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Prepared by and Return to: **BPIP, LLC**
Attention: Gary Murtagh
5917 Oleander Drive, Suite 204
Wilmington, NC 28403

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

**DECLARATION OF CONDOMINIUM
FOR BRADFORD PLACE CONDOMINIUMS
AT DOWNING CREEK**

This Declaration of Condominium (this "Declaration") is made this 25th day of June, 2007, by BRADFORD PLACE TOWNHOMES OF CHAPEL HILL, LLC, a North Carolina limited liability company ("Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the "North Carolina Condominium Act."

STATEMENT OF PURPOSE

Declarant is the owner of a parcel of real estate containing a total of approximately 5.03 acres located in Durham County, North Carolina, as more particularly described on Exhibit A attached hereto (the "Land"), together with eleven (11) buildings located on the Land, containing a total of thirty-nine (39) townhome-style residential condominium units and common amenities such as a parking lot, sidewalks, landscaped areas and other improvements. Declarant desires to submit the Land and the improvements located on the Land (collectively, the "Property") to the terms and provisions of the North Carolina Condominium Act.

In addition, Declarant has deemed it desirable to create a nonprofit, incorporated owners' association which will be delegated and assigned powers of maintaining and administering the common areas and facilities on the Property, 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, safety and welfare of the unit owners. In order to accomplish the foregoing, Declarant is entering into this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, occupied and used subject to the following covenants, conditions, easements, uses, limitations, obligations, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the division of the Property into condominium units, and shall be deemed to run with the land to both burden and benefit Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the Property, and their successors, heirs and assigns.

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 “Association” shall mean and refer to Bradford Place Condominiums at Downing Creek Owners’ 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 North Carolina Condominium Act.

Section 1.2 “Board” or “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 North Carolina Condominium Act.

Section 1.3 “Buildings” shall mean and refer to the eleven (11) buildings located upon the Land, which contains a total of thirty-nine (39) residential Units.

Section 1.4 “Bylaws” shall mean and refer to the bylaws of the Association which, with this Declaration and the Articles of Incorporation of the Association, describe the powers and functions of the Association, and which from time to time may be amended by the Association.

Section 1.5 “Common Elements” shall mean and refer to all portions of the Condominium other than the Units. References in this Declaration to “Common Elements” shall include Limited Common Elements unless the context clearly indicates otherwise.

Section 1.6 “Common Elements Interest” shall mean and refer to the undivided percentage interest in the Common Elements allocated to each Unit, as set forth on Exhibit B attached hereto. In the event that the Declarant elects to exercise its Development Right under Article VI of this Declaration to create additional Units, this Declaration shall be revised by a Supplementary Declaration as set forth under Article VI to provide for a new allocation of Common Elements Interests which shall substitute and replace Exhibit B attached hereto. The Common Elements Interests shall be used to allocate the division of proceeds, if any, resulting

from any casualty loss or eminent domain proceedings, but shall not be used to determine voting rights in the Association, or each Unit's share of Common Expenses, each of which shall be allocated equally among all Units.

Section 1.7 "Common Expenses" shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act. Common Expenses shall be allocated equally among all Units.

Section 1.8 "Condominium" shall mean and refer to Bradford Place Condominiums at Downing Creek, as established by the submission of the Property to the terms of the North Carolina Condominium Act by this Declaration.

Section 1.9 "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 "Declarant" shall mean and refer to Bradford Place Townhomes of Chapel Hill, LLC, a North Carolina limited liability company. Following recordation of a document transferring to another person or entity all or some of the Special Declarant Rights, pursuant to Section 7.2 of this Declaration, the term "Declarant" also shall mean and refer to that transferee.

Section 1.11 "Declarant Control Period" shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units (including Units annexed by Supplemental Declarations) to an Owner other than Declarant; or (ii) five (5) years after the recording of the initial Declaration.

Section 1.12 "Declaration" shall mean and refer to this Declaration of Condominium, as it may be amended from time to time in the future.

Section 1.13 "Development Rights" shall mean and refer to the rights preserved by Declarant in Article VI of this Declaration to create additional Units in accordance with the terms and conditions set forth in Article VI.

Section 1.14 "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 1.15 "Limited Common Elements" shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of N.C. Gen. Stat. §47C-2-102(2) or (4), 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 5.2 of this Declaration, and as depicted on the Plat.

Section 1.16 "Mortgage" shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.

Section 1.17 “Mortgagee” shall mean and refer to the 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 XVII.

Section 1.18 “North Carolina Condominium Act” shall mean and refer to Chapter 47C of the North Carolina General Statutes.

Section 1.19 “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.

Section 1.20 “Plat” shall mean and refer to the survey of the Property and the plans for the Condominium, plans and specifications of the Buildings and Property recorded in the Durham County Registry in Condominium Plat Book 9, Pages 189 through 264. The Plat is hereby incorporated herein by reference as if the same were attached to this Declaration.

Section 1.21 “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.

Section 1.22 “Special Declarant Rights” shall mean the rights reserved for the benefit of Declarant in the Condominium Documents, as more particularly described in Article VI of this Declaration.

Section 1.23 “Unit” shall mean and refer to a portion of the Property, as more particularly described in Article IV of this Declaration, that is the subject of individual ownership by an Owner.

In addition, the definitions set forth in N.C. Gen. Stat. §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 DESIGNATION OF CONDOMINIUM

Section 2.1 Location and Designation. The Land on which the Buildings and other improvements are located is located entirely in Durham County, North Carolina, contains approximately 5.03 acres, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Land is subjected to the terms of the North Carolina Condominium Act by this Declaration.

Section 2.2 Name. The name of the Condominium is Bradford Place Condominiums at Downing Creek.

ARTICLE III DESCRIPTION OF BUILDINGS

Section 3.1 Existing Buildings. Each Building is a wood-frame building covered with a combination of brick and hardboard lap siding. The existing eleven (11) Buildings contain an aggregate of thirty-nine (39) Units. The Buildings are more particularly described in the Plat, which show all particulars of each Building. The Plat contains a certification by Ronnie E. Jordan, a North Carolina registered land surveyor, and John Stirewalt, a North Carolina registered architect, that the Plat contains all the information required by N.C.G.S. §47C-2-109.

