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FILED Joyce H. Pearson
Register of Deeds Orange COUNTY, NC
BY *Deputy Benadium*
Deputy

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FOR MULTIPLE PIN SHEET
SEE BOOK 3740 PAGE 116

Drawn By and Return To:

The Boulevard Company
Attention: Kenneth J. Abner, Esq.
715 North Church Street, Suite 110
Charlotte, NC 28202

NOTE: The Plans for the Condominium are
recorded in Unit Ownership File No. _____
in the Orange County Public Registry

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

DECLARATION OF CONDOMINIUM
FOR
605 WEST MAIN CONDOMINIUM

This Declaration of Condominium (this “**Declaration**”) is made this 1st day of April, 2005, by **THE BOULEVARD AT 605 WEST MAIN 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.”

BACKGROUND STATEMENT

Declarant is the owner of the following real property located in the City of Carrboro, Orange County, North Carolina (collectively, the “**Property**”):

- A. A parcel of land containing approximately 0.52 acres, with a street address of 605 West Main, Carrboro, North Carolina, and more particularly described on Exhibit A attached hereto (the “**Land**”).
- B. A building located on the Land which, as more specifically set forth herein, will contain seven (7) residential condominium units and sixteen (16) commercial condominium units (each of which commercial units may be subdivided or combined as provided in this Declaration), and certain common amenities, such as entrances and lobbies, elevators and stairways, hallways, mechanical rooms, and utility systems (the “**Building**”).
- C. Certain other common amenities located on the Land outside of the Building.

Declarant desires to submit 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; 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 executing and recording this Declaration.

STATEMENT OF 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 and shall be a burden and benefit to Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the Property, and their grantees, successors, heirs, executors, administrators, devisees 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. "**Association**" shall mean and refer to 605 West Main Condominium 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 Building. "**Building**" shall mean and refer to the building located upon the Land which includes parking on the ground level, three stories of Units above the ground level (which Units shall be comprised of a total of seven (7) Residential Units, sixteen (16) Commercial Units (which Commercial Units may be subdivided into additional Commercial Units as described in further detail in this Declaration)), and certain Common Elements.

Section 1.3 Bylaws. "**Bylaws**" shall mean and refer to the bylaws of the Association, a copy of which is attached hereto as Exhibit C, and all amendments to such bylaws which may from time to time be adopted.

Section 1.4 Commercial Units. "**Commercial Units**" shall mean and refer to the sixteen (16) Units, located on the first and second stories of the Building, that are identified as

such on the Plans, and to any other Units into which those sixteen (16) Units may be subdivided or combined from time to time by Declarant pursuant to Section 9.5(c).

Section 1.5 Common Elements. “**Common Elements**” shall mean and refer to all portions of the Condominium other than the Units, as depicted on the Plans, and as more particularly described in Section 5.1 of this Declaration.

Section 1.6 Common Elements Interest. “**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. 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 Residential Units, and shall be allocated to the Commercial Units in the manner provided in the Condominium Documents. The aggregate Common Elements Interest allocated to the Residential Units shall be one-third (33.33%), and the aggregate Common Elements Interest allocated to the Commercial Units shall be two-thirds (66.67%).

Section 1.7 Common Expenses. “**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 N.C.G.S. §47C-1-103(5).

Section 1.8 Condominium. “**Condominium**” shall mean and refer to the 605 West Main Condominium, 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. “**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. “**Declarant**” shall mean and refer to The Boulevard at 605 West Main LLC, a North Carolina limited liability company. Following any foreclosure by the Construction Lender under its Deed of Trust (as those terms are defined in Article XX), the Construction Lender shall hold the rights of Declarant under this Declaration solely for the purpose of transferring such rights to another person, and the Construction Lender shall not be subject to any liability or obligation as a “Declarant” under this Declaration for the period it owns such rights, unless and until the Construction Lender elects to succeed to the rights and obligations of Declarant hereunder and files of record an instrument expressly stating such exercise. Upon any such transfer or election by the Construction Lender, the term “Declarant” shall mean and refer to the Construction Lender’s transferee or the Construction Lender, as appropriate. In addition, following recordation of a document transferring to another person or entity all or some of the Special Declarant Rights, pursuant to Section 6.2 of this Declaration, the term “Declarant” also shall mean and refer to that transferee.

Section 1.11 Declarant Control Period. “**Declarant Control Period**” shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) three (3) years after the date of the first conveyance of a Unit to an Owner other than Declarant; (ii) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units, including Units which may be created pursuant to Special Declarant Rights, to an Owner other than Declarant; (iii) two (2) years after Declarant ceases to offer Units for sale in the ordinary course of business; or (iv) the date upon which Declarant voluntarily surrenders control of the Condominium.

Section 1.12 Declaration. “**Declaration**” shall mean and refer to this Declaration of Condominium, as it may be amended in the future.

Section 1.13 Executive Board. “**Executive Board**” shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the North Carolina Condominium Act.

Section 1.14 Exterior Parking Area. “**Exterior Parking Area**” shall mean and refer to the twenty-six (26) striped parking spaces located outside of the Building, all as depicted on the Plans. The Exterior Parking Area also includes two parking spaces for the parking of motorcycles.

Section 1.15 Interior Parking Area. “**Interior Parking Area**” shall mean and refer to the twenty-six (26) striped parking spaces located on the ground level of the Building, seven (7) of which spaces are to be allocated to the exclusive use of Residential Units pursuant to Section 5.5. The Interior Parking Area also includes one (1) parking space for the parking of motorcycles.

Section 1.16 Land. “**Land**” shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on Exhibit A attached hereto.

Section 1.17 Limited Common Elements. “**Limited Common Elements**” shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of N.C.G.S. §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 Plans.

Section 1.18 Mortgage. “**Mortgage**” shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.

Section 1.19 Mortgagee. “**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 XVI.

Section 1.20 North Carolina Condominium Act. “**North Carolina Condominium Act**” shall mean and refer to Chapter 47C of the North Carolina General Statutes.

Section 1.21 Owner. “**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 1.22 Plans. “**Plans**” shall mean and refer to the surveys, plans and specifications of the Building and the Property, prepared by Kevin M. Kane, and by Kevin C. Piver, and recorded under the name of the Condominium in the Unit Ownership File in the Office of the Register of Deeds of Orange County.

Section 1.23 Property. “**Property**” shall mean and refer to the real property owned by Declarant that is subjected to this Declaration, more particularly described in Paragraphs A through C of the Background Statement.

Section 1.24 Residential Unit. “**Residential Unit**” shall mean and refer to the seven (7) Residential Units within the Building that are identified as such on the Plans, which Units are restricted to residential use.

Section 1.25 Special Declarant Rights. “**Special Declarant Rights**” shall mean and refer to the rights reserved for the benefit of Declarant in the Condominium Documents, as more particularly described in Article VI of this Declaration.

Section 1.26 Unit. “**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.G.S. §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

The Land on which the Building and other improvements are located is located entirely in Orange County, North Carolina, contains approximately 0.52 acres, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Land and the remainder of the Property are subjected to the terms of the North Carolina Condominium Act by this Declaration. The name of the Condominium is 605 West Main Condominium.

ARTICLE III.

