County Registry, and from said Beginning point running thence along the northern right-of-way margin of New Garden Road, South 53 deg. 52 min. 16 sec. West 216.95 feet to an existing pin iron; thence running along a curve to the right having a radius of 28.00 feet a chord bearing and distance of North 72 deg. 36 min. 56 sec. West 34.27 feet to an existing pin iron; thence running North 34 deg. 52 min. 20 sec. West 4.85 feet to an existing pin iron; thence running South 55 deg. 11 min. 00 sec. West 6.40 feet to an existing pin iron; thence continuing South 55 deg. 11 min. 00 sec. West 30.72 feet to a new pin iron; thence running North 31 deg. 34 min. 09 sec. West 528.80 feet to an existing pin iron; thence running North 18 deg. 17 min. 42 sec. West 31.65 feet to an existing iron pipe; thence running North 70 deg. 18 min. 19 sec. East 195.28 feet to an existing iron pipe; thence running North 70 deg. 25 min. 33 sec. East 93.51 feet to a new iron pipe; thence running South 32 deg. 46 min. 13 sec. East 201.83 feet to an existing iron pipe; thence running South 28 deg. 09 min. 07 sec. East 310.18 feet to the point and place of BEGINNING.

TRACT II:

BEGINNING at an existing iron pipe, said existing iron pipe being located at the northwestern corner of the property of Morris Newlin and wife, as described in that certain deed recorded in Deed Book 2751, Page 889, Guilford County Registry, and from said beginning point running thence North 18 deg. 14 min. 24 sec. West 342.79 ft. to a new iron pipe; thence running North 80 deg. 18 min. 14 sec. East 191.59 ft. to an existing iron pipe; thence running North 09 deg. 32 min. 32 sec. East 25.21 ft. to an existing iron pipe; thence running North 89 deg. 27 min. 14 sec. East 99.84 ft. to an existing iron pipe; thence running North 89 deg. 20 min. 04 sec. East 178.54 ft. to an existing iron pipe; thence running North 89 deg. 19 min. 10 sec. East 120.27 ft. to an existing iron pipe; thence running North 89 deg. 23 min. 57 sec. East 249.84 ft. to an existing iron pipe (bent); thence running South 23 deg. 21 min. 19 sec. East 116.10 ft. to an existing iron pipe; thence running South 70 deg. 03 min. 48 sec. West 634.71 ft. to an existing iron pipe; thence running South 70 deg. 00 min. 52 sec. West 195.30 ft. to the point and place of BEGINNING, the same containing 4.684 acres, as per map of survey thereof prepared by John V. Dillon, Professional Land Surveyor, dated February 16, 2005, and being the same property as described in that certain deed from Onis M. Nelson to Frank L. McCarty as described in that certain deed recorded in Deed Book 3053, Page 821, Guilford County Registry.

**AMENDMENT TO BYLAWS
OF
SEVEN GATES CONDOMINIUM ASSOCIATION, INC.**

Pursuant to and in accordance with the provisions of Section 8 of the Bylaws of Seven Gates Condominium Association, Inc. (the "Bylaws"), Seven Gates Condominium Association hereby amends the Bylaws as follows:

1. By inserting a new Section 4(j)(xviii) to the Bylaws as follows:

"xviii) To maintain and operate the Disposal System in conformity with law and the provisions of the permit for construction, operation, repair, and maintenance of the Disposal System and its facilities. The Disposal System shall be maintained out of the common expenses of the Association, and the Disposal System shall receive the highest priority for expenditures by the Association except for Federal, State, and local taxes and insurance. 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 Disposal System. 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. In order to assure that there shall be funds readily available to repair and maintain the Disposal System beyond the routine operation and maintenance expenses, a separate fund shall be created out of the common expenses for the Disposal System and shall be part of the yearly budget. In the event that the common expense allocation and separate fund are not adequate for the repair and maintenance of the Disposal System, the Association shall be authorized to levy special assessments to cover such necessary costs. There shall be no limit on the amount of such assessments, and any such special assessments can be made as necessary at any time. If a wastewater collection system and wastewater treatment and/or disposal facility provided by any governmental unit shall hereinafter become available to serve the Condominium, the Association shall take such action as is necessary to cause the existing and future wastewater of the Condominium to be accepted and discharged into said governmental system, and shall convey or transfer as much of the Disposal System and such necessary easements as the governmental unit may require as condition of accepting the Development's wastewater. The Association shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the North Carolina Environmental Commission by the issuance of a permit. The Association shall not transfer, convey, assign or otherwise relinquish or release its responsibility for the operation and maintenance of the Disposal System until a permit has been reissued to the Association's successor."

Except as specifically amended herein, the Bylaws shall remain in full force and effect.

The foregoing Amendment to the Bylaws of Seven Gates Condominium Association, Inc. was duly approved and ratified on the 27th day of February, 2008.

APPROVED:

[Signature]
President

Witness:

[Signature]

STATE OF NORTH CAROLINA

COUNTY OF ROCKINGHAM

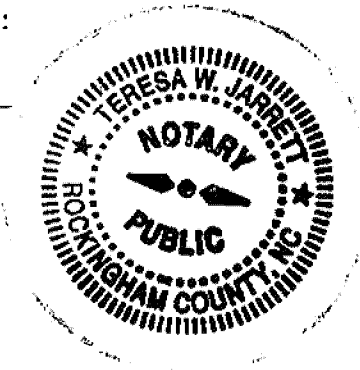
I, Teresa W. Jarrett, a Notary Public in and for said County and State, do hereby certify that on this 27th day of February, 2008, before me personally appeared Dwight D. Stone, President of D. Stone Builders, Inc., a North Carolina corporation, personally known to me, or proved to me by satisfactory evidence to be the person whose name is signed on the preceding attached record, and acknowledged to me that by authority duly given and as the act of the corporation s/he signed it voluntarily for its stated purpose.

[Signature]
Notary Public

Teresa W. Jarrett
Printed Name of Notary Public

My commission expires:

5/24/2010



AMENDMENT TO BY-LAWS

OF

SEVEN GATES CONDOMINIUM ASSOCIATION, INC.

- 1. Article 4, Executive Board, Section b iii, is hereby amended to change the last sentence to read as follows:

“Thereafter, all Board Members shall be elected for three (3) year terms.”

- 2. Article 4, Section c, of the Bylaws is hereby amended as follows:

The organizational meeting of each newly elected Executive Board shall be held within thirty (30) days of their election in lieu of ten (1) days as originally provided in the Bylaws.

- 3. Article 10, Section 1, as set forth below shall be deleted in its entirety:

The Executive Board may retain a pass-key to all Units. No Owner or Occupant shall alter any lock or install a new lock without the written consent of the Executive Board. Where such consent is given, the Owner shall provide the Association with an additional key for the use of the Association pursuant to its right of access.

Adopted by a Majority vote of the Executive Board on July 9, 2013, and by the affirmative vote of not less than seventy percent (70%) of the Members on September 10, 2013.

SEVEN
GATES CONDOMINIUM ASSOCIATION, INC.

By: Bruce J. Michaels
Name: Bruce J. Michaels
Title: President

ATTEST:

Earl D. Schell
Name: Earl D. Schell
Title: Secretary