Prepared by: Jordan Price Wall Gray Jones & Carlton
Hold After recording for: Jordan Price Wall Gray Jones & Carlton #39

Wake County,NC 471
Laura M Riddick, Register Of Deeds
Presented & Recorded 07/13/1999 14:05:59
Book : 008359 Page : 02217 - 02760

DECLARATION OF CONDOMINIUM
OF
PRESTON CREEKSIDE CONDOMINIUM

ARTLAN HOLDINGS, LLC, a North Carolina limited liability corporation (hereinafter "Declarant) with an office in Cary, North Carolina, hereby declares as follows:

CONDO PLAT NUMBER
CM 1999 Page 222 A1-A7

Wake County,NC 708
Laura M Riddick, Register Of Deeds
Presented & Recorded 08/31/1999 13:05:23
Book : 008404 Page : 01546 - 01590

ARTICLE I

SUBMISSION OF PROPERTY

Declarant submits the Property located in the Town of Morrisville, Wake County, North Carolina as described in Exhibit A, to the provisions of the North Carolina Condominium Act, N.C.G.S. §§ 47C-1-101 *et seq.*, for the purpose of creating Preston Creekside Condominium.

ARTICLE II

DEFINITIONS

In this Declaration, the following words and phrases have the meanings shown here:

Section 2.1 – "Act" – The North Carolina Condominium Act, N.C.G.S. §§ 47C-1-101, *et seq.*

Section 2.2 – "Allocated Interests" – The undivided interest in the Common Elements, the Common Expense liability, and Votes in the Association, allocated to the Units in the Condominium. The Allocated Interests are described in Article VIII of this Declaration and shown on Exhibit B.

Section 2.3 – "Association" – Preston Creekside Condominium Association, is a nonprofit corporation organized under the laws of the State of North Carolina. It is the Association of all Unit Owners formed pursuant to N.C.G.S. § 47C-3-101, *et seq.* Pursuant to N.C.G.S. § 47C-3-107, the Association is responsible for the maintenance, repair and replacement of the common elements, and each Unit Owner is responsible for the maintenance repair and replacement of the Unit Owner's Unit.

Section 2.4 – "Bylaws" – of the Association. The Bylaws of the Association as shown on Exhibit C, and as they may be amended from time to time.

Section 2.5 – "Common Elements" – All portions of the Condominium other than the Units.

Section 2.6 – "Common Expenses" –

(a) Expenses of administration, maintenance, repair or replacement of the Common Elements;

(b) Expenses declared to be Common Expenses by the Instruments or by the Act;

THIS DOCUMENT IS BEING RE-RECORDED TO INCLUDE THE CONDOMINIUM PLAT NUMBER. Henry W Jones Jr.

(c) Expenses agreed upon as Common Expenses by the Association; and

(d) Reasonable reserves, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

Section 2.7 – "Declarant" – Artlan Holdings, LLC, a North Carolina limited liability corporation, or its successor and assigns to which such status, in whole or in part, has been assigned.

Section 2.8 – "Declaration" – This document, including any amendments.

Section 2.9 – "Development Rights" – The rights reserved by the Declarant under Article VII of this Declaration.

Section 2.10 – "Director"– A member of the Executive Board.

Section 2.11 – "Eligible Mortgagee" – A mortgagee given certain rights to receive notice, approve amendments and take the actions provided in Article XVII of the Declaration.

Section 2.12 – "Executive Board" – The board of directors of the Association pursuant to N.C.G.S. § 47C-3-103.

Section 2.13 – "Improvements" – Any construction or facilities existing or to be constructed on the land included in the Condominium, such as buildings, paving, utility wires, pipes, landscaping and light poles.

Section 2.14 – "Instruments" – The Declaration, Survey and Plans recorded and filed pursuant to the provisions of the Act, and the Bylaws. Any exhibit, schedule or certification accompanying an Instrument is a part of that Instrument.

Section 2.15 – "Limited Common Elements" – A portion of the Common Elements allocated by the Declaration or by the operation of N.C.G.S. § 47C-2-102(2) or (4) for the exclusive use of one or more but fewer than all of the Units. The Limited Common Elements in this Condominium are described in Article VI of this Declaration.

Section 2.16 – "Manager" – A person, firm or corporation employed or engaged to perform management services for the Condominium and the Association.

Section 2.17 – "Person" – An individual, corporation, business trust, estate, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

Section 2.18 – "Plans" – The plans filed or to be filed in conjunction with this Declaration in the Office of the Wake County Register of Deeds.

Section 2.19 – "Property" The land, all Improvements, easements, rights and appurtenances,

which have been submitted to the provisions of the Act by this Declaration.

Section 2.20 – "Residential Units" – All Units in the Condominium.

Section 2.21 – "Rules" – Rules for the use of Units and Common Elements and for the conduct of persons within the Condominium, adopted by the Executive Board pursuant to the Bylaws.

Section 2.22 – "Security Interest" – An interest in real property or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge or an ownership interest in a Unit, and any other consensual lien or title retention contract intended as security for an obligation.

Section 2.23 – "Special Declarant Rights" – Rights reserved for the benefit of the Declarant to (A) complete improvements indicated on surveys and plans filed with the Declaration or any amendment to it; (B) exercise any Development Right; (C) maintain sales offices, management offices, signs advertising the Condominium, models and work trailers within the Common Elements, the unsold Units or any Unit leased by the Declarant; (D) use easements through the Common Elements for the purpose of making improvements within the Condominium; and (E) appoint or remove any officer of the Association or any Executive Board member during any period of Declarant control.