DESCRIPTION OF BUILDING

The Building contains one (1) ground level of parking and three (3) stories of Units above the ground level. The three (3) stories of Units above the ground level consist of two stories of Commercial Units, and one story of Residential Units. The Building is concrete and steel frame, with an exterior consisting of brick, masonry and cementitious siding. The Building contains seven (7) Residential Units and sixteen (16) Commercial Units; provided, however, that Declarant reserves the right to subdivide and combine the Commercial Units pursuant to Section 9.5(c). The Building is more particularly described in the Plans, which show all particulars of the Building. The Plans contain a certification by Kevin C. Piver, a North Carolina Registered Land Surveyor, and by Kevin M. Kane, a North Carolina Licensed Architect, that the Plans contain all the information required by N.C.G.S. §47C-2-109.

ARTICLE IV

DESCRIPTION OF UNITS

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

Section 4.2 Units. The location of Units within the Building, their dimensions, and their floor and ceiling elevations, are shown on the Plans. There are a total of seven (7) Residential Units and sixteen (16) Commercial Units in the Building; provided, however, that Declarant reserves the right to subdivide and combine the Commercial Units as provided in Section 9.5(c). The identifying number for each Unit is set forth on the Plans.

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

(a) Upper Boundary: The horizontal plane of the top surface of the wallboard in the ceilings within each Unit.

(b) Lower Boundary: The horizontal plane of the top surface of the sub-flooring within each Unit.

(c) Vertical Boundaries: The vertical planes which include the back surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

As provided in N.C.G.S. §47C-2-102(1), all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Unit. As provided in N.C.G.S. §47C-2-102(2), if any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof 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 all access drives, the Exterior Parking Area, project identification signs (if any), traffic and parking control signs, screened trash receptacle, exterior paving and landscaping.
- (c) All portions of the Building located outside of the Units, including without limitation the following: a mail kiosk on the ground level, a recycling station located on the ground level, the Interior Parking Area, a bicycle rack, a common lobby on the ground level and on each of the first and second stories of the Building, one elevator in a single elevator shaft, all elevator equipment rooms and other mechanical rooms, all other portions of the common mechanical systems for the Building, all interior hallways and corridors, and all stairwells.
- (d) The footings, foundations, roofs, columns, girders, beams, and supports of the Building, all exterior and interior load-bearing walls, all floors between Units, and all other structural elements of the Building.
- (e) Any public connections and meters 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.
- (g) The Limited Common Elements described in Section 5.2 below.

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, pipe for water or sewer, 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 canopies 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 a rooftop heat pump for each Residential Unit, and all 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 Plans, including but not limited to a private exterior "weathercheck" balcony for each Residential Unit.

(e) The exclusive right to use one or more assigned parking spaces in the Interior Parking Area, which shall be allocated to each Residential Unit in the manner set forth in Section 5.5.

(f) The exclusive right to use the common bathroom facilities, lobbies, hallways, corridors and related elements located on the first and second stories of the Building (the "**Interior Facilities**"), each of which Interior Facilities shall serve only the Units on the story where such Interior Facility is located.

The maintenance, repair, and replacement of those Limited Common Elements that are allocated only to one Unit shall be the responsibility of the Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding the foregoing, the maintenance repair and replacement of those parking spaces allocated to particular Residential Units pursuant to Section 5.5 shall be the responsibility of the Association. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the North Carolina Condominium Act, the obligation for maintenance, repair or replacement of any heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. References in this Declaration to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise. 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.

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 and with the consent of all the Mortgagees, except as may be specifically authorized elsewhere in this Declaration.

Section 5.4 Maintenance of Common Elements. The Association shall be responsible for the maintenance and repair of all Common Elements, except for: (a) routine maintenance of the Limited Common Elements that are allocated exclusively to one Unit, which shall be the

responsibility of the Owner of the Unit to which they are allocated, and (b) any maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, invitees or family members, which shall be the responsibility of that Owner. Notwithstanding the foregoing, the maintenance repair and replacement of those parking spaces allocated to particular Residential Units pursuant to Section 5.5 shall be the responsibility of the Association.

Section 5.5 Parking Spaces. Seven (7) parking spaces in the Interior Parking Area are reserved for the exclusive use of Owners of Residential Units (the "**Residential Parking Spaces**"). Each such Residential Parking Space that is identified with a Residential Unit number on Exhibit D attached hereto shall be a Limited Common Element allocated to that Residential Unit. A Residential Parking Space may not be transferred by the Owner of the Residential Unit to which such Residential Parking Space is allocated, except in connection with a conveyance of his Residential Unit, and any such attempted transfer in violation of this provision shall be null and void. In addition, two Owners of Residential Units may exchange the Residential Parking Spaces allocated to their Residential Units in the manner provided in Section 9.5(b) of this Declaration.

ARTICLE VI.

SPECIAL DECLARANT RIGHTS

Section 6.1 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 complete any improvements shown on the Plans.
- (b) The right to maintain sales offices, model units and signs advertising the sale or lease of Units in the Condominium.
- (c) The right to use easements through the Common Elements for the purpose of completing construction.
- (d) Subject to Section 9.3, the right to appoint or remove officers of the Association or members of the Executive Board during the Declarant Control Period.
- (e) The right to subdivide the Commercial Units, as provided in Section 9.5(c).
- (f) The right to combine Commercial Units, as provided in Section 9.5(c).
- (g) The right to exercise any other rights granted to or reserved by Declarant in the Condominium Documents.

Section 6.2 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

Orange 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.G.S. §47C-3-104.

ARTICLE VII.

RESTRICTIONS ON USE

Section 7.1 Use.

(a) All Residential Units shall be used for residential purposes only; provided, however, that Residential Units may also be used for home office purposes by the residents of such Residential Units. Notwithstanding the foregoing, Declarant may maintain any Residential Unit owned or leased by Declarant as a sales office or model Residential Unit.

(b) All Commercial Units shall be used only for lawful commercial purposes reasonably compatible with the operation of a mixed-use condominium building, not in violation of any of the following restrictions:

(i) No Commercial Unit shall be used for warehousing (other than the storage of inventory, fixtures and equipment as part of a permitted business), industrial, or manufacturing purposes.

(ii) No Commercial Unit shall be used as a flea market or other operation selling used merchandise, a pawn shop, a military surplus store, or for the sale or display of pornographic materials or drug paraphernalia.

(iii) No Commercial Unit shall be used for the service of motor vehicles, boats, or mobile homes, or for the installation of auto parts.

(iv) No Commercial Unit shall be used for the rental, service or repair of lawn care equipment, carpet sweepers, power tools, televisions, VCRs, or electronic or computer equipment, except incident to the retail sale of such items.

(v) No Commercial Unit shall be used for the operation of a carnival, billiard parlor, off-track betting facility, discotheque or dance hall, massage parlor, video game parlor or other amusement use.

(vi) No Commercial Unit may be used for the operation of a Laundromat, veterinary facility, animal raising facility or pet shop.

Section 7.2 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 way 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 7.3 Prohibitions on Use of Common Elements. The Common Elements shall not used for the storage of personal property of any kind. Stairs, entrances, lobbies, hallways, and walkways 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 despoils the appearance of the Property.

Section 7.4 Garbage. Trash, garbage and other waste shall be kept in sanitary containers within each Unit, or deposited in the common trash receptacles located on the Property. No trash or garbage shall be kept or stored on any balcony. The Association shall be responsible for the maintenance of the common trash facilities and all trash removal, and the expenses incurred by the Association in doing so shall be Common Expenses.