ARTICLE IV DESCRIPTION OF UNITS

Section 4.1 Location of Buildings. The location and dimensions of the Building are shown on the Plat. If the Declarant exercises its Development Right to create additional Units and Limited Common Elements, the Amendment to this Declaration required by N.C. Gen. Stat. §47C-2-110 shall contain a revised Plat, which shall show the location of the new Buildings.

Section 4.2 Units. The location of Units within the existing Buildings and their dimensions are shown on the Plat. There are a total of thirty-nine (39) Units in the existing Buildings. Pursuant to Article VI of this Declaration, Declarant reserves a Development Right to create up to an additional eighty-eight (88) Units, so that the maximum number of Units that may be created by Declarant is one hundred twenty-seven (127). The identifying number for each Unit is set forth on Exhibit B and on the Plat. If Declarant exercises its Development Right to create additional Units and Limited Common Elements, the Supplementary Declaration required by Section 6.2 of this Declaration shall contain a new Exhibit B and revised Plat, which shall contain new identifying numbers for the Units thereby created.

Section 4.3 Unit Boundaries. The boundaries of each Unit are the interior face of the perimeter stud walls, floors, and ceilings of the Units, including within the Unit all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof.

Furthermore, all interior walls (except load bearing walls), partitions, fixtures, appliances, cabinets and other facilities or improvements lying completely within the boundaries of a Unit shall be a part of such Unit. As provided in N.C. Gen. Stat. §47C-2-102(2), if any chute, flue, duct, wire, pipe for water or sewer, conduit, load bearing wall, load bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 5.2 below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element.

ARTICLE V
COMMON ELEMENTS

Section 5.1 Common Elements. The Common Elements include all portions of the Condominium that are not part of the Units, including without limitation:

- (a) The Land.
- (b) All improvements located on the Land outside of the Building, including without limitation landscaped areas, surfaced parking areas, paved access roads and sidewalks.
- (c) The foundations, roofs, columns, girders, beams, supports, exterior and interior load-bearing walls, floors within Units, and all other structural elements of the Building.
- (d) All waterlines, storm drainage pipes and structures, sanitary sewer pipes and sanitary sewer system that are not owned by the public utility or municipal agency providing such services.
- (e) Any public connections and meters, vaults, and manholes for utility services that are not owned by the public utility or municipal agency providing such services.
- (f) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association.

Section 5.2 Limited Common Elements. The Limited Common Elements shall be composed of the following:

- (a) Those portions of any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit, which shall be Limited Common Elements allocated exclusively to that Unit.
- (b) Any shutters, awnings, window boxes, porches, decks, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside that Unit's boundaries, which shall be Limited Common Elements allocated exclusively to that Unit.
- (c) Any portions of the heating, ventilating, and air conditioning systems, including fans, compressors, return air grills and thermostats, whether located inside or located outside the designated boundaries of a Unit, which shall be Limited Common Elements allocated exclusively to the Unit or Units that they serve.
- (d) Those areas indicated as Limited Common Elements on the Plat, which shall be allocated to the Unit to which such Limited Common Elements are servicing,

including but not limited to the private decks and patios attached to the Units as shown on the Plat.

(e) All Limited Common Elements not otherwise allocated to a specific Unit or specifically labeled as "Unallocated" on the Plat shall be deemed Limited Common Elements allocated to all Units within the Building serviced by such Limited Common Elements.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements. The allocation of use of Limited Common Elements to the Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected. Notwithstanding anything contained herein to the contrary, the Association shall have the right to contract with a landscape maintenance company to maintain all of the landscaping and lawns on the Land. The cost of such maintenance with regard to the landscaping shall be considered a Common Expense of the Association.

Section 5.3 Undivided Interests of 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. The Common Elements Interest allocated to each Unit shall not be changed except with the unanimous consent of all the Owners of all the Units, except as may be specifically authorized elsewhere in this Declaration. In particular, if Declarant exercises its Development Rights to create additional Units and Limited Common Elements, Declarant shall have the right to adjust the Common Elements Interest for each Unit. The Supplementary Declaration required by Section 6.2 of this Declaration shall contain a new allocation of Common Elements Interest which shall be substituted for Exhibit B attached to this Declaration in the event that Declarant exercises this Development Right.

Section 5.4 Maintenance of Units, Common Elements and Limited Common Elements. Except as provided below, the Association is responsible for the maintenance, repair and replacement of the Common Elements and the Limited Common Elements, and each Owner is responsible for maintenance, repair and replacement of the Owner's Unit. Each Owner shall, at the Owner's sole expense, keep the interior of the Unit and its appliances and equipment (including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to the Unit) in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair. Each Owner shall keep the Limited Common Elements allocated to the Owner's Unit in a neat and clean condition in accordance with the rules and regulations as may be adopted by the Board. Owners shall be responsible for replacement of any broken or damaged glass in the windows or exterior doors of their Units; provided, however, the replacement may be done only by installers approved by the Board. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, electrical fixtures, water heaters, fans, and heating and air conditioning equipment that serves only that Unit, whether or not located in the Unit. Owners shall be responsible for the maintenance, repair and replacement of patios and decks that serve only their Unit. The Association shall not be responsible for any maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, invitees or family members. Any such repairs or maintenance shall be the responsibility of that Owner.

ARTICLE VI DEVELOPMENT RIGHTS

Section 6.1 Creation of New Units and Limited Common Elements. Declarant reserves an option, until the eighth (8th) anniversary of the date of recording of this Declaration to create new residential Units and Limited Common Elements in accordance with the provisions of this Article VI. The maximum number of residential Units within the Condominium that Declarant reserves the right to create, including Units in existence as of the date of recording this Declaration is one hundred twenty-seven (127). Declarant may exercise this Development Right within the eight (8) year period specified above, without the consent or approval of the Association, or any other Owner, by executing and recording a Supplemental Declaration in the manner provided in Section 6.2 below. 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.