Section 2.24 – "Unit" – A physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 5.2.

Section 2.25 – "Unit Owner" – The Declarant or other person who owns a Unit, but the term does not include a Person holding an interest in a unit solely as security for an obligation. The Declarant is the owner of any Unit created by the Declaration until such Unit is conveyed to a Person.

Section 2.26 – "Votes" – The votes allocated to each Unit.

ARTICLE III

NAME OF CONDOMINIUM AND ASSOCIATION

Section 3.1 – "Condominium" – The name of the Condominium is Preston Creekside.

Section 3.2 – "Association" – The name of the Association is Preston Creekside Condominium Association. It is a nonprofit corporation organized under the laws of the State of North Carolina.

ARTICLE IV

DESCRIPTION OF LAND

The entire Condominium is situated in the Town of Morrisville, County of Wake, State of North Carolina. A legal description of the Condominium is found at Exhibit A.

ARTICLE V

MAXIMUM NUMBER OF UNITS; BOUNDARIES

Section 5.1 – "Number of Units" – The Condominium presently contains no units. The Declarant reserves the right to create one hundred and thirty six (136) Residential Units.

Section 5.2 – "Boundaries of Residential Units" – Boundaries of each Residential Unit created by the Declaration are shown or to be shown on the Survey and Plans as numbered Units with their identifying number and are described as follows:

(a) The unfinished surfaces of the walls, floors, windows, exterior doors and ceilings are designated as boundaries of a Residential Unit. All finished surfaces, including paint, wallpaper, tile, paneling, finished flooring (including vinyl flooring, floor tiles, carpets and carpet pads) any other materials constituting any part of the finished surfaces of the walls, floors, windows, exterior doors and ceilings are a part of the Residential Units, and all other portions of the walls, floors, windows, exterior doors and ceilings are a part of the Common Elements.

(b) Inclusions: Each Residential Unit shall include the spaces and Improvements lying within the boundaries described in Subsection (a) above, and shall also contain any pipes, wires, ducts and conduits situated in the perimeter walls of the Residential Unit serving only that Residential Unit.

(c) Exclusions: Except when specifically included by other provisions of Subsection (b), the following are excluded from each Residential Unit: The spaces and Improvements lying outside of the boundaries described in Subsection (a) above; and all chutes, pipes, flues, ducts, wires, conduits, and other facilities running through any interior wall or partition for the purpose of furnishing utility and similar services to other Units or Common Elements or both.

(d) Inconsistency with Survey and Plan: If this definition of the Residential Units is inconsistent with the Survey and Plans, then this definition shall control.

ARTICLE VI

LIMITED COMMON ELEMENTS

Section 6.1 – "Limited Common Elements" – The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If any chute, flue, duct, wire, 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 is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

(b) Any doorsteps, stoops, balconies, exterior lighting fixtures serving only one Unit, or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

(c) Walks, the use of which is limited to the Units which they serve, as shown on the Plans.

(d) Parking spaces in surface parking areas, the use of which is limited to the Units which they serve, as shown on the Plans.

(e) Any areas or Improvements shown on the Plans as being allocated to a Unit as a Limited Common Element of that Unit.

Section 6.2 – "Expenses Allocated to Limited Common Elements" Common Expenses associated with the maintenance, repair or replacement of all Limited Common Elements shall not be separately assessed, but shall be assessed against all the Units in accordance with their allocated Common Expense liability, unless otherwise provided herein.

ARTICLE VII

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 7.1 – "Reservation of Development Rights" The Declarant reserves the following Development Rights:

(a) To create Units, Common Elements, or Limited Common Elements within the Condominium;

(b) To subdivide Units or convert Units into Common Elements; and

(c) To withdraw real property from the Condominium.

Section 7.2 – "Time Limitation" – These Development Rights must be exercised within ten (10) years after the date of this Declaration.

Section 7.3 – "No Assurances of Boundaries or Order of Development" – If Development Rights are exercised with respect to different parcels of real property at different times, no assurances are given regarding the fixing of the boundaries of those portions or the order in which those portions may be subjected to the exercise of any particular Development Right.

Section 7.4 – "Development Rights Exercisable on Portion of Real Property" – If any

Development Right is exercised with respect to any portion of the real property subject to that Development Right, that Development Right need not be exercised with respect to any other portion of the remainder of that real property.

Section 7.5 – "No Other Conditions" – There are no other conditions or limitations under which the Development Rights may be exercised or will lapse.

Section 7.6 – "Special Declarant Rights" The Declarant reserves the following special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the condominium:

(a) To complete Improvements indicated on Surveys and Plans filed in the Office of the Wake County Register of Deeds.

(b) To exercise any Development Right, if any, reserved in this Declaration anywhere within the Condominium;

(c) To maintain sales offices, management offices, signs advertising the Condominiums, models and work trailers within the Common Elements, the unsold Units;

(d) To use easements through the Common Elements for the purpose of making Improvements within the Condominium;

(e) To appoint or remove any officer of the Association or any Executive Board member during any period of Declarant control;

(f) Until the sale of a Unit to a person unrelated to the Declarant, the right to lease the Unit upon terms and conditions satisfactory to Declarant, without regard to the rules relating to leasing contained in this Declaration or the Instruments.