Section 7.5 Parking. No Owner or any employee, agent, or invitee of any Owner, shall park, store or keep any vehicle on the Land except in the Exterior Parking Area and the Interior Parking Area. Each Residential Parking Space allocated to a particular Residential Unit, in the manner provided in Section 5.5, may be used only by the Owner (and such Owner's guests and invitees) of the Residential Unit to which such Residential Parking Space is allocated. All unassigned parking spaces shall be available to all Owners or their guests, on a first-come, first served basis, subject to any charges, rules or regulations that may be promulgated by the Association for their use. The Association shall have the right to tow any vehicle in violation of this Section 7.5 at its owner's expense.

Section 7.6 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 seven (7) days.

Section 7.7 No Timeshares. No interest in any Unit may be subjected to a time share program, as that term is defined in N.C.G.S. §93A-41(10).

Section 7.8 Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on the Property or in any Unit, except that small common household pets may be kept or maintained in each Residential Unit, provided they are not kept or maintained for commercial purposes. No pet shall be permitted upon the Common Elements unless carried or leashed by a person that can control the pet. 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 or 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, then in addition to any fines provided in the Bylaws, 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 7.9 Utilities. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association. All clothes dryers will have lint filters, and all stove hoods will have grease screens, and such screens and filters shall be used at all times and kept clean, and in good order and repair, by the Owner of the Unit in which they are located.

Section 7.10 Floor Load. There shall be no floor load in any Unit in excess of forty (40) pounds per square feet, unless an engineering determination of the floor load capacity in the area of heavy use is approved by the Association.

Section 7.11 Windows. No curtains or draperies shall be installed or hung in any window of any Unit unless they have a white lining or backing on the side exposed to the window. No storm windows shall be installed in any Unit.

Section 7.12 Architectural Control. No building, landscaping, fence, wall or other structure (other than a satellite dish or antenna permitted by Section 7.16) shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration to either the Unit or the 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 as to harmony of external design and location in relation to surrounding structures and topography by the Association.

Section 7.13 Signs. No signs or other advertising devices shall be displayed on or about the exterior of any Unit, or in the Common Elements, except for: (a) one name plate or sign not exceeding twenty-four (24) square inches in area on the main door to each Residential Unit, and (b) one or more exterior signs for each Commercial Unit, erected in conformance with applicable sign ordinances and plans approved by the Association as provided in Section 7.12. Notwithstanding the foregoing, Declarant shall have the right to maintain upon the Property advertising signs during the Declarant Control Period, provided those signs comply with applicable governmental regulations.

Section 7.14 Maintenance. The Owner of each Unit is responsible for maintaining his Unit as well as the Limited Common Elements appurtenant thereto, other than parking spaces and Interior Facilities (which shall be the responsibility of the Association). Each Owner shall keep his Unit, and the appurtenant Limited Common Elements allocated exclusively to his Unit, 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 7.15 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments

thereto shall be posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request. Notwithstanding the foregoing, the Association shall not have the right to adopt a rule or regulation that materially restricts a then-existing lawful use being conducted in a Commercial Unit without the prior written consent of the Owner of that Commercial Unit. In addition, the Owners of the Commercial Units shall have the right to adopt, by unanimous vote, rules and regulations applicable only to the operation of the businesses conducted in the Commercial Units.

Section 7.16 Satellite Dishes and Antennas. No exterior satellite dish in excess of one meter in diameter may be placed on the exterior of any Unit or in the Common Elements without the prior written approval of the Executive Board, which may be withheld in its sole discretion. The location of any exterior television antenna, or satellite dish less than one meter in diameter, shall be subject to the reasonable prior approval of the Executive Board, taking into account the appropriate standards set forth in the regulations of the Federal Communications Commission, and to the extent reasonably practical, the Executive Board may require that such antenna or satellite dish be screened from public view. Prior to installing the antenna or satellite dish, the Owner shall furnish to the Executive Board a copy of his installation plans. The Association shall have the right to perform any portion of the installation work at the expense of the Owner, or to require that any portion of the work be performed by contractors designated by the Executive Board. In particular, any roof penetration that is required to install any antenna or satellite dish shall be performed only by the roofing contractor designated by the Executive Board. The Owner shall also be responsible for any damage caused by the removal of the antenna or satellite dish, including the sealing of conduits or other roof penetrations. Again, the Association shall have the right to require that any part of the removal work, including the sealing of roof penetrations, be performed by the roofing contractor designated by the Executive Board, at the Owner's expense. Any Owner installing an antenna or satellite dish under this Section 7.16 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 the Building or other property damage caused by roof leaks.

Section 7.17 Balconies. The balconies adjacent to all Residential Units shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for the overnight storage of garbage, or for the drying of laundry. In particular, towels or banners shall not be hung on the balcony railings, and any dead plants shall be removed promptly. No indoor-outdoor carpeting, hot tub, or other pool shall be installed on any balcony. If permitted by applicable building codes and zoning ordinances, an Owner may install a gas grill on balcony, connected to a natural gas service line, and such Owner shall be responsible for complying with all applicable laws, ordinances, and regulations in connection with such storage and use. No charcoal or propane grills may be used or stored on balconies at any time.

ARTICLE VIII.

THE ASSOCIATION

Section 8.1 Organization of Association. A nonprofit North Carolina corporation known and designated as 605 West Main Condominium 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. A true copy of the Bylaws of the Association is attached hereto as Exhibit C. 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 8.2 Powers; 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 X below and in Section 8 of 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.G.S. §47C-3-116, and shall be enforceable by the Association in accordance with N.C.G.S. §47C-3-116 and Section 8 of the Bylaws.

Section 8.3 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 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 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 8.4 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 7.15 from time to time; and (c) all financial records of the Association, as required by N.C.G.S. §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. In addition, within ninety (90) days following the Association's fiscal year end, the Association shall obtain an audited financial statement from a certified public accountant.

ARTICLE IX.

EASEMENTS AND PROPERTY RIGHTS

Section 9.1 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 9.2 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 the Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as the Building shall stand. If the 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 Building shall stand.

Section 9.3 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; vents and ducts; sewer lines; water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits and wires over, under, along and on any portion of the Common Elements (other than the Limited Common Elements); and each 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. During the Declarant Control Period, Declarant shall have an easement over the Common Elements (other than the Limited Common Elements) as may be reasonably necessary to complete the construction of the Building and the other improvements within the Property.

Section 9.4 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.

Section 9.5 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; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries

are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within 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 and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Owners.

(b) Exchange of Residential Parking Spaces. Residential Parking Spaces may be exchanged upon application to the Association by the Owners of such Residential Parking Spaces ("**Exchanging Owners**") and upon approval by the Association of such application; provided, however, that no such exchange shall be binding upon any Mortgagee holding a Mortgage on any Residential Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat identifying the Residential Parking Spaces to be exchanged. Unless the Association determines within thirty (30) days after submission to it of the application that the proposed exchange of Residential Parking Spaces is unreasonable, the application shall be deemed approved. Any exchange of Residential Parking Spaces shall not affect the interests in the Common Elements allocated to each Unit. Upon approval of the proposed exchange of Residential Parking Spaces, the Association shall cause to be prepared and filed, at the Exchanging Owners' expense, an amendment to this Declaration and a plat which identifies the Residential Parking Spaces involved. Such amendment shall also contain operative words of conveyance and be signed by the Exchanging Owners and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the Exchanging Owners.