Section 6.2 Supplementary Declaration. In order to exercise any Development Right reserved under this Article VI, Declarant shall execute and record an amendment to this Declaration in accordance with N.C. Gen. Stat. § 47C-2-110 (a "Supplementary Declaration"). Any Supplementary Declaration executed and recorded by Declarant to exercise the Development Right of creating new Units or Limited Common Element shall contain an amendment or supplement to the Plat identifying the new Units and Limited Common Elements so created, as well as in an amendment to Exhibit B attached to this Declaration, assigning and identifying numbers to each new Unit and reallocating the Common Elements Interests among all Units. Any such Supplementary Declaration also may contain such additions to the provisions of this Declaration as may be necessary to reflect the different character of the new Units created by Declarant, so long as such additions are not inconsistent with the overall scheme of the Declaration, and provided that such additions shall not apply to any Unit created prior to recordation of the Supplementary Declaration or to the Owner of any such Unit.

ARTICLE VII SPECIAL DECLARANT RIGHTS

Section 7.1 Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of Declarant in the Condominium Documents, and shall include without limitation the following rights:

- (a) The right to maintain sales offices, model units and signs advertising the Condominium.
- (b) The right to use easements through the Common Elements for the purpose of completing construction.

(c) The right to appoint or remove officers of the Association or members of the Executive Board during the Declarant Control Period.

(d) The right to exercise any other rights granted to or reserved by Declarant in the Condominium Documents expressly including, without limitation, the Development Rights set forth in Section 6.1 above.

Section 7.2 Transfer of Special Declarant Rights. Declarant may transfer any Special Declarant Rights created or reserved under the Condominium Documents to any person or entity, by an instrument evidencing the transfer duly recorded in the Office of the Register of Deeds for Durham County. The instrument shall not be effective unless it is executed by the transferor and the transferee. Upon the transfer of any Special Declarant Rights, the liability of the transferor and the transferee shall be as set forth in N.C. Gen. Stat. §47C-3 -104.

ARTICLE VIII RESTRICTIONS ON USE

Section 8.1 Residential Use. All Units shall be used for residential purposes only, with a home office within the confines of a Unit being a permitted use. Notwithstanding the foregoing, Declarant may maintain any Unit(s) owned by Declarant as a sales office or model Unit.

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 Owners, or endanger the health and safety of any 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.

Section 8.3 Use or Alteration of Common Elements and Limited Common Elements. Use of the Common Elements and the Limited Common Elements shall be subject to the provisions of this Declaration and the rules and regulations adopted by the Board. Except as provided in this Declaration or in the rules and regulations adopted by the Board, nothing shall be altered or constructed or removed from any Common Element or Limited Common Element without the prior written consent of the Board. The Common Elements shall not be used for the storage of personal property of any kind. Sidewalks, yards and parking areas shall not be obstructed in any way, or used for other than their intended purposes. In general, no activity shall be carried on nor conditions maintained by any Owner either in his Unit or upon the Common Elements which detracts from the appearance of the Property.

Section 8.4 Garbage. Trash, garbage and other waste shall be kept in sanitary containers within each Unit, and deposited only proper receptacles as designated by the Association.

Section 8.5 Parking. No Owner or any employee, agent, or invitee of any Owner, shall park, store or keep any vehicle on the Property except wholly within those portions of the Common Elements designated as parking areas by the Association and in particular shall not block any entrances, drive aisles, and fire lanes. No boat, boat trailer, motor home, travel trailer,

camper or other recreational vehicle may be stored on the Property at any time. No significant automobile repair shall be allowed in the parking areas on the Property. The Association shall have the right to tow any vehicle in violation of this Section 8.5 at its owner's expense.

Specifically, but not way of limitation, the Association shall have the right, and so intends, to enforce the parking restrictions in this Section 8.5. In addition to having the right to tow any vehicle in violation of this Section, the Association shall have the right to levy fines as follows: First Offense during any twelve (12) month period - \$50.00; Second Offense during any twelve (12) month period - \$75.00; any violations over two (2) in any twelve (12) month period - \$100.00. Fines imposed for violation of the parking restrictions shall be considered special assessments and shall be due and payable upon receipt of the parking violation. The Association shall have the right to enforce payment of such special assessment in the same manner as it may enforce the collection of any assessments under this Declaration and the Bylaws of the Association including charging of interest, payment of late fees and imposing of a lien against the Unit. Each Owner shall be responsible for any parking violation by Owner or anyone in Owner's family, or by any guests or invitees of the Owner.

Section 8.6 Leases of Units. Any lease of a Unit or portion thereof shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Condominium Documents and that any failure by the lessee to comply with all of the terms of such Condominium Documents shall constitute a default under the lease. No Unit may be leased for a period shorter than six (6) months.

Section 8.7 No Timeshares. No interest in any Unit may be subjected to a time share program, as that term is defined in N.C. Gen. Stat. §93A-41(10).

Section 8.8 Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on the Property or in any dwelling located thereon except that small, common, domestic household pets (less than fifty (50) pounds) may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes and provided that no Owner may have more than two (2) such pets at any one time (excluding fish). No pet shall be permitted upon the Common Elements unless carried or leashed by a person that can control the pet. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) on the Property. Pets shall not be permitted to defecate in the Common Elements, and each Owner shall clean up immediately after his pet if an accident occurs. All pets shall be registered, licensed and inoculated as required by law. Each Owner shall hold the Association harmless from any claim resulting from any action of his pet, and shall repair at his expense any damage to the Common Elements caused by his pet. If any Owner violates these rules more than twice in any twelve (12) month period, the Association shall have the right to require the Owner to remove the pet permanently from the Property upon not less than ten (10) days' written notice.

Section 8.9 Windows. All window coverings (i.e. curtains, blinds, draperies, shades, etc.) shall be installed and maintained in accordance with the provisions of the Association.

Section 8.10 Architectural Control. No building, landscaping, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior

addition to or change or alteration to either the Unit, the Common Elements or the Limited Common Elements be made, until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Association, in its sole discretion. No Owner may modify or decorate the exterior of any Building , or any screens, doors, shutters, windows, lights or other portions of any Unit visible from outside the Unit without the prior written consent of the Board. The Owners shall not replace the glass or screens in the windows or doors of the Units except with materials of similar color and quality to those originally installed.

