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DECLARATION OF CONDOMINIUM  
ESTABLISHING  
OXFORD TOWNHOUSE CONDOMINIUM

Glenn L. Guy and wife, Alice C. Guy, of Chapel Hill, Orange County, State of North Carolina, hereinafter referred to as "OWNER" or "GRANTOR", hereby make, declare and establish this Declaration of Condominium, as and for a plan of condominium townhouse ownership to be known as OXFORD TOWNHOUSE CONDOMINIUM, PHASE I AND II, consisting of real property and improvements thereon as hereinafter described.

Glenn L. Guy and wife, Alice C. Guy are owners in fee simple of that certain real property situate, lying and being in the Town of Chapel Hill, in the County of Orange and State of North Carolina, to-wit:

BEGINNING at an iron stake in the northern property line of Ephesus Church Road at the southeast corner of Rudolph S. Nelson and wife, marked control corner, as shown on plat hereinafter referred to, and running thence along and with Ephesus Church Road the following courses and distances: North 77° 11' West 99.80 feet to an iron stake; thence North 72° 09' West 98.70 feet to an iron stake; thence North 68° 48' 48" West 52.95 feet to an iron stake; thence North 05° 46' East 341.25 feet to an iron stake, southwest corner of Phase III; thence South 84° 09' East 92.32 feet to an iron stake; thence North 01° 54' East 149.41 feet to an iron stake; thence South 88° 06' East 60 feet to an iron stake; thence South 01° 54' West 46 feet to an iron stake; thence North 89° 42' East 83 feet to an iron stake the southeast corner of Phase III; thence South 02° 46' 05" East 322.38 feet to an iron stake corner of Rudolph S. Nelson and wife; thence South 14° 41' 47" West 187.59 feet to the BEGINNING and being Phase I and Phase II as shown on plat of Property of Glenn L. Guy by George C. Love, Jr., R.L.S., dated September 26, 1972, and recorded in Plat Book 231 at page 7, Orange County Registry, to which plat and survey reference is hereby expressly made for a more particular description of same.

There is expressly reserved to GRANTOR the right of ingress, egress and regress over Banbury Lane, a private road extending from Ephesus Church Road in a northerly direction through Phase I and Phase II, as shown on plat hereinabove referred to or as said right-of-way may hereafter be modified or changed to more adequately provide access for Phase III to Ephesus Church Road; and there is likewise reserved to GRANTOR rights-of-way for utility easements including electricity, telephone, natural gas, water, sewer and as presently installed on said premises or as may hereafter be installed for the purpose of serving Phase III and likewise CATV cable easements that may hereinafter be installed. It is understood that said right-of-way and easements may be modified and changed from time to time as they may more adequately serve Phase I, Phase II and Phase III as shown on said survey above referred to.

There has been constructed on Phase I and Phase II three (3) buildings consisting of sixteen (16) townhouse-condominium units and other appurtenant improvements as shown on plat hereinabove referred to. GRANTOR does hereby submit the above described real property with improvements thereon to condominium ownership pursuant to the North Carolina Unit Ownership Act, and declares the same to be known and identified as OXFORD TOWNHOUSE CONDOMINIUM, PHASE I AND PHASE II, as shown on Exhibit A attached hereto and of record in Plat Book 231 at page 7, Orange County Registry, hereinafter referred to as "CONDOMINIUM".

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The provisions of the North Carolina Unit Ownership Act as may be amended shall govern this Condominium and the rights, duties and responsibilities of townhouse owners thereof, except where permissive variances therefrom appear in this Declaration, the Articles of Incorporation of OXFORD TOWNHOUSE CONDOMINIUM, a non-profit North Carolina Corporation, and the by-laws of said corporation.

II

Survey and Description of Improvements

Attached hereto and expressly made a part hereof, and marked Exhibit "A" is a survey of the land and graphic description of plot plans of the improvements constituting the Condominium identifying the common elements and limited common elements, and their respective locations and approximate dimensions. Said survey and plot plans were prepared by George C. Love, Jr. Registered Land Surveyor in accordance with the requirements of the North Carolina Unit Ownership Act, and have been so certified. Each townhouse in the Condominium is identified and designated by a specific building and number as shown on Exhibit "A" and no Townhouse bears the same designation as any other Townhouse, that is now existing or contemplated.