Section 7.7 – "Models" – As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model unit or sales office.

Section 7.8 – "Construction; Declarant's Easement" – The Declarant reserves the right to perform warranty work, repairs and construction work, and to store materials in secure areas, in Units and on Common Elements and the further right to control all such work and repairs, and the right to access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant reserves in this Declaration such easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising special Declarant Rights and Development Rights, whether arising under the Act or reserved in the Declaration.

Section 7.9 – "Signs and Marketing" – The Declarant reserves the right to post signs and displays in the Common Elements to promote sales or Units, and to conduct general sales activities.

Section 7.10 – "Association or Executive Board Actions Subject to Declarant's Approval" – Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control, but in that event the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board, be approved by the Declarant before they become effective.

Section 7.11 – "Declarant's Personal Property" – The Declarant reserves the right to retain all personal property and equipment used in sales, management, construction and maintenance of the Property that has not been represented as property of the Association. The Declarant reserves the right to remove from the Property any and all goods and Improvements used in development, marketing and construction, whether or not they have become fixtures, after the sale of the last Unit.

Section 7.12 – "Declarant Control of the Association" –

(a) Subject to Subsection (b) below: There shall be a period of Declarant control of the Association during which the Declarant, or persons designated by it, may appoint and remove the officers and members of the Executive Board. The period of Declarant control terminates no later than the earlier of: (i) seventy-five (75) days after conveyance of seventy-five percent (75%) of the Units that may be created, to Unit Owners other than a Declarant; (ii) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any right to add new Units was last exercised. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of that period, but in that event the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

(b) Not later than sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Unit Owners other than a Declarant, at least one member and not less than seventy-five percent (75%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant.

(c) Except as otherwise provided in Subsection (b) above, not later than the termination of any period of Declarant control the Unit Owners shall elect an Executive Board of at least three members, at least a majority of whom shall be Unit owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

(d) Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Unit Owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant.

Section 7.13 – "Limitations on Special Declarant Rights" – Unless sooner terminated by a recorded instrument executed by the Declarant, any Special Declarant Right may be exercised by the Declarant so long as the Declarant is obligated under any warranty or obligation, owns any Units or holds any Security Interest on any Units, or for ten (10) years after recording the Declaration, whichever is sooner. Earlier termination of certain rights may occur by statute.

Section 7.14 – "Right to Lease" – So long as the Declarant is the owner of any Unit, Declarant reserves the right to lease each such Unit, from time to time, under such terms as it deems appropriate, notwithstanding any limitations on leasing contained in this Declaration or any of the Instruments.

ARTICLE VIII

ALLOCATED INTERESTS

Section 8.1 – "Allocation of Interests" – The table showing Unit numbers and their allocated interests is attached as Exhibit B. These interests have been or will be allocated in accordance with the formulas set out in this Article VIII. These formulas are to be used in reallocating interests if Units are added to the Condominium.

Section 8.2 – "Formulas for the Allocation of Interests" – The interests allocated to each Unit have been calculated according to the following: the percentage of the Undivided Interest in the Common Elements of the Condominium allocated to the Units is 100% and allocation of Undivided Interest in the Common Elements; and the percentage of the Undivided Interest in the Common Elements allocated to each Residential Unit is based on the relative size and type of the Unit. No effort has been made to distinguish between minor variations in size.

ARTICLE IX

RESTRICTIONS ON USE, ALIENATION OR OCCUPANCY

Subject to the Special Declarant Rights reserved under Article VII, the following use restrictions apply to all Units and to the Common Elements:

(1) The Units may be used only for residential purposes.

(2) The use of Common Elements is subject to the Bylaws and the Rules of the Association.

(3) All leases must be in writing and shall be subject to the terms and conditions of this Declaration and Instruments. Copies of the lease must be filed with the Association. No lease shall be for a term of less than one (1) year unless specifically approved by the Executive Board.

ARTICLE X

MANAGEMENT, MAINTENANCE, REPAIRS, REPLACEMENTS, ALTERNATIONS AND IMPROVEMENTS

Section 10.1 – "Common Elements" –

(a) By the Association – The management, replacement, maintenance, repair, alteration and improvement of the Common Elements shall be the responsibility of the Association, and subject to the provisions of Article VIII hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to Subsection (b) below. All damage caused to a unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(b) By Unit Owner – Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional act or failure to act, or the intentional acts or failure to act of any occupant or lawful visitor of his Unit. Such payment shall be made upon demand by the Association.

Section 10.2 – "Common Expenses Associated with Limited Common Elements or Benefiting Individual Units –

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred, provided, however, that routine maintenance and repair to external surfaces located within limited common areas done in conjunction with routine maintenance and repair to the building as a whole, such as painting or the entire structure, may be born as a common expense without such allocation, at the discretion of the Board.

(b) In addition, the Association may assess any Common Expense benefiting less than all of the Units against the Units benefited in proportion to their Common Expense Liability.

Section 10.3 – "Units" – Each Unit Owner shall maintain his Unit at all times in a good and clean condition, and repair and replace, at his expense, all portions of his Unit; shall perform his responsibilities in such manner as not to unreasonably disturb other occupants; shall promptly report to the Board, or its agent, any defect or need for repairs the responsibility for which is that of the Association; and, to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of any occupant or lawful visitor of his Unit. Such payment shall be made upon demand by the unit owners of such other unit. Nothing herein contained shall modify any waiver by insurance companies or rights of subrogation.