Section 8.11 Signs and Flags. No signs shall be displayed on or about the exterior of any Unit, or in the Common Elements. Notwithstanding the foregoing, Declarant shall have the right to maintain upon the Property advertising signs independent of this standard during the Declarant Control Period or until all Units owned by Declarant are sold, provided those signs comply with applicable governmental regulations. Further, no pole or other device for the display of decorative flags shall be erected or displayed on or about the exterior of any Unit, or in the Common Elements unless approved in advance by the Association. In the event that the Association approves installation of a pole or device for the display of decorative flags, any such flags displayed by an Owner shall be in good taste and shall not contain lewd or offensive displays or material.

Section 8.12 Maintenance. The Owner of each Unit is responsible for maintaining his Unit as well as the Limited Common Elements appurtenant thereto. Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance.

Section 8.13 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, 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 posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request.

Section 8.14 Satellite Dishes and Antennas. In no event shall any exterior television antenna or satellite dish be mounted or placed on the exterior surface or deck/patio of any Unit without the prior written consent of the Association. Any Owner installing an antenna or satellite dish under this Section 8.14 shall indemnify, defend and hold the Association harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish, including any damage to the roof of any Building or other property damage caused by roof leaks. In addition, any such Owner shall also be responsible to remove the devices and associated mounting and wiring if and when services for the device are cancelled and in addition shall be responsible for any damage caused by the removal of the antenna or satellite dish and associated mounting and wiring, including the sealing of conduits or other roof penetrations.

Section 8.15 Roofs. No Owner shall be entitled to penetrate the roof or side of any Building without first providing detailed plans and specifications for the reason of any such

penetration to the Association and obtaining prior written approval from the Association, to be granted in the Association's sole discretion.

Section 8.16 Decks and Patios. The decks and patios adjacent to each Unit shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for storage or for the drying of laundry. In particular, towels or banners shall not be hung on the deck railings, and any dead plants shall be removed promptly. No indoor-outdoor carpeting, hot tub, or other pool shall be installed on any deck or patio.

Section 8.17 Fences. The Declarant has or may install fencing separating the yards of the Units. These fences may have gates for access by the Association and its agents for the purpose of maintaining such yards and landscaping. The Owners of Units may not install fences without the prior written consent of the Board and then only if such fences are installed using the same materials and design as the original fencing or such other fence detail as may be approved by the Board. After installation, the fences shall be maintained by the Association.

ARTICLE IX THE ASSOCIATION

Section 9.1 Organization of Association. A nonprofit North Carolina corporation known and designated as Bradford Place Condominiums at Downing Creek Owners' 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 Owner shall be required to be and shall automatically be a member of the Association by virtue of his ownership interest in a Unit.

Section 9.2 Power Lien for Assessment. In the administration of the operation and management of the Property, the Association shall have and it 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 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 Owners in accordance with the Bylaws. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C. Gen. Stat. §47C-3-116, and shall be enforceable by the Association in accordance with N.C. Gen. Stat. §47C-3-116.

Section 9.3 Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Executive Board members; provided, however, (i) that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant; and (ii) that not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than Declarant.

Section 9.4 Books and Records. The Association shall maintain current copies of (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted under Section 8.15 from time to time; and (c) all financial records of the Association, as required by N.C. Gen. Stat. §47C-3-118. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage.

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.

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. Declarant, during the Declarant Control Period, and the Association, at any time, 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, gas mains, telephone and television or cable television wires, cables and equipment, electrical conduits, fiber optic lines, and other wires over, under, along and on any portion of the Common Elements and Limited Common Elements outside Unit Boundaries; and each Owner hereby grants to Declarant or the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. For so long as Declarant owns and/or controls a Unit(s) in the Property, Declarant shall have an easement over the Common Elements and Limited Common Elements outside Unit boundaries as may be reasonably necessary to complete any improvements and modifications within the Property.

Section 10.4 Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the 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 Owners, and such right of entry shall be immediate.

Notwithstanding anything in this Declaration to the contrary, each Owner, by acquisition of its Unit, acknowledges that all streets and roadways located within the Property shall be private streets and shall not be maintained by the City of Durham or any governmental entity. In no case shall the City of Durham be responsible for failing to provide any emergency or regular fire, police or other public service to any condominium development or their occupants when such failure is due to lack of access to such areas due to inadequate design or construction, blocking of access routes, inadequate maintenance, or any other factor within the control of the developer, homeowner's association or occupants. In addition, in no case shall the City of Durham or the State of North Carolina be responsible for maintaining any private street. Such responsibility shall rest with the homeowner's association and occupants in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

Declarant hereby reserves for the City of Durham and its emergency personnel, the right, without liability, to enter into the Property when emergency personnel reasonably believe that doing so is urgently necessary to save life, prevent serious bodily harm, put out a fire or to avert or control a public catastrophe.

Section 10.5 Relocation of Boundaries; Subdivision; Partitioning

(a) Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units ("Adjoining Owners") and upon approval by the Association of such application. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within thirty (30) days after submission to it of the application that the proposed relocation of boundaries is unreasonable, the application shall be deemed approved. Any relocation of boundaries shall not affect the interests in the Common Elements allocated to each Unit. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining 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 Owners, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Owners.

(b) Subdivision of Units. No Unit may be subdivided.

(c) 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 Plat 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 permitted by law.

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 Owners, including at least eighty percent (80%) of all Owners other than Declarant. 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 furnished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Section 9.2 of this Declaration. Nothing in this Section 10.6 shall be construed to limit the right of any Owner to convey or to encumber his allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.

Section 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 Owner of each Unit shall be entitled to the exclusive fee simple ownership and possession of his 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 ASSESSMENTS

Section 11.1 Taxes. Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit, provided, however, the Units will not be separately assessed until transfer of title from Declarant to Owner.