III

Ownership of Townhouses and appurtenant share in common elements and common surplus, and share of common expenses

Each Townhouse shall be conveyed as an individual property capable of independent use and fee simple ownership, and the owner or owners of each Townhouse shall own, as an appurtenance to the ownership of each said Townhouse, an undivided share of all common elements of the Condominium; the undivided share in the common elements appurtenant to each Townhouse and specifically assigned thereto is shown on Exhibit "B" attached hereto and made a part hereof and entitled: Schedule of Proportionate Shares (expressed in percentages) in Common Elements Appurtenant to Townhouses in the Oxford Townhouse Condominium.

The common expenses shall be shared and the common surplus shall be owned in the same proportion as each Townhouse Owner's share of the ownership of the common elements as shown on Exhibit "B".

IV

The Townhouses in the Condominium consist of that area of space enclosed within the exterior surface of the interior walls, the exterior surface of the first floor slab, a patio as shown on Exhibit "A" and parking and storage as herein limited, and the lateral or perimetrical boundaries of such townhouses including the windows and doors thereof. Mechanical elements and appurtenances located within any unit and attached to that unit designated to serve only that unit, such as furnaces, appliances and fixtures, shall be considered a part of the Condominium unit. Each Townhouse Condominium Unit shall include the storage space in the attic immediately above said unit and in addition thereto each unit in Building One shall have as limited common facilities a unit of storage space in the basement of said building. Management shall at all times have access to the sump pump and electrical panels in said limited common facilities. Restricted common areas and facilities shall include two (2) permanent parking spaces for each townhouse condominium unit.

V

Administration of Condominium by Oxford Townhouse Condominium, Inc.

The operation and management of the Condominium shall be administered by Oxford Townhouse Condominium, Inc., a corporation not for profit, organized and existing under the laws of the State of North Carolina, hereinafter referred to as the "ASSOCIATION". The Association shall have all of the powers and duties incident to the operation of the Condominium as set forth in the Declaration and the Association's by-Laws and Articles of Incorporation, as well as all the powers and duties set forth in the Unit Ownership Act, where the same

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are not in conflict with or limited by this Declaration and said By-Laws and Articles of Incorporation. True and Correct copies of the By-Laws and Articles of Incorporation of Oxford Townhouse Condominium, Inc. are attached hereto, made a part hereof and marked Exhibit "C" and Exhibit "D", respectively.

VI

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

On all matters on which membership is entitled to vote there shall be only one vote for each Townhouse in the Condominium, which vote may be exercised by the owner or owners of each Townhouse in the manner provided by the By-Laws of the Association. Should any member own more than one Townhouse in the Condominium, such member shall be entitled to exercise as many votes as he owns Townhouses.

VII

Common Expenses, Assessments, Collection,  
Lien and Enforcement, Limitations

A. The Board of Directors of the Association shall establish an annual budget in advance of each fiscal year which shall correspond with the calendar year, to project and determine the amount of the common expenses which may be required for the proper operation, management and maintenance of the Condominium, and to allocate and assess such common expenses among the Townhouse owners according to the share that each is required to pay. In determining such common expenses, the Board of Directors may provide for an operating reserve not to exceed fifteen (15%) per cent of the total projected common expenses for the year. Each Townhouse Owner shall be liable for the payment to the Association of his proportionate share of the common expenses as determined in said budget, which share shall be in the same proportion as is each Townhouse Owner's share of ownership in the common elements as shown on Exhibit "B".

The annual assessment levied against each Townhouse shall be payable monthly on the first day of each and every month, or at such other intervals or times which the Board of Directors may establish. At the end of each fiscal year, any funds in excess of the amounts required to pay the common expenses during such year (which common expenses may include the operating reserve hereinbefore mentioned) shall be held by the Association and shall apply toward the payment of assessments for the ensuing year or, at the option of the Board of Directors, may be returned to the members in proportion to their ownership of the Common Surplus, or may be applied specifically to each member's common expense account for the ensuing year.