Section 10.4 – "Right of Entry" –

(a) *By the Association.* The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous condition or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's duties or obligations or exercising any of the Association's powers under this Act, this Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements.

Notwithstanding this Subsection 10.4(a), the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the unit owner and occupant of the entered unit or any portion of the Limited Common Elements allocated to the Unit Owner.

(b) *By Unit Owners.* Each Unit Owner and occupant shall allow other Unit Owners and occupants and their representatives to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of maintaining repairing or replacing the Unit, or performing the duties and obligations under the Act, this Declaration or the Bylaws, provided that requests for entry are made in advance. In case of an emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding this Subsection 10.4(b), the person making such entry shall be responsible for repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE XI

REALLOCATION OF LIMITED COMMON ELEMENTS

Any Limited Common Element depicted on the Survey or Plans may be reallocated by an amendment to the Declaration executed by an authorized officer of the Executive Board and the Unit Owners between or among whose Units the reallocation is made. The Association shall record the amendment. The amendment shall be recorded in the names of the parties and the Condominium.

ARTICLE XII

ADDITIONS, ALTERATIONS AND IMPROVEMENTS

Section 12.1 – Architectural Review –

(a) *By Declarant.* Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that, As the developer of the Properties and as an Owner of portions of the

Properties as well as other real estate within the vicinity of the Properties, Declarant has a substantial interest in ensuring that the improvements within the Properties enhance the Declarant's reputation as a community developer and do not impair the Declarant's ability to market, sell or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article ("Work") shall be commenced on such Owner's Unit unless and until the Declarant or its designee has given its prior written approval for such Work, which approval may be granted or withheld in the sole discretion of the Declarant or its designee.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in the interest of the Declarant and shall owe no duty to any other Person. The rights reserved to Declarant under this Article shall continue so long as Declarant owns any portion of the Properties or any real property adjacent to the Properties, unless earlier terminated in a written instrument executed by Declarant and recorded in the Public Records.

The Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

The Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) an architectural review committee appointed by the Association's Board of Directors (the "ARC"), or (ii) a committee comprised of architects, engineers or other persons who may or may not be Members of the Association. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) the right of Declarant to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) the right of Declarant to veto any decision which Declarant determines, in its sole discretion, to be in appropriate or inadvisable for any reason. So long as the Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as are specifically delegated to it by the Declarant.

(b) *By Architectural Review Committee.* Upon delegation by Declarant or upon expiration or termination of the Declarant's rights under this Article, the Association, acting through the ARC, shall assume jurisdiction over architectural matters hereunder. The ARC, when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or the Declarant's rights under this Article

terminate, the Association shall have no jurisdiction over architectural matters.

Section 12.2 – "Additions, Alterations and Improvements By Unit Owners" –

(a) No Unit Owner shall make any structural addition, structural alteration, or structural improvement in or to the Condominium without the prior written consent of the Executive Board. The Executive Board shall respond to any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement within sixty (60) days after such request has been received, and may impose reasonable conditions to its approval.

(b) Subject to Subsection 12.2(a), a Unit Owner:

(i) May make any non-structural improvements or alterations to the interior of his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the condominium;

(ii) May not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the Condominium, without the prior written consent of the Association;

(iii) After acquiring an adjoining Unit or an adjoining part of an adjoining unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries between Units.

ARTICLE XIII

RELOCATION OF BOUNDARIES BETWEEN ADJOINING UNITS

Section 13.1 – "Application and Amendment" – Subject to approval of any structural changes pursuant to Article XII, the boundaries between adjoining units may be relocated by an amendment to the Declaration on application to the Association by the owners of those Units. If the owners of such adjoining units have specified a reallocation between the Units of their allocated interests, the application shall describe the proposed reallocations. Unless the Executive Board determines, within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall consent to the reallocation and prepare an amendment that indicates the Association's consent. The amendment shall be executed by the applicable Unit Owners, contain words of conveyance `etween them, and, on recordation, be indexed in the name of the grantor and the grantee, and in the grantees' index in the name of the Association.

Section 13.2 – "Recording Amendments" – The Association shall prepare and record

Surveys or Plans necessary to show the altered boundaries between adjoining units, and their dimensions and identifying numbers.

The applicants shall pay for the costs of preparation of the amendment including, without limitation, costs associated with the preparation of any necessary surveys and plans, and all legal fees and all recording fees.

ARTICLE XIV
AMENDMENTS TO DECLARATION

Section 14.1 – "General" – Except as prohibited below, the Declaration, including the Surveys and Plans, may be amended only by Vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the Votes in the Association are allocated.

Section 14.2 – "Limitation and Challenges" – No action to challenge the validity of an amendment adopted by the Association pursuant to this section may be brought more than one (1) year after the amendment is recorded.

Section 14.3 – "Recordation of Amendments" – Every amendment to the Declaration shall be recorded in the land records in the County of Wake, State of North Carolina and will be effective only on recordation. An amendment, except an amendment pursuant to Article XIII of this Declaration, shall be indexed in the grantee's index in the name of the Condominium and the Association and in the grantor's index in the name of the parties executing the amendment.

Section 14.4 – "When Unanimous Consent Required" – Except to the extent expressly permitted or required by the Act or the Declaration, no amendment may create or increase Special Declarant Rights, change the number of Units, the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, without the unanimous consent of the Unit Owners.