Section 11.2 Common Expenses. Except as otherwise provided in this Declaration or in the Bylaws, each Owner shall contribute an equal percentage share of the Common Expenses, all in accordance with the definition of "Common Expenses" set forth in Section 1.7 above, the Bylaws and the provisions of the North Carolina Condominium Act. Assessments for all Units shall begin as of the date the Declarant notifies all Owners, in writing, that Assessments shall commence which shall be not earlier than the date of the first conveyance of a Unit to a party other than Declarant. Due dates for payment of such Common Expenses shall be established by

the Association and shall be collected at least quarterly and may be collected monthly. Until such time as Assessments are commenced, Declarant shall pay all of the Common Expenses of the Association.

Section 11.3 Additional Assessment. Once a Unit has been conveyed by Declarant to an Owner, upon each subsequent sale of the Unit, the then current Owner shall pay to the Association a fee to cover the Association's costs in repairing any damage, if any, to the Common Elements of the Buildings ("Additional Assessment"). Such Additional Assessment must be paid prior to or at Closing on the sale of the Unit, and shall be subject to the Association's power of lien with respect to assessments as provided in Section 9.2 of this Declaration.

Section 11.4 Working Capital Fund. In connection with the closing of the sale of each Unit, the first purchaser thereof shall pay to the Association, as a nonrefundable contribution to an initial working capital fund, an amount equal to two (2) times the initial monthly assessment against the Unit, which amount shall not be considered as an advance payment of regular assessments.

Section 11.5 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 Owners in equal shares, based upon the total number of Units in the Condominium from time to time; 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 restrictions upon the use and distribution thereof. Except for distribution of any insurance proceeds, which shall be made in the manner provided in Section 12.6, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners in equal shares, based upon the total number of Units in the Condominium at that time.

ARTICLE XII INSURANCE

Section 12.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance on the Buildings (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Buildings at the time such insurance is purchased and at the time of each renewal thereof (excluding the cost of foundations and footings, and the cost of any personal property supplied or installed by Owners), with a commercially reasonable deductible not in excess of \$10,000.00. The policy shall be issued by an insurance company properly licensed to do business in the State of North Carolina, with a general policyholder's rating of at least "A" in the most recent edition of the Best's Key Rating Guide. The policy shall provide that each Owner is an insured person with respect to his Unit and his allocated interest in the Common Elements. The policy shall contain an inflation guard endorsement, if available, and a construction code endorsement, if available, as well as a special condominium endorsement providing as follows: for waiver of subrogation against any Owner, and any Owner's employees or agents; that it may not be canceled or substantially

modified without at least thirty (30) days' prior written notice to the Association and all insureds, including all Owners; that no act or omission by any Owner will preclude recovery upon such policy; and that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss shall be made by the Association as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

Section 12.2 Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance (current ISO form or its equivalent) in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds, including all Owners and Mortgagees. The Executive Board shall review such limits annually.

Section 12.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than one-half the annual budgeted amount of Common Expenses.

Section 12.4 Other Insurance Policies. The Association shall be authorized to obtain such other insurance coverage, including worker's compensation or employee liability insurance, as the Association shall determine from time to time desirable or necessary.

Section 12.5 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as a Common Expense.

Notwithstanding the preceding sentence to the contrary, in the event that a casualty occurs wholly within the boundaries of a Unit and does not affect any other Units or Common Elements, the Owner of such Unit shall be wholly responsible for any deductible amount in such policy of insurance relating to such claims.

Section 12.6 Distribution of Insurance Proceeds. All insurance policies procured by the Association shall provide that all losses shall be adjusted with and all proceeds shall be payable to the Association as insurance trustee. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

(a) Proceeds on account of damage to the Common Elements' shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's allocated Common Elements Interest.

(b) Proceeds on account of damage to Units shall be held in the following undivided shares:

(1) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Association.

(2) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's allocated Common Elements Interest.

(c) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear.

(d) Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:

(1) If it is determined, as provided in Article XIII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,

(i) the proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;

(ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, in proportion to their respective Common Elements Interests; and

(iii) the remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their respective Common Elements Interests.

(2) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

Section 12.7 Insurance Obtained by Owners. The Owner of any Unit (including the holder of any mortgage thereon) may obtain additional insurance at his/her own expense. Such insurance shall be written by the same carrier as that purchased by the Association pursuant to

the provisions hereof or shall provide that it shall be without contribution as against the same. The Declarant recommends that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used in or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "Condominium Unit Owner's Endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expenses of the Owner of such Unit.

ARTICLE XIII DUTY TO REPAIR OR RECONSTRUCT

Section 13.1 Reconstruction and Repair. In the event of damage to or destruction of any Building as a result of fire or other casualty, the Association shall arrange for the prompt restoration and replacement of the damaged or destroyed Building unless (1) the Condominium is terminated in accordance with the provisions of Article XVI below, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) of Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding three conditions occurs, the Association shall arrange for the prompt repair and restoration of the damaged or destroyed Building, not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in which event the Association shall repair or replace such damaged property), and the Association shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 12.6(d)(2) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plat. If the Owners vote not to rebuild any Unit, that Unit's allocated Common Elements Interests shall be automatically reallocated upon the vote as if the Unit had been condemned under N.C. Gen. Stat. §47C-1-107(a).

Section 13.2 Obligations of Owners. Each Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plat, and will make no structural addition, alteration or improvement to his Unit without the prior written consent of the Association, except as specifically permitted by this Declaration or authorized under N.C. Gen. Stat. §47C-2-111. Upon the failure of an Owner to so maintain his Unit, the Association shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

ARTICLE XIV UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, occupants, and guests of the Units shall be subject to and shall comply with the provisions of this Declaration, the Bylaws, and any rules and regulations as may be adopted in accordance with the Bylaws, as all of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the

entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the Bylaws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XV AMENDMENT TO AND SUPPLEMENT OF DECLARATION

Except in cases of amendments that may be permitted by N.C. Gen. Stat. §§47C-1-107, 47C-2-112(a) or 47C-2-108(b), decisions and alterations and changes made by Declarant as provided for in the Declarant Control Period, or as is otherwise specifically authorized herein, this Declaration may be amended only by the vote of not less than seventy percent (70%) of the Owners of Units cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Except to the extent expressly permitted by the other provisions of this Declaration, any amendment which amends or alters the Common Elements Interest of any Unit, increases the number of Units, changes the boundaries of any Unit, changes the use to which any Unit is restricted, or modifies the terms of this Article XV, shall require the written approval of all Owners. 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 Durham County, North Carolina. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant.