(c) Subdivision or Combination of Units. No Residential Unit may be subdivided. So long as Declarant owns any Commercial Unit, (1) it shall have the right to subdivide that Commercial Unit into two or more Commercial Units, and (2) it shall have the right to combine any Commercial Units owned by it. In order to exercise one or both of these rights, Declarant shall prepare, execute and record, at its expense, an amendment to this Declaration and a plat which identifies the existing Commercial Unit(s) involved, describes and depicts the boundaries of the new Commercial Unit(s) into which the existing Commercial Unit(s) have been subdivided or combined, and gives the dimensions and floor area of each newly created and resulting Commercial Unit(s). The subdivision or combination of Commercial Units shall have no effect on the Common Elements Interest allocated to any Residential Unit, and the amendment to the Declaration shall specify the Common Elements Interest allocated to each Commercial

Unit, which shall be the aggregate Common Elements Interest of two-thirds (66.67%) divided among the Commercial Units in accordance with their respective floor areas.

(d) Partitioning. Except for the transfer of Residential Parking Spaces expressly permitted by Section 5.5, the interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately from said Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's allocated interests in the Common Elements unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying number assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its allocated interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or any other form by law permitted.

Section 9.6 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, and at least eighty percent (80%) of all Mortgagees. 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 9.6 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 9.7 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 Association.

ARTICLE X.

ASSESSMENTS

Section 10.1 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 may not initially be separately assessed with respect to Orange County ad valorem property taxes, and any such taxes for any calendar year in which the Units are not separately assessed shall be paid by Declarant (subject to reimbursement from each Owner for its pro rata share at closing).

Section 10.2 Common Expenses. Except as otherwise provided in this Declaration or in the Bylaws, (1) the Owners of the Commercial Units on the first story shall contribute, as a group, one hundred percent (100%) of the expenses incurred by the Association with respect to the Interior Facilities located on such story, (2) the Owners of the Commercial Units on the second story shall contribute, as a group, one hundred percent (100%) of the expenses of the Association with respect to the Interior Facilities located on such story, (3) the Owners of the Residential Units on the third story shall contribute, as a group, one hundred percent (100%) of the expenses of the Association with respect to the Interior Facilities located on such story, (4) the Owners of the Commercial Units shall contribute, as a group, two-thirds (66.67%) of all other Common Expenses incurred by the Association, and (5) the Owners of the Residential Units shall contribute, as a group, the balance 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. The share of Common Expenses allocable to the Commercial Units shall be divided among the Commercial Units in proportion to the respective floor areas of the Commercial Units that have been developed from time to time, and the share of the Common Expenses allocable to the Residential Units shall be divided among the Residential Units in seven (7) equal percentage shares (14.2857% per Residential Unit). Due dates for payment of such Common Expenses shall be established by the Association and shall be collected at least monthly. The Bylaws grant the Association the right to impose additional monthly assessments for Units that require extra utility services, such as Units with gas grills.

Assessments for all Units shall begin as of the date of the first conveyance of a Unit to an Owner other than Declarant.

With respect to Units owned by it, Declarant's obligations to pay assessments for Common Expenses may be satisfied in the form of cash payments to the Association or "in kind" contributions of services that would otherwise be included within Common Expenses, or a combination of these.

Section 10.3 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 the same proportion as their respective shares of Common Expenses, as provided in Section 10.2; 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 11.6, 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 proportion to their respective shares of Common Expenses.

ARTICLE XI.

INSURANCE

Section 11.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance on the Building (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Building 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 and Mortgagees; 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 11.2 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 11.3 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, or the amount required by any Mortgagee, whichever is greater.

Section 11.4 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 11.5 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.

Section 11.6 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 XII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,

a) 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;

b) 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

c) 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 11.7 Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force additional fire and casualty and extended coverage insurance upon his personal property, public liability insurance, and such other insurance coverage as he may desire. Each Owner shall obtain and maintain public liability insurance coverage in the amount of at least \$100,000.00 for bodily injury, including deaths of persons and property damage, arising out of a single occurrence. Each Owner shall file a copy of each such individual policy with the Association within thirty (30) days after purchase.

ARTICLE XII.

DUTY TO REPAIR OR RECONSTRUCT

Section 12.1 Reconstruction and Repair. In the event of damage to or destruction of the Building as a result of fire or other casualty, the Association shall arrange for the prompt restoration and replacement of the Building unless: (a) the Condominium is terminated in accordance with the provisions of Article XV below, or (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (c) 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 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 11.6(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 Plans. 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.G.S. §47C-1-107(a).

Section 12.2 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 Plans, 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.G.S. §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 XIII.

UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, and occupants 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 XIV.

AMENDMENT TO AND SUPPLEMENT OF DECLARATION

Except as is otherwise specifically authorized herein, this Declaration may be amended only by the vote not less than sixty-seven percent (67%) of the Owners of Residential Units, not less than sixty-seven percent (67%) of the Owners of Commercial Units, and not less than fifty-one percent (51%) of the Mortgagees, 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 XIV, shall require the written approval of all Owners, together with the consent of all their respective Mortgagees. 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 Orange County, North Carolina. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the written consent of such Mortgagee. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant.

ARTICLE XV.

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, and not less than eighty percent (80%) of the Mortgagees, 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 and Mortgagees. The termination shall comply with the requirements of N.C.G.S. §47C-2-118, and must be recorded in the Office of the Register of Deeds for Orange County before it becomes effective. Following the recordation of the termination agreement, the interests of the Owners and Mortgagees in the Property shall be as provided in N.C.G.S. §47C-2-118.

ARTICLE XVI.

MORTGAGEE PROTECTION

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

Section 16.2 Percentage of Mortgagees. Wherever in the Condominium Documents the approval or consent of a specified percentage of Mortgagees is required, it shall mean the approval or consent of Mortgagees holding Mortgages on Units which have allocated to them that specified percentage of votes in the Association, as compared to the total votes in the Association allocated to all Units then subject to Mortgages held by Mortgagees.

Section 16.3 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. The financial statement and report shall be audited by an independent certified public accountant.

Section 16.4 Mortgagee's Rights to Notice. Any Mortgagee (including, for purposes of this Section 16.4, 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 sixty (60) 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 16.5 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 16.5 shall be effective without notice to all Mortgagees, as required by Section 16.4, the vote of at least sixty-seven percent (67%) of the Owners of Residential Units (or any greater percentage required by the terms of the Condominium Documents), the vote of at least sixty-seven percent (67%) of the Owners of Commercial Units (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) 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) 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 16.6 Other Mortgagee Rights. Notwithstanding any other provision of this Declaration or the Bylaws, the Association may not change the period for collection of regularly budgeted Common Expenses to other than monthly without the consent of all Mortgagees. Any representative of a Mortgagee may attend and address any meeting that an Owner may attend.

Section 16.7 Enforcement. The provisions of this Article XVI are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

ARTICLE XVII.

CONDEMNATION

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

ARTICLE XVIII.

MISCELLANEOUS PROVISIONS

Section 18.1 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this

Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

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

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

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

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

ARTICLE XIX.

ENFORCEMENT; ARBITRATION

Section 19.1 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 19.2 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 19.3 Arbitration. Each Owner, by accepting a deed to a Unit, agrees that any unresolved matter between one or more Owners, between one or more Owners and Declarant, or between one or more Owners and the Executive Board or the Association, shall be submitted to binding arbitration pursuant to the North Carolina Uniform Arbitration Act, as set forth in N.C.G.S. §1-567.1 et seq., and 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.

ARTICLE XX.