B. Special assessments may be made by the Board of Directors from time to time to meet other needs or requirements of the Association in the operation and management of the Condominium and to provide for emergencies, repair and replacements, and infrequently recurring items of maintenance. However, any special assessment which is not connected with an actual operating managerial or maintenance expense of the Condominium, shall not be levied without the prior approval of the members owning at least sixty (60) percent of the Townhouses in the Condominium.

C. The liability for any assessment or portion thereof may not be avoided by a Townhouse owner or waived by reason of such Townhouse owner's waiver of the use and enjoyment of any of the common elements of the Condominium or by his abandonment of his Townhouse.

D. An assessment or installment thereon not paid within ten (10) days from the date upon which it is due, shall be deemed delinquent and shall bear interest thereon at the rate of ten (10) per cent per annum from its due

date, and shall remain delinquent until fully paid, together with accrued interest. If such delinquency is not made good within fifty (50) days from the date the same occurred the balance of the annual assessment remaining unpaid shall become immediately due and payable, and the Association may proceed to collect the same in any manner provided by law, including, without limitation, the foreclosure of its lien as provided in the Unit Ownership Act, - Section 47A-22.

E. The holder of a first mortgage acquiring title to a Townhouse by foreclosure of its mortgage or by acceptance of a voluntary conveyance in lieu thereof, or a purchaser at judicial sale resulting from the foreclosure of a first mortgage, and their successors and assigns, shall not be liable for the share of common expenses or assessments pertaining to such Townhouse or chargeable to the former Townhouse Owner, which became due prior to such acquisition of title.

#### VIII

#### INSURANCE COVERAGE, USE AND DISTRIBUTION OF PROCEEDS, REPAIRS OR RECONSTRUCTION AFTER CASUALTY.

A. All insurance policies upon the CONDOMINIUM property shall be purchased by the ASSOCIATION. The named insured shall be the ASSOCIATION, and the Townhouse Owners and their mortgagees as their interests may appear. Provision shall be made for the issuance of mortgagee endorsements and/or memoranda of insurance to the TOWNHOUSE Owners and their mortgagees.

B. The ASSOCIATION shall be required to obtain and maintain casualty insurance covering all improvements upon the land, including all parts of the building, both exterior and interior, and including fixtures, as are ordinarily covered by similar types of insurance policies, in an amount equal to the maximum insurable replacement value, exclusive of foundation and excavation costs, as determined annually by the insurance carrier; or, if approved by the Board of Directors, such insurance may be carried on not less than an eighty (80%) per cent co-insurance basis. The coverage shall afford protection against loss or damage by fire, windstorm, and other hazards covered by a standard extended coverage endorsement, and such other risks as shall be customarily covered with respect to buildings similar in construction, location and use, including but not limited to vandalism and malicious mischief. The ASSOCIATION shall also be required to carry public liability insurance in sufficient amounts to provide adequate protection to the ASSOCIATION and its members. All liability insurance maintained by the ASSOCIATION shall contain cross liability endorsements to cover liability of the TOWNHOUSE Owners as a group to each TOWNHOUSE Owner.

The ASSOCIATION may carry such other insurance, or obtain such other coverage, as the Board of Directors may determine to be desirable. Employer's Liability Insurance shall be obtained, if necessary, to comply with the Workmen's Compensation Law.

C. The premiums upon all insurance policies shall be paid by the ASSOCIATION as a common expense.

D. Any proceeds becoming due under the casualty insurance policy or policies for loss, damage or destruction sustained to the building or other improvements, shall be payable to the ASSOCIATION and the Institutional First Mortgagees to which have been issued loss payable mortgagee endorsements.

In the event any loss, damage or destruction to the insured premises is not substantial (as such term "substantial" is hereinafter defined), and such loss, damage or destruction is replaced, repaired or restored with the ASSOCIATION'S funds, the Institutional First Mortgagees which are named as payees upon the draft issued by the insurance carrier shall endorse the draft and deliver the same to the ASSOCIATION; provided, however, that any repair and restoration on account of physical damage shall restore the improvements to substantially the same condition as existed prior to the casualty.