ARTICLE XVI TERMINATION

The Condominium may be terminated and the Property removed from the provisions of the North Carolina Condominium Act only by the vote not less than eighty percent (80%) of the Owners of Units cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, and as evidenced by execution of a termination agreement, or ratification thereof, by the requisite number of Owners. The termination shall comply with the requirements of N.C. Gen. Stat. §47C-2-118, and must be recorded in the Office of the Register of Deeds for Durham County before it becomes effective. Following the recordation of the termination agreement, the interests of the Owners in the Property shall be as provided in N.C. Gen. Stat. §47C-2-118.

ARTICLE XVII MORTGAGEE PROTECTION

Section 17.1 General Provisions. This Article XVII establishes certain standards and covenants for the benefit of Mortgagees. This Article XVII 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 XVII, the provisions of this Article XVII shall control.

Section 17.2 Rights to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year.

Section 17.3 Mortgagee's Rights to Notice. Any Mortgagee (including, for purposes of this Section 17.3, any insurer or guarantor of a loan secured by a Mortgage that has notified the Association in writing of its name and address, and that it insures or guarantees a Mortgage) shall have the right to receive from the Association prompt written notice of the following:

(a) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such Mortgagee, which default remains uncured for a period of ninety (90) days.

(b) Any loss or damage to or condemnation or taking of the Common Elements or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee.

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action by the Association, the Executive Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Mortgagees.

The failure of any Mortgagee to respond within thirty (30) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of an addition or amendment to the Condominium Documents wherever Mortgagee approval is required shall constitute an implied approval by that Mortgagee of the proposed addition or amendment.

Section 17.4 Consent and Notice Required. Notwithstanding any other provision of this Declaration or the Condominium Documents, no amendment of any material provision of the Condominium Documents described in this Section 17.4 shall be effective without notice to all Mortgagees, as required by Section 17.3, the vote of at least seventy percent (70%) of the Owners (or any greater percentage required by the terms of the Condominium Documents), and the approval of at least fifty-one percent (51%) of the Mortgagees (or any greater percentage required by the terms of the Condominium Documents). A change to any of the following items will be considered material:

(a) Voting rights.

(b) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens.

(c) Reductions in reserves for maintenance, repair, and replacement of the Common Elements.

(d) Responsibility for maintenance and repairs of the Units, the Limited Common Elements, or the Common Elements.

(e) Except for the Development Rights of Declarant reserved as Special Declarant Rights under Article VII above, reallocation of interests in the Common Elements or the Limited Common Elements, except that when Limited Common Elements are reallocated by agreement between Owners of Units, then only those Owners and only the Mortgagees holding Mortgages on those Units need approve such reallocations.

(f) Redefinition of boundaries of Units, except that when the boundaries of only adjoining Units are involved, then only the Owners of those Units and the Mortgagees holding Mortgages on those Units must approve such action.

(g) Convertibility of Units into Common Elements, or Common Elements into Units.

(h) Except for the Development Rights of Declarant reserved as Special Declarant Rights under Article VII above, the expansion or contraction of Condominium, or the addition, annexation or withdrawal of property to or from the Condominium.

(i) The requirements for insurance and fidelity bonds.

(j) The imposition of any restrictions on the leasing of Units.

(k) The imposition of any restrictions on an Owner's right to sell or transfer his Unit.

(l) The restoration or repair of the Property after casualty damage or partial condemnation in a manner other than that specified in the Condominium Documents.

(m) Any termination of the Condominium after occurrence of substantial destruction or condemnation.

(n) Any provision that expressly benefits the Mortgagees.

Section 17.5 Enforcement. The provisions of this Article XVII are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

ARTICLE XVIII
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 N.C. Gen. Stat. §47C-1-107.

ARTICLE XIX
MISCELLANEOUS PROVISIONS

Section 19.1 Downing Creek Homeowner's Association, Inc. Every Owner shall be required to be and shall automatically be a member of the Downing Creek Homeowner's Association, Inc. (as recorded in Book 1402, Page 717 and Book 1402, Page 764, Durham County Registry) by virtue of his ownership interest in a Unit.

Section 19.2 Restrictions on Resale. Any Unit that is purchased from the Declarant may not be re-sold by the Owner without the prior written approval of the Declarant for a period of eighteen (18) months from the date of sale of such Unit.

Section 19.3 Conveyance of Common Elements. Any Common Element conveyed by the Declarant to the Association shall be conveyed subject to:

- (a) All restrictions on use contained in this Declaration;
- (b) All existing mortgages or deeds of trust, provided, however, that in no event shall the Association or Owners be obligated to assume the payment of principal or interest on any such mortgage or deed of trust;
- (c) The right of access for ingress, egress and regress and utilities of the Declarant, its successors and/or assigns over and across such property; and
- (d) During the Declarant Control Period, the right of Declarant, its successors and/or assigns to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Common Elements prior to the commencement of such activities or location of any object therein.

Section 19.4 Nonuse Not Exemption of Liability for Common Expenses. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 19.5 Invalid. 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 19.6 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 19.7 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 19.8 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 19.9 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 XX ENFORCEMENT ARBITRATION

Section 20.1 Actions by the Association. The Association, or the Executive Board acting on its behalf, shall have the right, in addition to any other remedies provided for in the Condominium Documents, to bring a civil action against any Owner to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.