Section 14.5 – "Execution of Amendments" – Amendments to the Declaration required by the Act to be recorded by the Association shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of such designation, by the president of the Association.

Section 14.6 – "Special Declarant Rights" – Provisions in the Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 14.7 – "Consent of Holders of Security Rights" – Amendments are subject to the consent requirements of Article XVII, except that Amendments made by the Declarant in exercising Development Rights are not subject to the consent requirements of Article XVII.

ARTICLE XV

EASEMENTS

Section 15.1 – "Encroachments" – In the event that, by reason of the construction, reconstruction, rehabilitation, alteration or improvement of the buildings or improvements

comprising a part of the property, any part of the Common Elements now or hereafter encroaches upon any part of the Unit, or any part of any Unit now or hereafter encroaches upon any part of the common elements, or upon any part of another Unit, an easement for the continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or units so encroached upon.

Section 15.2 – "Easements Through Walls" – Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association to install, maintain, repair and replace any chutes, flues, ducts, vents, pipes, wires, conduits and other utility installations, and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

Section 15.3 – "Easements to Repair, Maintain, Restore and Reconstruct" – Wherever and whenever by, this Declaration, the Bylaws or the Act, a Unit owner, the Association, the Board, or any other person is authorized to enter upon a Unit or the Common Elements to repair, maintain, restore or reconstruct all or any part of a Unit or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration or reconstruction are hereby declared and granted.

Section 15.4 – "Declarant's Easement" – Declarant hereby reserves such easement through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations, exercising special Declarant rights, and completing the development and construction of the condominium, which easements shall exist as long as reasonably necessary for such purposes.

Section 15.5 – "Easements to Run with Land" – All easements and rights described in this Article are appurtenant easements running with the Land and, except as otherwise expressly provided in this Article, shall be perpetually in full force and effect and shall inure to the benefit of and be binding upon Declarant, the Association, unit owners, occupants, security holders and any other person having any interest in the condominium or any part of any thereof. The condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article XV, whether or not specifically mentioned in any such conveyance or encumbrance.

Section 15.6 – "Cable Television Easement" – Declarant is presently negotiating a cable television wiring agreement which would provide cable TV to all Units with an easement of installing and maintaining the line connecting the cable television wires located in the buildings to the system. Any such agreement would be entered into by Declarant and/or the Association.

ARTICLE XVI

TERMINATION

Termination of the Condominium may be accomplished only in accordance with N.C.G.S. § 47C-2-118.

ARTICLE XVII

MORTGAGEE PROTECTION

Section 17.1 – "Introduction" – This article establishes certain standards and covenants which are for the benefit of the holders of certain Security Interests and others, as identified in Section 17.2. This Article is supplemental to, and not in substitution for, any other provisions of the Condominium, but in the case of conflict, this Article shall control,

Section 17.2 – "Definitions" – As used in this Article, the following terms are defined:

(a) *Eligible Mortgagee*: The holder of a first Security Interest on a Unit who has notified the Association, in writing, of its name and address, and that it holds a mortgage on a Unit. Such notice shall be deemed to include a request that the Eligible Mortgagee be given notices and other rights described in this Article.

(b) *Eligible Insurer*: An insurer or guarantor of a first mortgage who has notified the Association in writing of its name and address and that it has insured or guaranteed a first mortgage on a Unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in this Article.

(c) *Percentage of Eligible Mortgagees*: Wherever in this Article the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent by Eligible Mortgagees holding mortgages on Units which in the aggregate have allocated to them such specified percentage interest in the Common Elements when compared to the total interest in the Common Elements to all Units then subject to mortgages held by Eligible Mortgagees.

Section 17.3 – "Notice of Actions" – The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable.

(b) Any delinquency in the payment of Common Expense assessments owed by an owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, which remains uncured for a period of one hundred twenty (120) days.

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

(c) Any proposed action which would require the consent of a specified

percentage of Eligible Mortgagees as specified in Section 17.4.

(e) Any judgment rendered against the Association.

Section 17.4 – "Prior Consent Required" –

(a) *Document Changes.* Notwithstanding any lower requirement permitted by this Declaration or the Act, no amendment of any material provision of the Declaration by the Association or Unit Owners described in this Subsection 17.4(a) may be adopted without the vote of at least 67% of the Unit Owners (or any greater Unit Owner vote that may be required in the Declaration or the Act) and until approved in writing by at least 51% of the Eligible Mortgagees. "Material" includes, but is not limited to any provision of this Declaration affecting:

(i) Assessments, assessment liens or subordination of assessment liens;

(ii) Voting rights;

(iii) Reserves for maintenance, repair and replacement of Common Elements;

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interest in the Common Elements or Limited Common Elements (except that when limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees with a Security Interest on such Units must approve such action);

(vi) Rights to use Common Elements and Limited Common Elements;

(vii) Boundaries of Units (except that when boundaries of only adjoining units are involved, or a unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees with Security Interests on such Unit or Units must approve such action).