Substantial loss, damage or destruction, as the term is herein used, shall mean any loss, damage or destruction sustained to the insured improvement which would require an expenditure of sums in excess of three (3%) per cent of the amount of coverage under the ASSOCIATION'S casualty insurance policy or policies then existing, in order to restore, repair and reconstruct the loss, damage or destruction sustained.

Any casualty insurance proceeds becoming due by reason of substantial loss, damage or destruction sustained to the CONDOMINIUM improvements shall be payable to the ASSOCIATION, and all Institutional First Mortgagees which shall have been issued loss payable mortgagee endorsements, and such proceeds shall be made available to the Institutional First Mortgagee which shall hold the greater number of mortgages encumbering the APARTMENTS in the CONDOMINIUM, which proceeds shall be held in a construction fund to provide for the payment of all work, labor and materials to be furnished to the reconstruction, restoration and repair of the CONDOMINIUM improvements. Disbursements from such construction fund by such Institutional First Mortgagee shall be in accordance with such Institution's usual and customary construction loan procedures. A fee not to exceed one (1%) per cent of the amount of such fund may be charged by such Institutional First Mortgagee for its services in the administration of the construction fund, and such fee shall be treated by the ASSOCIATION as a common expense. Any sums remaining in the construction fund after the completion of the restoration, reconstruction and repair of the improvements and full payment therefor shall be paid over to the ASSOCIATION and held for, and/or distributed to the TOWNHOUSE Owners in proportion to each TOWNHOUSE Owner's share of the Common Surplus. If the insurance proceeds payable as the result of such casualty are not sufficient to pay the estimated costs of such restoration, repair and reconstruction, which estimate shall be made prior to proceeding with restoration, repair or reconstruction, the ASSOCIATION shall levy a special assessment against the TOWNHOUSE Owners for the amount of such insufficiency, and shall pay said sum into the aforesaid construction fund.

Notwithstanding which Institutional First Mortgagee holds the greater number of mortgages encumbering the TOWNHOUSES, such Mortgagees may agree between or among themselves as to which one shall administer the construction fund, or may agree that such fund be placed with and administered by a title company.

If the damage sustained to the improvements is less than substantial, as heretofore defined, the Board of Directors may determine that it is in the best interests of the ASSOCIATION to pay the insurance proceeds into a construction fund to be administered by an Institutional First Mortgagee as hereinabove provided. No Institutional Mortgagee shall be required to cause such insurance proceeds to be made available to the ASSOCIATION prior to commencement or completion of any necessary restoration, repairs or reconstruction, unless arrangements are made by the ASSOCIATION to satisfactorily assure that such restoration repairs and reconstruction shall be completed. Such assurances may consist of, without limitation, obtaining (1) a construction loan from other sources, (2) a binding contract with a contractor or contractors to perform the necessary restoration, repairs and reconstruction, and (3) the furnishing of performance and payment bonds.

Any restoration, repair or reconstruction made necessary through a casualty, shall be commenced and completed as expeditiously as reasonably possible, and must substantially be in accordance with the plans and specifications for the construction of the original building. In no event shall any reconstruction or repair change the relative locations and approximate dimensions of the common elements and of any TOWNHOUSE, unless an appropriate amendment be made to this DECLARATION.

E. Where physical damage has been sustained to the CONDOMINIUM improvements and the insurance proceeds have not been paid into a construction fund as hereinabove more fully provided, and where restoration, repair or reconstruction has not been commenced, an Institutional Mortgagee who has commenced foreclosure proceedings upon a mortgage encumbering a TOWNHOUSE, shall be entitled to receive that portion of the insurance proceeds apportioned to said TOWNHOUSE in the same share as the share in the common elements appurtenant to said TOWNHOUSE.

F. If substantial loss, damage or destruction shall be sustained to the CONDOMINIUM improvements, and at a Special Members' Meeting called for such purpose, the Owners of at least Eighty (80%) Percent of the TOWNHOUSES in the CONDOMINIUM vote and agree in writing that the damaged property will not be repaired or reconstructed, the CONDOMINIUM shall be terminated, provided, however, such termination will not be effective without the written consent of all Institutional First Mortgagees holding mortgages encumbering TOWNHOUSES.