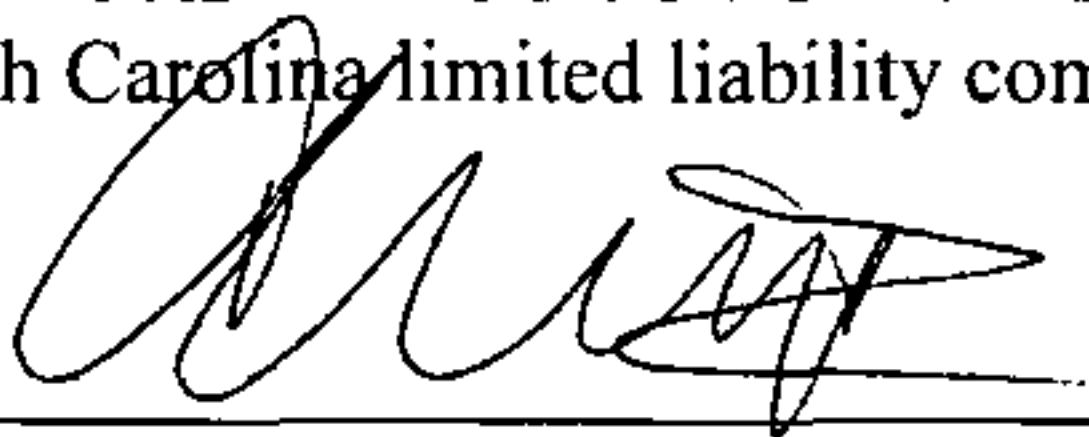
Section 20.2 Actions by Owners. Any Owner may also bring a civil action against any other Owner, or against the Association, or against the Executive Board, or any one or more of them, to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.

Section 20.3 Arbitration. The Association, the Executive Board, and each Owner, by accepting a deed to a Unit, agrees that any party may require that any unresolved matter between the parties be submitted to binding arbitration pursuant to the Uniform Arbitration Act set forth in N.C. Gen. Stat. §1-567.1 et seq. as the same shall be amended from time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless all Owners so agree in writing, or unless such award is to be paid by the Association.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

BRADFORD PLACE TOWNHOMES OF CHAPEL HILL, LLC
a North Carolina limited liability company

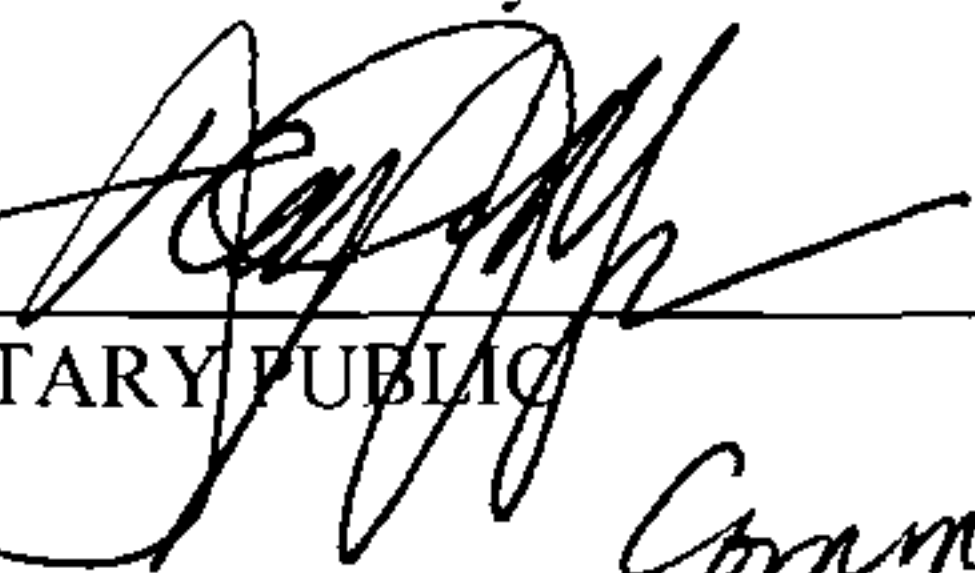
By: 
Charles W. Smith, III, its member manager

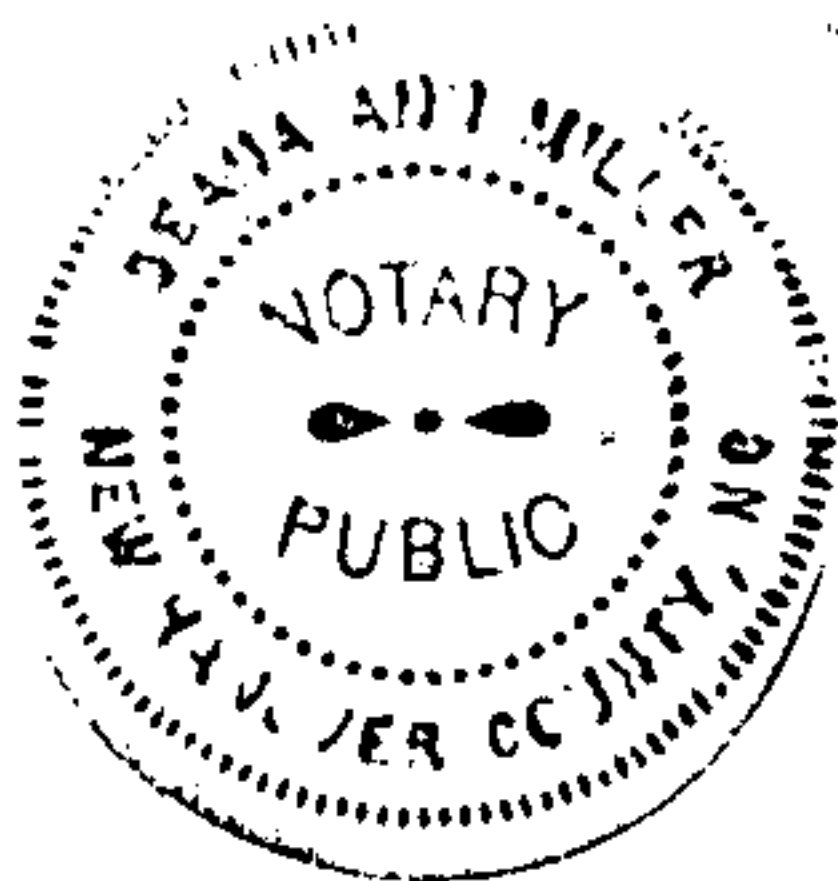
STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Deana Ann Miller, a Notary Public of aforesaid County and State, certify that CHARLES W. SMITH, III personally came before me this day and acknowledged that he is member manager of BRADFORD PLACE TOWNHOMES OF CHAPEL HILL, LLC, a North Carolina limited liability company, and that he, as member manager, being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official seal, this the 25th day of June, 2007.