20050509000154600 DECL
Bk:RB3740 Pg:144
05/09/2005 10:22:02AM 27/54

CONSENT OF MORTGAGEES

The Land and the Building are encumbered by a Deed of Trust and Security Agreement dated January 20, 2004 executed and delivered by Declarant to John W. Beddow, as Trustee for First Indiana Bank, N.A. (the "Construction Lender"), and recorded in Book 3322 at Page 374 in the Orange County Public Registry. A consent of mortgagee executed by the Construction Lender and its trustee, consenting to the execution and recordation of this Declaration, are attached to and made a part of this Declaration.

The Land and the Building are also currently encumbered by the lien of a Deed of Trust and Security Agreement dated May 30, 2002, executed and delivered by Declarant to Kenneth J. Abner ("Abner"), as Trustee for Hunter Real Estate Capital Group, L.L.C. ("Hunter") and Christopher J. Branch ("Branch") and recorded in Book 2608 at Page 473 in the Orange County Public Registry. The Deed of Trust was amended and subordinated pursuant to a First Amendment to and Subordination of Deed of Trust and Security Agreement dated January 20, 2004 and recorded in Book 3322 at Page 402 in the Orange County Public Registry. A Consent of Mortgagee executed by Hunter, Branch and Abner consenting to the execution and recordation of this Declaration, is attached to and made a part of this Declaration.

[The remainder of this page is left blank intentionally.]

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

THE BOULEVARD AT 605 WEST MAIN LLC,
a North Carolina limited liability company

By: 
Christopher J. Branch, Manager

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Patricia B. Mathews, a Notary Public for said County and State, do hereby certify that Christopher J. Branch, Manager of **THE BOULEVARD AT 605 WEST MAIN LLC**, a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the limited liability company.

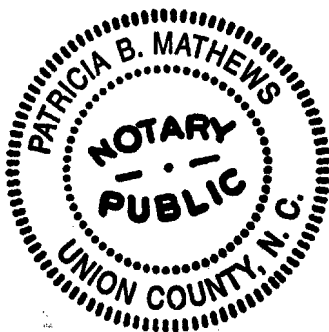
WITNESS my hand and official seal, this the 1 day of April, 2005.

Patricia B. Mathews
Notary Public

My commission expires:

5/22/06

[NOTARIAL SEAL]

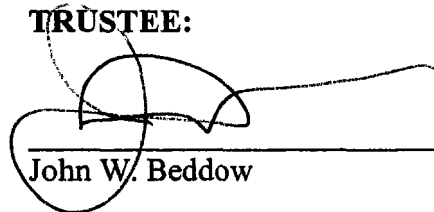


CONSENT OF MORTGAGEE

**ATTACHED TO DECLARATION OF CONDOMINIUM
FOR 605 WEST MAIN CONDOMINIUM**

FIRST INDIANA BANK, N.A., being the Beneficiary under that certain Deed of Trust from Declarant to John W. Beddow, Trustee, recorded in Book 3322 at Page 374 in the Orange County, North Carolina Public Registry, conveying the property described on Exhibit A attached to this Declaration, do hereby consent to the recordation of this Declaration and the imposition of the provisions hereof and the provisions of the North Carolina Condominium Act to the real property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between the Beneficiary and Declarant the relationship of partnership or of joint venture, nor shall it be deemed to impose upon the Beneficiary any of the liabilities, duties or obligations of Declarant under the Declaration. Beneficiary executes this Consent of Mortgagee solely for the purposes set forth above. The Trustee also joins in and executes this Consent as Trustee for the purposes set forth above.

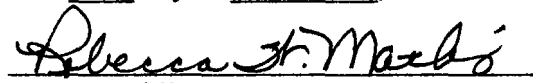
TRUSTEE:

 (SEAL)
John W. Beddow

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, REBECCA W. MATHIS, a Notary Public in and for said County and State, do hereby certify that John W. Beddow, trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

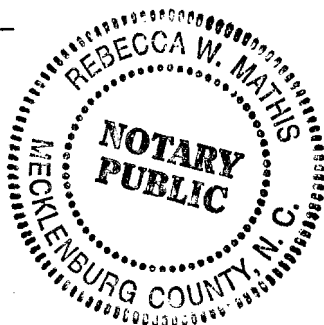
WITNESS my hand and notarial seal this 4th day of APRIL, 2005.


Notary Public

My commission expires:

6-24-06

[NOTARIAL SEAL]



BENEFICIARY:

FIRST INDIANA BANK, N.A.

[Corporate Seal]

By: [Signature]
Vice President

ATTEST:

Mervin E. Mallock
Secretary Vice President

STATE OF INDIANA
COUNTY OF MARION

This 1st day of April, 2005, personally came before me Robert D. Green, Jr., who, being by me duly sworn, says that he is the Vice President of First Indiana Bank, N.A., a national banking association, ~~and that the seal affixed to the foregoing instrument in writing is the corporate seal of the bank,~~ and that said writing was signed ~~and sealed~~ by him, in behalf of said bank, by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said bank.

Heather Johnson
Notary Public

My commission expires:

10-19-06

[NOTARIAL SEAL]



HEATHER JOHNSON
Res. of Johnson Co.
Comm. Exp. 10-19-06

CONSENT OF MORTGAGEE

ATTACHED TO DECLARATION OF CONDOMINIUM
FOR 605 WEST MAIN CONDOMINIUM

Hunter Real Estate Capital Group L.L.C. and Christopher J. Branch, being the Beneficiaries under that certain Deed of Trust from Declarant to Kenneth J. Abner, Trustee, recorded in Book 2608 at Page 473 of the Orange County, North Carolina Public Registry, as amended and subordinated pursuant to that certain First Amendment to and Subordination of Deed of Trust and Security Agreement recorded in Book 3322 at Page 402 of the Orange County, North Carolina Public Registry, conveying the property described on Exhibit A attached to this Declaration, does consent to the recordation of this Declaration and the imposition of the provisions hereof and the provisions of the North Carolina Condominium Act to the real property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiaries shall not be deemed or construed to have the effect of creating between the Beneficiaries and Declarant the relationship of partnership or of joint venture, nor shall it be deemed to impose upon the Beneficiaries any of the liabilities, duties or obligations of the Declarant under the Declaration. Beneficiaries executes this Consent of Mortgagee solely for the purposes set forth above. The Trustee also joins in and executes this Consent as Trustee for the purposes set forth above.

TRUSTEE:

Kenn J Abner (SEAL)
Kenneth J. Abner

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

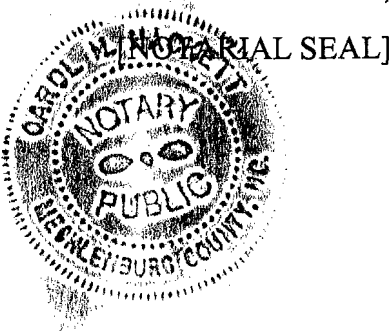
I, Carol H. Shacklett, a Notary Public in and for said County and State, do hereby certify that Kenneth J. Abner, trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 4th day of April, 2005.

Carol H. Shacklett
Notary Public

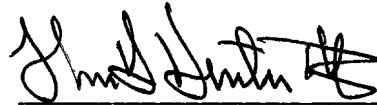
My commission expires:

Dec. 22, 2007



BENEFICIARIES:

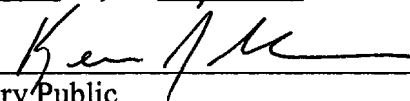
HUNTER REAL ESTATE CAPITAL GROUP
L.L.C.

By:  (SEAL)
Thomas H. Hunter, III, Manager

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, Kenneth J. Abner, a Notary Public in and for said County
and State, do hereby certify that Thomas H. Hunter, III, manager of Hunter Real Estate Capital
Group L.L.C., personally appeared before me this day and acknowledged the due execution of
the foregoing instrument.