G. Notwithstanding anything contained in this ARTICLE VIII to the contrary, an Institutional First Mortgagee shall always be entitled to receive, in reduction of its mortgage debt, that portion of insurance proceeds apportioned to its mortgaged TOWNHOUSE in the same share as the share in the common elements appurtenant to such TOWNHOUSE, in the event: (1) its mortgage is not in good standing and is in default; (2) the insurance proceeds are not sufficient to complete restoration, reconstruction or repair and the ASSOCIATION has not made additional funds available for such purpose; and (3) it is determined to restore, repair or reconstruct the improvements in a manner or condition substantially different than that existing prior to the casualty and such Mortgagee has not consented in writing to such change or alteration.

XI

LIMITATIONS UPON RIGHT OF OWNER TO ALTER  
OR MODIFY APARTMENT

No owner of a TOWNHOUSE shall permit therein to be made any structural modifications or alterations without first obtaining the written consent of the Board of Directors, which consent may be withheld in the event that a majority of the Board of Directors of the ASSOCIATION shall determine that such structural modifications or alterations would adversely affect or in any manner endanger the CONDOMINIUM building in part or in its entirety. Such consent shall not unreasonably or arbitrarily be withheld if there is no danger as to an adverse effect upon other portions of the building.

If the modification or alteration desired by the Owner of any TOWNHOUSE involves the removal of any permanent interior partition, the Board of Directors shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provisions of utility services constituting common elements located thereon. No Owner shall cause any improvements or changes to be made on the exterior of the CONDOMINIUM, including painting or other decoration, or the installation of awnings, shutters, electrical wiring, television or radio antenna, machines or air-conditioning units, which may protrude through or be attached to the walls of the CONDOMINIUM or in any manner change the appearance of any portion of the building not within the walls of such TOWNHOUSE without the written consent of the Board of Directors being first had and obtained.

XII

ADDITIONS, ALTERATIONS OR IMPROVEMENTS  
BY THE ASSOCIATION

Whenever in the judgment of the Board of Directors the CONDOMINIUM property shall require additions, alterations, or improvements which shall cost in excess of three-tenths (3/10ths) of one (0.03%) per cent of the total amount of the ASSOCIATION'S casualty insurance coverage, and the making of such additions, alterations, or improvements shall have been approved by a majority of the TOWNHOUSE Owners, the Board of Directors shall proceed with such additions, alterations or improvements, and shall specially assess all TOWNHOUSE Owners for the cost thereof as a common expense. Any addition, alteration or improvements costing in excess of two (2%) per cent of the total amount of such insurance coverage shall also require the written consent of Institutional Mortgagees holding mortgages encumbering at least eighty percent (80%) of the TOWNHOUSES in the CONDOMINIUM. Additions, alterations or improvements costing less than the (0.03%) figure as above mentioned, may be made by the Board of Directors without the approval of the TOWNHOUSE Owners, the cost thereof being a part of the common expenses.

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SALE AND LEASING OF APARTMENTS, ASSOCIATION'S  
RIGHT OF FIRST REFUSAL, EXCEPTIONS

a) With the exception of transfers of ownership of any TOWNHOUSE by one co-tenant to another, should a TOWNHOUSE Owner desire to sell or lease his TOWNHOUSE, the ASSOCIATION shall have and is hereby given and granted the right of first refusal to purchase and/or lease such TOWNHOUSE, as the case may be, upon the same terms and conditions as those contained in any bona fide offer which such Owner may have received for the sale or lease of his TOWNHOUSE. A bona fide offer is defined herein as an offer in writing, binding upon the offeror and containing all of the pertinent terms and conditions of such sale or lease, and in the case of an offer to purchase, accompanied by an earnest money deposit in an amount equal to at least ten (10%) per cent of the purchase price. Whenever a TOWNHOUSE Owner has received a bona fide offer to purchase or lease his TOWNHOUSE, such OWNER shall notify the Board of Directors in writing of his desire to accept such offer, stating the name, address, business, occupation or employment of the offeror, an executed copy of the bona fide offer for such purchase or lease to accompany the notice. The ASSOCIATION'S right of first refusal includes the right of the ASSOCIATION to designate another person or entity to take title to the TOWNHOUSE or to lease the same in the event the ASSOCIATION exercises its right of first refusal.