(viii) Convertibility of Units into Common Elements or Common Elements into Units;

(ix) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;

(x) Insurance or fidelity bonds;

(xi) Leasing of Units;

(xii) Imposition of restrictions on a Unit Owner's right to sell or transfer

his or her Unit;

(xiii) Establishment of self-management when professional management had been required previously by an Eligible Mortgagee of a Unit;

(xiv) Restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Instruments;

(xv) Termination of the Condominium after occurrence of substantial destruction or condemnation; and

(xvi) The benefits of mortgage holders, insurers or guarantors

(b) *Actions.* Notwithstanding any lower requirement permitted by the Declaration or the Act, the Association may not take any of the following actions without the approval of at least 51% of the Eligible Mortgagees:

(i) Convey or encumber the Common Elements or any portion thereof (as to which an 80% Eligible Mortgagee approval is required). The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a conveyance or encumbrance within the meaning of this clause;

(ii) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;

(iii) The restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Instruments;

(iv) Termination of the Condominium (as to which a 67% Eligible Mortgagee approval is required);

(v) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(vi) The merger of this Condominium with any other common interest community;

(vii) The creation of any additional improvements on any portion of the Common Elements which is subject to any Development Rights, but improvements made by the Declarant pursuant to its Development Rights shall not be deemed to come within this clause;

(viii) The granting of any easements, leases, licenses and concessions through or over the Common Elements (excluding, however, any utility easements, easements for electrically transmitted communications or governmentally required easements, serving or to serve the Condominium and excluding any leases, licenses or concessions for no more than one year); and

(ix) The assignment of the future income of the Association, including its rights to receive Common Expense assessments.

Section 17.5 – "Inspection of Books" – The Association shall permit any Eligible Mortgagee and Eligible Insurer to inspect the books and records of the Association during normal business hours, upon reasonable advance notice.

Section 17.6 – "Financial Statements" – Upon request of an Eligible Mortgagee or Eligible Insurer, the Association shall provide each Eligible Mortgagee and each Eligible Insurer with a copy of its annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee requests it, in which case the Eligible Mortgagee shall bear the cost of the audit.

Section 17.7 – "Enforcement" – The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, in law, or in equity.

Section 17.8 – "Attendance at Meetings" – Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.

ARTICLE XVIII

ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 18.1 – "Apportionment of Common Expenses" – Except as provided in Section 18.2, all Common Expenses shall be assessed against all Units in accordance with their percentage interest in the Common Expenses as shown on Exhibit B.

Section 18.2 – "Common Expenses Attributable to Fewer than all Units" –

(a) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.

(b) Any casualty or liability insurance premium increase attributable to a particular Unit by virtue of activities in the Unit shall be assessed against that Unit.

(c) If any Common Expense is caused by the actions of any Unit Owner or Unit

resident, the Association may assess that expense exclusively against his unit.

(d) Fees, charges, late charges, fines and interest charged against a Unit Owner or resident pursuant to the Instruments and the Act are enforceable as Common Expense assessments.

Section 18.3 – "Lien" – The Association has a statutory lien on a Unit for any assessment levied against that Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Act are enforceable as assessments under this section. The lien described herein may be foreclosed or money judgment obtained including reasonable attorneys' fees, against the persons liable therefore.

Section 18.4 – "Budget Adoption and Ratification" – 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 Unit Owners, and shall set a date for a meeting of the Unit owners to consider ratification of the budget not less than fourteen nor more than thirty (30) days after mailing of the summary. Unless at that meeting at least 51% of Unit Owners reject the budget, the budget shall be deemed to be ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board. After preparation and adoption of such budget, the Executive Board shall provide each Unit Owner with notice of the assessment made against that Unit based upon the budget. The assessment shall be deemed levied upon the giving of such notice.

Section 18.5 – "Commencement of Obligation for Certain Common Expenses" – The obligation to pay common expenses on each Unit which is not occupied as a residence shall commence as to each such Unit on the first day of the month following the issuance of a Certificate of occupancy for each such Unit by the Town of Morrisville or other applicable governmental authority.

Section 18.6 – "Special Assessments" – In addition to the assessments levied pursuant to Section 18.4, the Executive Board, in its discretion, may levy special assessments at such other and additional times as, in its judgment, are required for:

> Maintenance, repair, restoration and reconstruction of the Common Elements, and operation of the Condominium and alterations, improvements, and additions to the Common Elements; provided, however, that so long as the total amount of special assessments allocable to each Unit does not exceed Two Hundred ($200) Dollars in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Unit to exceed this limitation shall be first approved by the members entitled to cast at least fifty-one percent (51%) of the total votes in the Association at a regular or special meeting of the association.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Executive Board as set out in such notice.

Section 18.7 – "Certificate of Payment of Common Expense Assessments" – The Association on written request from a Unit Owner shall furnish to the Unit Owner a statement in recordable form setting forth the amount of unpaid assessments against the Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Unit Owner.

Section 18.8 – "Monthly Payment of Common Expenses" – All Common Expenses assessed under Sections 18.1 and 18.2 shall be due and payable monthly.

Section 18.9 – "Working Capital Reserve" – In order to establish an initial working capital reserve, each Unit Owner, at the time of purchase of the Unit, will be assessed an additional charge equal to two months of Property Common Expenses. This charge will be assessed only against the initial Unit Owner and the amount may change if the monthly common charge changes. This amount will be used to establish a reserve and may not be a credit toward any monthly common charge. Within sixty (60) days after the sale of the first Unit, the Declarant or any builder may contribute this amount for each unsold Unit. Upon the sale of an unsold Unit, the Declarant will be reimbursed for such contribution by the Association.