NOTARY PUBLIC
Comm Exp: 08/22/2010



**EXHIBIT A
TO THE DECLARATION**

LEGAL DESCRIPTION OF LAND

All that certain lot or parcel of land located in Durham County, North Carolina and more particularly described as follows:

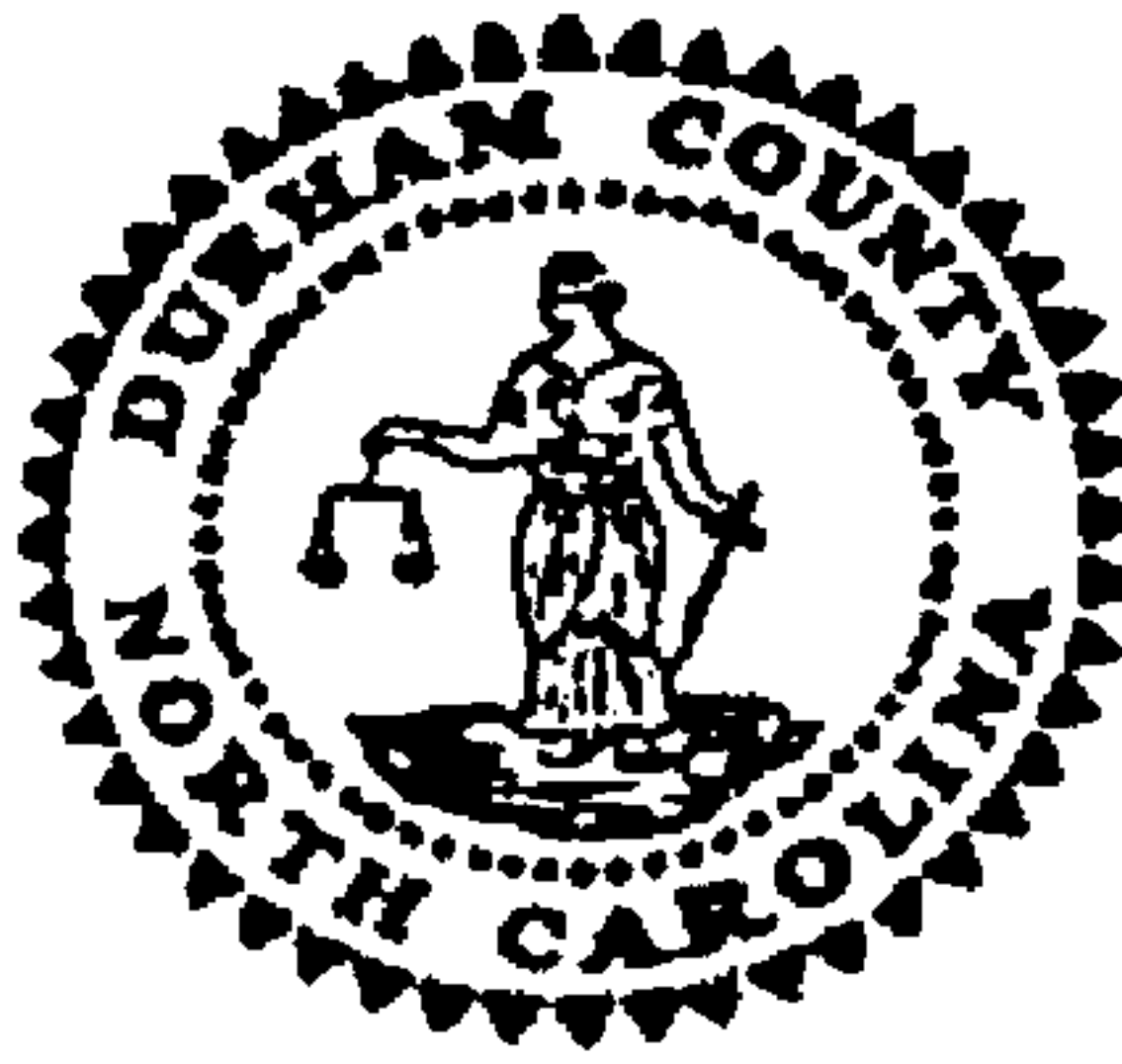
BEING all of Lot 1 containing 5.03 acres, more or less, as shown on plat and survey thereof entitled "Division Map Prepared for BPIP, LLC," by Jordan-Tew & Associates, PA dated 10/11/06 and recorded in Plat Book 176, Page 307 Durham County Registry.

EXHIBIT B

COMMON ELEMENTS INTEREST (Referenced in sections 5.3 and 11.1)

<u>Unit Designation</u>	<u>Percentage Interest</u>
1	2.4%
2	2.0%
3	2.2%
4	2.0%
5	2.4%
6	2.7%
7	2.5%
8	2.7%
9	2.7%
10	2.5%
11	2.7%
12	2.7%
13	2.5%
14	2.5%
15	2.5%
16	2.7%
17	2.7%
18	2.5%
19	2.7%
20	2.7%
21	2.5%
22	2.5%
23	2.5%
24	2.7%
25	2.7%
26	2.5%

<u>Unit Designation</u>	<u>Percentage Interest</u>
27	2.7%
28	2.7%
29	2.7%
30	2.7%
31	2.7%
32	2.7%
33	2.7%
34	2.7%
35	2.5%
36	2.7%
37	2.7%
38	2.5%
39	2.7%
TOTAL:	100.0%



WILLIE L. COVINGTON
REGISTER OF DEEDS, DURHAM COUNTY
DURHAM COUNTY COURTHOUSE
200 E. MAIN STREET
DURHAM, NC 27701

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