If the ASSOCIATION, upon the written approval of the Owners of a majority of the TOWNHOUSES in the CONDOMINIUM, elects to exercise its option to purchase or lease (or cause the same to be purchased or leased by its designee), the ASSOCIATION shall notify the TOWNHOUSE Owner desiring to sell or lease of the exercise of its option, such notice to be in writing and posted by registered or certified mail to such Owner within fourteen (14) days from the ASSOCIATION'S receipt of the Owner's notice. Said notice by the ASSOCIATION to the Owner, in order to be effective, must be accompanied by a binding written offer on the part of the ASSOCIATION, containing the same terms and conditions as the original offer to the TOWNHOUSE Owner, and, if an offer to purchase, shall be accompanied by an earnest money deposit of at least ten (10%) per cent of the purchase price. The TOWNHOUSE shall then be purchased or leased by the ASSOCIATION or its designee, in accordance with the terms and conditions contained in said bona fide offer. When any TOWNHOUSE Owner has notified the Board of Directors of the ASSOCIATION of his desire to sell or lease as hereinabove provided, such Owner shall be free to consummate such sale or lease of his TOWNHOUSE unless the ASSOCIATION, within fourteen (14) days from its receipt of the Owner's required notice, has notified such Owner of its exercise of its right of first refusal. In such event, the Owner shall not sell or lease the TOWNHOUSE to any other than the party designated to the Board of Directors in the Owner's original notice required hereunder, nor for any lower purchase price or rental, nor upon any more favorable terms and conditions than those originally contained in said bona fide offer presented to the ASSOCIATION, without again giving the ASSOCIATION the right of first refusal upon such new terms.

b) Notwithstanding the provisions of this ARTICLE XIII a), the Board of Directors may affirmatively approve and give its consent to such proposed sale or lease, and may do so without the approval of the members of the ASSOCIATION, provided that a majority of the Board of Directors concur and evidence such concurrence in writing, delivered to the TOWNHOUSE Owner desiring to sell or lease his TOWNHOUSE.

c) Any purported sale or lease of a TOWNHOUSE where the Owner has failed to comply with the foregoing provisions of this ARTICLE XIII, shall be voidable at the election of the Board of Directors, provided, however, that such voidability shall exist for a period of no longer than ninety (90) days from the consummation of such sale or lease transaction, such consummation to be evidenced by occupancy of the TOWNHOUSE or by the recordation of a deed of conveyance thereto; and provided, further, that the ASSOCIATION commence an action within such ninety (90) day period to have the same declared void.

d) Any institutional First Mortgagee making a mortgage loan for the purpose of financing the purchase of a TOWNHOUSE in the CONDOMINIUM, shall not be required to make inquiry into whether or not its Mortgagor's Grantor complies with the provisions of this ARTICLE XIII, and any failure of such Mortgagor's

Grantor to so comply will not operate to affect the validity or priority of such mortgage taken by such institutional Mortgagee to secure such loan.

e) Any purchaser of a TOWNHOUSE in the CONDOMINIUM whose prospective seller has been in title for at least ninety (90) days preceding such purchase shall not be required to make inquiry into whether or not such seller's Grantor complied with the provisions of this ARTICLE XIII in selling such TOWNHOUSE to such seller. After 90 days following the consummation of any transaction involving the sale of a TOWNHOUSE in the CONDOMINIUM, which sale shall be evidenced by the recordation of a deed conveying the title to such TOWNHOUSE, no action whatsoever may be brought by the ASSOCIATION to void such transaction by reason of non-compliance with this ARTICLE XIII.

f) Any lease approved by the Board of Directors shall provide that it may not be extended or assigned without the approval of the Board of Directors, and the lessee may not sublet without such approval. Any lessee occupying a TOWNHOUSE under an approved lease shall be fully subject to the terms of this DECLARATION and the By-Laws of the ASSOCIATION, and such lease shall be subject to cancellation if the lessee thereunder shall fail to comply with the rules and regulations contained herein, or which may hereafter be established by the ASSOCIATION.