WITNESS my hand and notarial seal this 1 day of April, 2005.


Notary Public

My commission expires:

12-14-2007

[NOTARIAL SEAL]





(SEAL)

Christopher J. Branch

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, Patricia B. Mathews, a Notary Public in and for said County and State, do hereby certify that Christopher J. Branch personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

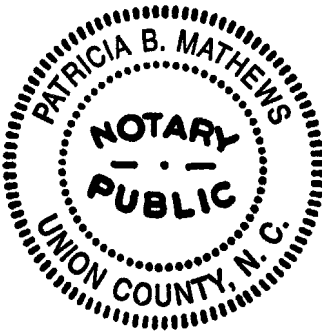
WITNESS my hand and notarial seal this 1 day of April, 2005.

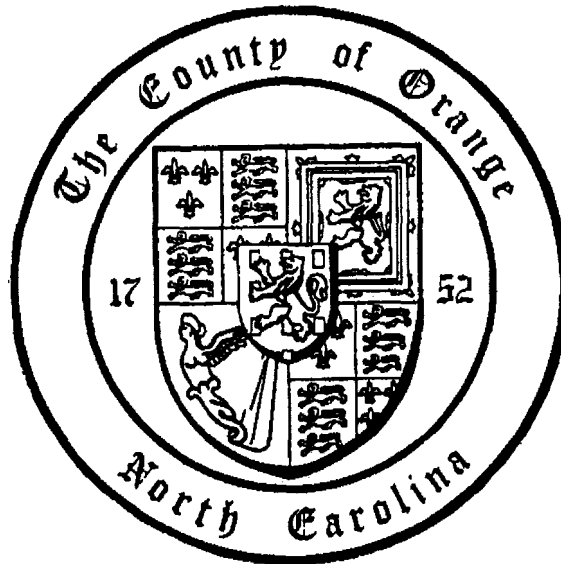
Patricia B. Mathews
Notary Public

My commission expires:

5/22/06

[NOTARIAL SEAL]





20050509000154600 DECL
Bk:RB3740 Pg:151
05/09/2005 10:22:02AM 34/54

Joyce H. Pearson
Register of Deeds
Orange County
North Carolina

State of North Carolina, County of Orange

The foregoing certificate(s) of CAROL H. HACKETT, NOTARY PUBLIC, HEATHER JOHNSON, NOTARY PUBLIC, KENNETH J. ABNER, NOTARY PUBLIC, PATRICIA B. MATHEWS, NOTARY PUBLIC, REBECCA W. MATHIS, NOTARY PUBLIC for the Designated Governmental units is/are certified to be correct. See filing certificate herein.

This day May 9, 2005.

Joyce H. Pearson, Register of Deeds

BY: Heather Benadeum
Deputy / ~~Assistant~~ Register of Deeds

EXHIBIT A

20050509000154600 DECL
Bk:RB3740 Pg:152
05/09/2005 10:22:02AM 35/54

LEGAL DESCRIPTION

Being all of that certain property located in the Township of Carrboro, Orange County, North Carolina and being more particularly described as follows:

Being all of Lot 1 as shown on that certain plat entitled "Recombination Plat Basnight Property" by Phillip Post & Associates dated September 1, 2000, recorded in Plat Book 86 at Page 173 in the Orange County Public Registry.

EXHIBIT B

To Declaration of Condominium for 605 West Main Condominium

SCHEDULE OF UNITS AND COMMON ELEMENTS INTERESTS

The following is a schedule of the number and types of units available at the Condominium, the heated square footage of each type of unit, and the undivided percentage interest in the common elements allocated to each unit:

RESIDENTIAL UNITS:

<u>Unit</u>	<u>Number Available</u>	<u>Heated Square Feet</u>	<u>% Interest</u>
A	1	970	4.36%
B	1	975	4.38%
C	1	987	4.43%
D	1	930	4.18%
E	1	1,175	5.28%
F	1	1,197	5.38%
G	1	1,185	5.32%
TOTALS	7	7,419	33.33%

COMMERCIAL UNITS:

<u>Unit</u>	<u>Number Available</u>	<u>Heated Square Feet</u>	<u>% Interest</u>
108	1	1,077	5.61%
108a	1	716	3.73%
109	1	1,071	5.58%
110	1	716	3.73%
110a	1	675	3.52%
110b	1	620	3.23%
111	1	517	2.69%
112	1	482	2.51%
113	1	521	2.71%
208	1	1,090	5.68%
209	1	1,072	5.58%
210	1	704	3.67%
211	1	644	3.35%
212	1	704	3.67%
213	1	871	4.54%
214	1	1,317	6.86%
TOTALS	16	12,797	66.67%

EXHIBIT C

To Declaration of Condominium for 605 West Main Condominium

BYLAWS OF 605 WEST MAIN CONDOMINIUM OWNERS ASSOCIATION, INC.

Section 1

Definitions

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Declaration of Condominium for 605 West Main Condominium, recorded in the Office of the Register of Deeds for Orange County, North Carolina, to which a copy of these Bylaws is attached as Exhibit C.

Section 2

Administration of Condominium

Section 2.1 Authority and Responsibility: Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating and managing the Common Elements.

Section 2.2 Official Action: Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Condominium Documents or these Bylaws. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the North Carolina Condominium Act.

Section 3

Offices - Seal - Fiscal Year

Section 3.1 Principal Office and Registered Office: The initial principal office and registered office of the Association shall be located at 200 West 10th Street, Charlotte, Mecklenburg County, North Carolina 28202.

Section 3.2 Other Offices: The Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Association may require.

Section 3.3 Seal: The seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Executive Board.

Section 3.4 Fiscal Year: The fiscal year of the Association shall be the calendar year.

Section 4

Membership

Section 4.1 Qualification: Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from Unit ownership.

Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Office of the Register of Deeds of Orange County of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2 Place of Meetings: All meetings of the membership shall be held at a place in Orange County, North Carolina designated by the Executive Board.

Section 4.3 Annual Meetings: A meeting of the Association shall be held at least once each year. The first Annual Meeting of the Association shall be held on the date and hour designated by Declarant. Thereafter, the Annual Meeting of the Association shall be held on the second Monday in February of each year at 8:00 p.m., Eastern Standard Time. If the second Monday in February shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Executive Board shall be elected in accordance with Section of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4 Substitute Annual Meetings: If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5 Special Meetings: After the first Annual Meeting of the Members, special Meetings of the Members may be called at any time by the President; by not less than twenty percent (20%) of all Owners; or by not less than fifty-one percent (51%) of the Executive Board

members. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6 Notices of Meetings: Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given upon deposit in the mail depository of each Unit.

Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of the subject Unit.

The notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 4.7 Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast sixty percent (60%) of the votes which may be cast for election of the Executive Board shall, constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.8 Voting Rights: The total number of votes of the Association Membership shall be twenty (20). Each Owner of a Residential Unit shall be entitled to one (1) vote, and the Owners of the Commercial Units, as a group, shall be entitled to thirteen (13) votes, allocated among the Commercial Units in existence from time to time in accordance with the relative square footages of the Commercial Units. If fee simple title to any Unit is owned of record by more than one person or entity, all such persons or entities shall be Members of the Association, but the vote with respect to any such jointly owned Unit shall be cast as hereinafter provided.

If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the vote with respect to any such jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast the votes allocated to the Unit. If more than one of the joint Owners vote or more than one life estate holder in a Unit vote, the unanimous action of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the votes allocated to the particular Unit.

Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the vote which may cast with respect to any Unit be divided among joint Owners of the Unit or cast in any manner other than as a whole, it being the intention of this Section 4.8 that there be no "splitting" of votes that may be cast by any Member or Members.

Section 4.9 Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Association.

All of the above provisions concerning voting by joint Owners shall apply to the vote cast for any one Unit by two or more proxy holders.

Section 4.10 Majority-Vote: The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a different percentage vote is stipulated by these Bylaws, the Declaration, the Articles of Incorporation of the Association, or the North Carolina Condominium Act.

Section 4.11 Actions Without Meeting: Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

Section 5

Executive Board

Section 5.1 General Powers: The business and affairs of the Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to Section 6 of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Executive Board members. The Executive Board may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 5.2 Number, Term and Qualification: The initial Executive Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Association. During the Declarant Control Period, the Executive Board shall have three (3) members, and Declarant may appoint and remove members of the Executive Board; subject, however to the limitations contained in Section 9.3 of the Declaration. Prior to the expiration of the Declarant Control Period, the Members shall elect five (5) Board

members, each to serve for a term of one (1) year, and thereafter the Executive Board shall have five (5) members. Board members may succeed themselves in office.

Section 5.3 Election of Board Members: The election of all Board members shall be by ballot. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.4 Removal: Any Executive Board member, other than a member appointed by Declarant, may be removed from the Executive Board, with or without cause, by a vote of at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and entitled to vote at any meeting of the Membership at which a quorum is present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Executive Board members are so removed, their successors as Executive Board members may be elected by the membership at the same meeting to fill the unexpired terms of the Executive Board members so removed.

Section 5.5 Vacancies: A vacancy occurring in the Executive Board may only be filled by a majority of the remaining Executive Board members, though less than a quorum, or by the sole remaining Executive Board member; but a vacancy created by an increase in the authorized number of Executive Board members shall be filled only by election at an Annual or substitute Annual Meeting or at a Special Meeting of Members called for that purpose or by unanimous consent of the Members without meeting. The Members may elect an Executive Board member at any time to fill any vacancy not filled by the Executive Board members. As indicated in Section 5.5, the Membership shall have the first right to fill any vacancy created by the Membership's removal of an Executive Board member.

Section 5.6 Chairman: A member of the Executive Board shall be elected as Chairman of the Executive Board by the Board members at the first meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Executive Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President shall preside.

Section 5.7 Compensation: No Member of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however, each Board member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Board from compensating a Board member for unusual and extraordinary services rendered on the basis of quantum meruit. Further provided, each Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 5.8 Loans to Board Members and Officers: No loans shall be made by the Association to its Board members or officers. The Board members who vote for or assent to the making of a loan to a Board member or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.9 Liability of Board Members: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Board member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as a Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10 Meetings of the Executive Board:

A. Regular Meetings: Regular Meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. Special Meetings: Special Meetings shall be held when called by the President of the Association, or by any board member, after not less than three (3) or more than thirty (30) days written notice to each Board member.

C. Notices of Special Meetings: The notice provided for herein may be waived by written instrument signed by those Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Board members' special meeting need not be stated in the notice. Notices shall be deemed received upon the happening of any one of the following events: (1) one day following deposit of same in the United States mail with proper postage paid and addressed to the Board member at his last known address on file with the Association; (2) deposit of same in his Unit mail box; (3) delivery to the Board member. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Board member gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place: All Board meetings shall be held in Orange County, North Carolina.

E. Quorum: A majority of the Board members then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.11 Action Without Meeting: The Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Board members. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.12 Presumption of Assent: A Board member who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the

minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board member who voted in favor of such action.

Section 5.13 Powers and Duties: The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium except such powers and duties as by law or by the condominium Documents may not be delegated by the Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

A. Operation, care, upkeep and maintenance of the Common Elements to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;

B. Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium and collection of the Common Expenses from the Owners, as provided in the Condominium Documents;

C. Employment and dismissal of personnel (including without limitation the Independent Manager) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;

D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Elements;

E. Opening of bank accounts on behalf of the Association and designating the signatories required therefor;

F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;

G. Keeping detailed, accurate records of the receipts and expenditures of the Association; obtaining annual audits of the financial records of the Association from the Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Owners or their duly authorized agents or attorneys, at convenient hours on working days;

H. Keeping a complete record of the minutes of all meetings of the Board and Membership in which minute book shall be inserted actions taken by the Board and/or Members by consent without meeting;

I. Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed;

J. Enforcing, on behalf of the Association, the obligations and assessments provided in the Declaration, including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. §47C-3-116, the imposition of changes for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) for violations of the Declaration, Bylaws and rules and regulations of the Association;

K. Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements;

M. Paying all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair;

P. Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by either the Treasurer or the Assistant Treasurer of the Association, and countersigned by any Board member;

R. Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor; and

S. Exercising any other powers and duties reserved to the Association exercisable by the Executive Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Condominium Act.

Section 5.14 Independent Manager: The Executive Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the condominium. the Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as "Independent Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. The Independent Manager's contract shall be for a term not to exceed three (3) years, renewable by agreement between the Executive Board and such Independent Manager for successive one-year terms; provided, however, that any such contract shall provide that it is terminable by the Association, with or without cause, upon not more than ninety (90) days' prior written notice and without payment of any penalty, and any such contract entered into during the Declarant Control Period also shall be terminable as required by N.C.G.S. §47C-3-105. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Section 6

Committees

Section 6.1 Creation: The Executive Board, by resolutions adopted by a majority of the number of Board members then holding office, may create such committees as they deem necessary and appropriate in aiding the Executive Board to carry out its duties and responsibilities with respect to the management of the Condominium. Each committee so created shall have such authorities and responsibilities as the Board members deem appropriate and as set forth in the resolutions creating such committee. The Executive Board shall elect the members of each such committee. Provided, each committee shall have in its membership at least one (1) member of the Executive Board.

Section 6.2 Vacancy: Any vacancy occurring on a committee shall be filled by a majority of the number of Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.3 Removal: Any member of a committee may be removed at any time with or without cause by a majority of the number of Board members then holding office.

Section 6.4 Minutes: Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 6.5 Responsibility of Board Members: The designation of committees and the delegation thereto of authority shall not operate to relieve the Executive Board or any member thereof of any responsibility or liability imposed upon it or him by law.

If action taken by a committee is not thereafter formally considered by the Board, a Board member may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

Section 7

Officers

Section 7.1 Enumeration of Officers: The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Executive Board may from time to time elect. Except for the President, no officer need be a member of the Executive Board.

Section 7.2 Election and Term: The officers of the Association shall be elected annually by the Executive Board. Such elections shall be held at the first meeting of the board next following the Annual or Substitute Annual Meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 7.3 Removal: Any officer elected or appointed by the Executive Board may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 7.4 Vacancy: A vacancy in any office may be filled by the election by the Executive Board of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remaining term of the officer he replaces.

Section 7.5 Multiple Offices: The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person. Any officer may also be a member of the Executive Board.

Section 7.6 President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected Chairman, he shall also preside at all meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and he shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 7.7 Vice Presidents: The Vice Presidents in the order of their election, unless otherwise determined by the Executive Board shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 7.8 Secretary: The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.9 Treasurer: The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign promissory notes of the Association; he shall prepare a proposed annual budget (to be approved by the Board) and the other reports to be furnished to the Members as required in the Declaration. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.10 Assistant Secretaries and Treasurers: The Assistant Secretaries and Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Executive Board.