ARTICLE XIX

RIGHT TO ASSIGN FUTURE INCOME

Upon an affirmative vote of at least 51% of all of the Unit Owners, the Association may assign its future income, including its right to receive Common Expense assessments, as security for loans to the Association. The loans may be in such amounts and upon such terms as may be approved by the Unit Owners in the vote, or on other terms more favorable to the Association.

ARTICLE XX

PERSONS AND UNITS SUBJECT TO INSTRUMENTS

Section 20.1 – "Compliance with Instruments" – All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Instruments. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Instruments are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions are covenants running with the land and shall bind any Persons having at any time any interest or estate in such Unit.

Section 20.2 – "Adoption of Rules" – The Executive Board may adopt Rules regarding the use and occupancy of Units, Common Elements, and Limited Common Elements and the activities of occupants, subject to Notice and Comment. Nothing herein contained will in any way prevent or unreasonably interfere with the right of the Declarant to develop or provide for the construction on the Property.

ARTICLE XXI

INSURANCE

Section 21.1 – "Maintaining Insurance" – Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall obtain and maintain insurance as required by the Act and this Declaration to the extent reasonably available.

Section 21.2 – "Physical Damage" – The Association shall maintain Property insurance on the Units and Common Elements insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be not less than one hundred percent (100%) of replacement value, if required by any Eligible Mortgagee, and in any event, not less than the higher of eighty percent (80%) of the actual cash value of the insured property or an amount sufficient to avoid coinsurance under any applicable insurance policy, at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; the insurance maintained under this Section, to the extent reasonably available, shall include the Units, but need not include improvements and betterments installed by Unit Owners. The Association shall maintain insurance in an amount equal to the actual cash value of its personal property. Prior to obtaining any insurance on Units and Common Elements under this Section, and at least annually thereafter, the Executive Board shall take reasonable steps satisfactory to the insurance company to determine the replacement cost of the Units and Common Elements or obtain an agreed amount endorsement.

Section 21.3 – "Liability Insurance" – The Association shall maintain liability insurance, including medical payments insurance, in an amount determined by the Executive Board but not less than $1,000,000 covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

Section 21.4 – "Other Provisions" – Insurance policies carried pursuant to Sections 21.2 and 21.3 shall provide that:

(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of his or her interest in his or her Unit or the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policies against any Unit Owner or member of his household;

(c) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policies or be a condition to recovery under the policies; and

(d) If, at the time of a loss under any policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 21.5 – "Insurance Not Reasonably Available" – If the insurance described in Sections 21.2 and 21.3 is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent postage prepaid by United States mail to all Unit Owners.

Section 21.6 – "Payment of Insurance Proceeds" – Any loss covered by the casualty policy under Section 21.2 shall be adjusted and settled with the Association and the insurance proceeds for that loss will be payable to an insurance trustee designated for that purpose by the Association, or if a trustee has not been designated by the Association, to the Association, and not to any holder of a Security Interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Article XXII, the proceeds shall be disbursed first for the repair or restoration of the damaged property. The Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds until the Property has been completely repaired or restored, or the Condominium is terminated.

Section 21.7 – "Unit Owner Policies" – An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his own benefit.

Section 21.8 – "Directors' and Officers' Liability Insurance" – The Executive Board shall obtain and maintain directors, and officers' liability insurance, if available, covering the Directors and officers of the Association in such limits as the Executive Board may, from time to time, determine.

Section 21.9 – "Other Insurance" – The Executive Board is authorized to obtain and maintain such other insurance as it may from time to time deem appropriate.

Section 21.10 – "Insurance Certificates" – Insurance policies carried pursuant to Sections 21.2 and 21.3 shall provide that an insurer that has issued an insurance policy shall issue certificates or memoranda of insurance to the Association and, on written request, to any Unit Owner or holder of a Security Interest. To the extent available, the insurance policies shall contain a provision prohibiting the insurer issuing the policy from canceling or refusing to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

ARTICLE XXII

DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 22.1 – "Duty to Repair or Restore" – Any portion of the Condominium for which insurance is required under Article XXI which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) the Condominium is terminated, in which case Section 38 of the Act applies, (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety, or (c) eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 22.2 – "Distribution of Insurance Proceeds" – If the entire Condominium is not repaired or replaced, (a) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, and (b) the insurance proceeds attributable to Units and Limited Common Elements

that are not rebuilt shall be distributed to the owners of those Units and the owners of the Unit to which those Limited Common Elements were allocated, or to lien holders, as their interests may appear, and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to the Common Expense liabilities of all the Units.

Section 22.3 – "Determination Not to Repair or Restore" – If the Unit Owners vote to not rebuild any Unit as provided above, that Unit's Allocated Interests will be automatically reallocated on the vote as if the Unit had been condemned under Subsection (a) of Section 7 of the Act, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 22.4 – "Certificates By The Executive Board" – An insurance trustee, if one is appointed under the provisions of Section 21.6, may rely on the following certifications in writing made by the Executive Board:

(a) Whether or not damaged or destroyed Property is to be repaired or restored;

(b) The amount or amounts to be paid for repairs or restoration and the name and addresses of the parties to whom such amounts are to be paid.

Section 22.5 – "Certificates by Attorneys" – If payments are to be made to Unit Owners or mortgagees, the Executive Board, and the trustee, if any, shall obtain and may rely on an attorney's certificate of title or a title insurance policy based on a search of the land records of the Town of Morrisville from the date of the recording of the original Declaration stating the names of the Unit Owners and the mortgagees.