g) The right of first refusal granted to the ASSOCIATION shall not apply or be operative to any foreclosure or other judicial sale of a TOWNHOUSE although a purchaser at such judicial sale, except as hereinafter provided, shall thereafter be subject to the ASSOCIATION'S right of first refusal relative to the sale or lease of a TOWNHOUSE.

h) All of the terms and provisions of this ARTICLE XIII set forth hereinabove relative to the ASSOCIATION'S right of first refusal, shall at all times be wholly inapplicable and inoperative as to any Institutional First Mortgagee which has acquired title to a TOWNHOUSE by reason of foreclosure of its mortgage, or by the acceptance of a voluntary conveyance in lieu thereof, and such Institutional First Mortgagee shall have the unequivocal right and power to sell, transfer, lease or otherwise dispose of such TOWNHOUSE as it may deem in its best interests, without first offering the same to the Board of Directors and without any restriction whatsoever. The exceptions to the right of first refusal as set forth in this section of ARTICLE XIII shall be fully applicable to the GRANTOR, which likewise shall have the unrestricted right to sell or lease any TOWNHOUSES which he owns in the CONDOMINIUM.

#### XIV

##### AMENDMENT OF DECLARATION

This DECLARATION may be amended by the vote of the members of the ASSOCIATION owning at least eighty per cent (80%) of the TOWNHOUSES in the CONDOMINIUM, cast in person or by proxy at a meeting duly held in accordance with the By-Laws and Articles of Incorporation of the ASSOCIATION, provided, however, that any such proposed amendment must be first approved by Institutional First Mortgagees holding mortgages or eighty percent (80%) of the TOWNHOUSES; and, provided further, no amendment to this DECLARATION shall be adopted which would operate to affect the validity or priority of any mortgage held by an Institutional First Mortgagee or which would alter, amend or modify, in any manner whatsoever, the rights, powers, and privileges granted and reserved herein in favor of any Institutional First Mortgagee, or in favor of the GRANTOR without the consent of all such mortgagees or the GRANTOR, as the case may be. There shall be no amendment adopted altering the share of ownership in the common elements or surplus, or altering the share of common expenses, except by the unanimous vote of all members of the ASSOCIATION and approved by their respective Institutional First Mortgagees.

#### XV

##### TERMINATION OF CONDOMINIUM

Except as otherwise provided in ARTICLE VIII, Paragraph f) of this DECLARATION, the CONDOMINIUM created and established hereby may only be terminated upon the vote of members of the ASSOCIATION owning eighty percent (80%)

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of the TOWNHOUSES in the CONDOMINIUM, provided that the written consent to such termination is obtained from all institutional First Mortgagees holding mortgages encumbering the TOWNHOUSES.

XVI

ENCROACHMENTS

If any portion of the common elements now encroaches upon any TOWNHOUSE, or if any TOWNHOUSE now encroaches upon any other TOWNHOUSE, or upon any portion of the common elements, or if any encroachment shall hereafter occur as the result of settling of the building, or alteration to the common elements made pursuant to the provisions herein, or as the result of repair and restoration, a valid easement shall exist for the continuance of such encroachment for so long as the same shall exist.

XVII

ASSOCIATION TO MAINTAIN  
REGISTER OF OWNERS AND MORTGAGEES

The ASSOCIATION shall at all times maintain a register setting forth the names of all Owners of TOWNHOUSES in the CONDOMINIUM, and any purchaser or transferee of a TOWNHOUSE shall notify the ASSOCIATION of his interest in such TOWNHOUSE. TOWNHOUSE Owners shall also notify the ASSOCIATION of the names of any party holding a mortgage upon any TOWNHOUSE in order that the ASSOCIATION may keep a record of same.