Section 7.11 Compensation: Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to the offices held by such officers. The Executive Board may, however, compensate any officer or officers who render unusual and extraordinary services to the Association beyond that called for to be rendered by such person or persons on a regular basis. Each officer, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 7.12 Indemnification: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each officer is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 8.

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Operation of the Property

Section 8.1 Determination of Common Expenses and Fixing of the Common Charges:

The Executive Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Condominium, and allocate and assess such proposed Common Expenses among the Owners in the manner provided in Article X of the Declaration, all in accordance with the procedure set forth in this Section 8, but subject to the limitations set forth in Article XVI of the Declaration. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration. The Common Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium; an amount for a general operating reserve; an amount for a reserve fund for losses due to insurance deductibles; an amount for a reserve fund for repair and replacement of the Common Elements; and such amounts as may be necessary to make up any deficit in the Common Expenses for any prior year.

Within thirty (30) days after adoption of any proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of these Bylaws, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified unless at that Meeting a majority of all the Owners present and entitled to cast a vote reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

The Association, acting through the Executive Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property; provided, however, that any such special assessment must be approved by the vote of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws.

The Declarant, as the agent of the Association, shall collect from each initial purchaser of a Unit at the time of closing an "initial capital assessment" equal to twice the estimated monthly assessment for Common Expenses. Such funds shall not be considered advance payments of assessments. The Declarant will deliver the funds so collected to the Association to provide the necessary working capital for the Association. In addition, upon the expiration of the Declarant Control Period, the Declarant shall forward to the Association a contribution to the working capital fund, in the amount specified above, for each unsold Unit in the Condominium held by

Declarant, and in that event, Declarant shall be entitled to retain as a reimbursement the working capital contributions ultimately made by the initial purchasers of such Units. Such funds may be used for certain prepaid items, initial equipment and supplies, organizational expenses and other start-up costs, and for such other purposes as the Executive Board may determine. Except for the permitted reimbursement of prepaid contributions referred to above, the Declarant may not use the working capital fund to defray any of the Declarant's expenses, reserve contributions, or construction costs, or to make up any budget deficits of the Association during the Declarant Control Period.

Section 8.2 Payment of Common Expenses: All Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 8.1 hereof at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 8.3 Collection of Assessments: The Executive Board shall assess Common Expenses against the Units from time to time and at least monthly in accordance with the allocations set forth in the Declaration. The Executive Board shall take prompt action to collect any Common Expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Executive Board shall notify the holder of the Mortgage on any Unit (of which it has notice) for which any Common Expenses assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.4 Default in Payment of Common Expenses; Remedies: In the event of default by any Owner in paying to the Executive Board the Common Expenses as determined by the Board, such Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the rate of eighteen percent (18%) per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Executive Board in any proceeding brought to collect such unpaid Common Expenses. In addition, the Board shall have the authority to levy a late charge on any assessment not paid within fifteen (15) days after its due date, in the amount of four percent (4%) of the overdue assessment.

The Executive Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Owner, or by foreclosure of the lien on such Unit in like manner as a

deed of trust or mortgage of real property. The Executive Board shall also have the right to impose uniform late payment charges for delinquent Common Expense payments, which charges shall be recoverable by the proceedings specified above.

In the event of the failure of an Owner to pay any assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such assessment or installment thereof shall become due, in addition to the other remedies available under the Condominium Documents and the North Carolina Condominium Act, the Executive Board shall have the right to declare all other Common Expense assessments, and installments thereof, with respect to such Owner's Unit that are to fall due during the then current fiscal year of the Association to be immediately due and payable.

Section 8.5 Lien and Personal Obligations: All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit and (ii) all sums unpaid on Mortgages and other liens and encumbrances duly recorded against the Unit prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Orange County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied.

The lien for unpaid assessments shall not be affected by the sale or transfer of the Unit, except in the case of a foreclosure of a Mortgage, in which event the purchaser at foreclosure shall not be liable for any assessments against such Unit that became due prior to the date of acquisition of title by such purchaser. Such unpaid assessments shall be deemed Common Expenses collectible from all Owners of Units, including the purchaser at foreclosure. In addition, each Owner shall be personally liable for any assessment against his Unit. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his Unit.

Section 8.6 Foreclosure of Liens for Unpaid Common Expenses: In any action brought by the Executive Board to foreclose on a Unit because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.7 Abatement and Enjoyment of Violations by Owners: The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in the Declaration, these Bylaws or at law or in equity: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be

deemed guilty in any manner of trespass; provided, however, that the Executive Board shall be obligated to institute judicial proceedings before any item of construction can be altered or demolished; (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner; and/or (c) after notice and opportunity to be heard, to levy reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00).

Section 8.8 Maintenance and Repair: (a) Except as is specifically provided in the Declaration, all maintenance and any repairs to any Unit and the Limited Common Elements allocated thereto, whether ordinary or extraordinary, shall be made by the Owner of such Unit. Each Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) except as is specifically provided in the Declaration, all maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Board; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Executive Board to the extent the Executive Board receives insurance proceeds for such repairs.

Section 8.9 Additions, Alterations or Improvements by Owners: No Owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change in the exterior appearance thereof, except in accordance with N.C.G.S. §47C-2-111 and in accordance with the terms of the Declaration.

Section 8.10 Use of Common Elements: An Owner shall not interfere with the use of the Common Elements by the remaining Owners and their employees and invitees.

Section 8.11 Right of Access: An Owner shall grant a right of access to his Unit and the Limited Common Elements appurtenant thereto to the Independent Manager and/or any other person authorized by the Executive Board or the Independent Manager for the purpose of making inspections, or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 8.12 Rules of Conduct: Rules and regulations concerning the use of the Units and the Common Elements shall be promulgated and amended by the Board with the approval of a majority of Owners. Copies of such rules and regulations shall be furnished by the Board to each Owner prior to the time when the same shall become effective.

Section 8.13 Common Expenses for Utilities: Any utilities which may be provided to the Units through a single or common meter or facility, and utilities furnished to any portion of the Common Elements, shall be paid by each Owner as and when billed according to the extent of such Owner's use or, at the option of the Board, such may be paid by the Board and assessed against the Units as a Common Expense. The Executive Board shall have the right to levy a fixed additional monthly assessment against classes of Units that will consume disproportionate shares of certain utilities, including, by way of illustration, all Units with gas fireplaces or gas grills.

Section 9

Amendments

Subject to the provisions of Article XVI of the Declaration, these Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Owners holding at least sixty-seven percent (67%) of the votes in the Association, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Orange County, North Carolina. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in the Condominium Documents, no amendment of these Bylaws shall be made unless and until the Owners holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of such Mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant.

Section 10

Miscellaneous

Section 10.1 Severability: Invalidation of any covenant, condition, restriction or other provisions of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.2 Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or hereafter acquire any interest in the Property.

Section 10.3 Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 10.4 Nonprofit Corporation: No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these Bylaws.

EXHIBIT D

To Declaration of Condominium for 605 West Main Condominium

ALLOCATION OF RESIDENTIAL PARKING SPACES

Seven (7) of the parking spaces located on the ground level of the Building are allocated to the Residential Units (the "Residential Parking Spaces"). Those Residential Parking Spaces are numbered A through G on the attached plans of the parking areas for the Property. Each such Residential Parking Space is allocated to the Residential Unit reflected on the table below:

RESIDENTIAL UNIT	PARKING SPACE
A	A
B	B
C	C
D	D
E	E
F	F
G	G