XVIII

REAL PROPERTY TAXES DURING  
INITIAL YEAR OF CONDOMINIUM

In the event that during the year in which the CONDOMINIUM is established, real property taxes are assessed against the Condominium property as a whole, such taxes will be paid by the ASSOCIATION as a common expense. Taxes apportioned to any TOWNHOUSE sold by the GRANTOR will be paid by the GRANTOR and his purchaser, in accordance with their respective pro-rata shares.

XIX

DESIGNATION AND ASSIGNMENT OF  
PARKING SPACES BY DEVELOPER

Each TOWNHOUSE Owner shall have the right to the exclusive use of two (2) automobile parking spaces in one of the parking lots.

XX

RESPONSIBILITY OF TOWNHOUSE OWNERS

The Owner of each TOWNHOUSE shall be governed by and shall comply with the provisions of this DECLARATION, as well as the By-Laws and Articles of Incorporation of the ASSOCIATION. Any TOWNHOUSE Owner shall be liable for the expense of any maintenance, repair or replacement made necessary by his act, neglect or carelessness or by that of any members of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the ASSOCIATION. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a TOWNHOUSE. Nothing herein contained, however, shall be construed so as to modify any waiver of rights of subrogation by insurance companies.

In any action brought against a TOWNHOUSE Owner by the ASSOCIATION for damages, or injunctive relief due to such TOWNHOUSE Owner's failure to comply with the provisions of this DECLARATION or By-Laws of the ASSOCIATION, or any rules and regulations promulgated by the Board of Directors, the ASSOCIATION shall be entitled to reasonable attorneys' fees and costs incurred by it in connection with the prosecution of such action.

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XXI

WAIVER

The failure of the ASSOCIATION, a TOWNHOUSE Owner or Institutional First Mortgagee to enforce any right, provision, covenant or condition which may be granted herein, or the By-Laws and Articles of Incorporation of the ASSOCIATION, or the failure to insist upon the compliance with same shall not constitute a waiver of the ASSOCIATION, such TOWNHOUSE Owner or Institutional First Mortgagee, to enforce such right, provision, covenant or condition, or insist upon the compliance with same in the future.

XXII

CONSTRUCTION

The provisions of this DECLARATION shall be liberally construed so as to effectuate its purposes. The invalidity of any provision hereof shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this DECLARATION.

XXIII

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 nor the intent of any provision hereof.

XXIV

GENDER

The use of the masculine gender in this DECLARATION shall be deemed to refer to the feminine or neuter gender, and the use of the singular or plural shall be taken to mean the other whenever the context may require.

IN WITNESS WHEREOF, GLENN, L. GUY and wife, ALICE C. GUY, have hereunto set their hands and seals this 22 day of January, 1973.

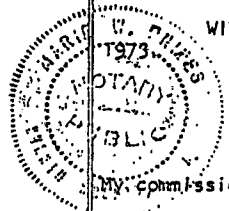
Glenn L. Guy (SEAL)  
Glenn L. Guy

Alice C. Guy (SEAL)  
Alice C. Guy

NORTH CAROLINA

DURHAM COUNTY

I, Marie W. Snipes, a Notary Public, do hereby certify that Glenn L. Guy and wife, Alice C. Guy, each personally appeared before me this day and acknowledged the due execution of the foregoing Declaration.



WITNESS my hand and notarial seal, this the 22 day of January.

Marie W. Snipes  
Notary Public

June 15, 1977

FOR EXHIBIT "F" - Plat - See Plat Book 20  
Page 8-1

STATE OF NORTH CAROLINA—ORANGE COUNTY

THE FOREGOING CERTIFICATE IS OF Marie W. Snipes

A NOTARY PUBLIC OF THE DESIGNATED GOVERNMENTAL UNITS IS (ARE) CERTIFIED TO BE CORRECT

THIS THE 30th DAY OF January

BETTY JUNE HAYES, REGISTER OF DEEDS

BY: Billie B. Homan

RETURN: Allston J. Stubbs, Atty.

ASSISTANT/DEPUTY REGISTER OF DEEDS  
BOOK 240 PAGE 245

FILED  
BOOK/FILER 240 PAGE 236

JAN 30 3 20 PM '73

BETTY JUNE HAYES  
REGISTER OF DEEDS  
ORANGE COUNTY, N. C.