ARTICLE XXIII

Addition of Real Estate and Units

Section 23.1 – "Declarant's Rights to Add Additional Real Estate and Units." – Declarant reserves the right to add additional real estate and Units to the Condominium. The Declarant proposes a maximum number of 17 phases, with each building consisting of eight units constituting a phase. Phases 3 through 17 may be added to the Condominium by Declarant by the filing of a Supplementary Declaration, which describes or identifies the property to be added, specifically incorporates the terms and conditions of this Declaration and makes the property described therein subject to this Declaration. Such property may be annexed to the Condominium at one time in one parcel or at several times in several parcels as Declarant may elect. Upon such recording, the property described or identified in such Supplementary Declaration shall become part of the Condominium property as if such property had been included in this Declaration, and by accepting a deed subject to this Declaration and any applicable Supplementary Declaration, each Unit Owner agrees to such additions to the Condominium. The annexation shall be accomplished as set forth herein as required by the North Carolina Condominium Act, and no rights of any type or character whatsoever of any Unit Owner shall attach until such Supplementary Declaration is recorded annexing Phases 3 through 17 as applicable, to the Condominium hereby created. Nothing contained herein shall require or obligate the Declarant to submit all or any part of Phases 3 through 17 to the provisions of this Declaration. The maximum number of Units which may be

added by the annexation of Phases 3 through 17 is one hundred twenty (120). Except as otherwise provided herein to the contrary, the assessments for and votes appurtenant to Units in Phases 3 through 17 respectively, shall commence and be effective on the conveyance of the first Unit in a phase, as applicable, by the Declarant to a buyer who intends to use such Unit as a residential dwelling.

Section 23.2 – "Compatibility of Style, Etc. – Any buildings and Units that may be erected upon the additional real estate or a portion thereof will be compatible with the other buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size.

Section 23.3 – "Applicability of Restrictions, Etc." – All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the additional real estate.

Section 23.4 – "Other Improvements and Common Elements" – In addition to the buildings and Units that may be erected upon the additional real estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the additional real estate, or each portion thereof which may be added to the Condominium, will be generally similar in quality and quantity to the improvements and Common Elements located in the condominium.

Section 23.5 – "Applicability of Assurance As If Additional Real Estate Not Added." – The assurances made in this Article XXIII will not apply with respect to any additional real estate that is not added to the Condominium.

Section 23.6 – "Allocated Interest." – As the result of the recording of this Declaration, the allocated interest of each Unit Owner in Phases 1 and 2 is as established in the percentages for Phase 1 and 2 set out by formula on Exhibit B attached hereto and made a part hereof. As and when Phases 3 through 17, as applicable, are added to the Condominium, the allocated interest of each Unit Owner in the Common Elements and Facilities shall be reduced to an allocated interest determined by the phase or combination of phases subject to this Declaration. The appropriate stated allocated interest as calculated by formula on Exhibit B is the allocated interest that is appurtenant to ownership of each Condominium Unit in Phases 1 and 2 alone. By acceptance of the deed to a Condominium Unit in Phase 1 and 2, each Owner, for himself, his successors and assigns, agrees and consents that Declarant, without need for further consent or joinder of any Unit Owner, may add all or any part of Phases 3 through 17 collectively described in Exhibit B to the Condominium, and upon the recording by Declarant of a Supplementary Declaration, the allocated interest of the Unit Owner shall be automatically changed to the appropriate allocated interest set as calculated by formula stated in Exhibit B.

ARTICLE XXIV

MISCELLANEOUS

Section 24.1 – "Captions" – The captions contained in the Instruments are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Instruments nor the intent of any provision thereof.

Section 24.2 – "Gender" – The use of the masculine gender refers to the feminine and the neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Instruments so require.

Section 24.3 – "Waiver" – No provision contained in the Instruments is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 24.4 – "Invalidity" – The invalidity of any provision of the Instruments does not impair or affect in any manner the validity, enforceability or effect of the remainder, and in such event, all of the other provisions of the Instruments shall continue in full force and effect.

Section 24.5 – "Conflict" – The Instruments are intended to comply with the requirements of the Act and Chapter 55A of the North Carolina General Statutes. In the event of any conflict between the Instruments and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Instruments, this Declaration shall control.

Section 24.6 – "Execution of Documents" – The president or secretary of the Association are responsible for preparing, executing, filing and recording amendments to the Instruments.

IN WITNESS WHEREOF, the Declarant has caused the Declaration to be executed this 13TH day of July 1999.

ARTLAN HOLDINGS, LLC

By LANDAN PROPERTIES, L.L.C., its Managing Member

By: Lanold W. Caldwell, MM
LANOLD W. CALDWELL, MANAGING MEMBER
LANDAN PROPERTIES, L.L.C.

STATE OF NORTH CAROLINA

ACKNOWLEDGMENT

COUNTY OF WAKE Johnston

I, Gwendolynn R Pearce, a Notary Public for said County and State, do hereby certify LANOLD W. CALDWELL, Managing Member of LANDAN PROPERTIES, L.L.C., a limited liability company, Managing Member of ARTLAN HOLDINGS, LLC, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of LANDAN PROPERTIES, L.L.C. and ARTLAN HOLDINGS, LLC.

Witness my hand and official stamp or seal, this 13th day of July, 1999.

Gwendolynn R Pearce
NOTARY PUBLIC

MY COMMISSION EXPIRES: 3/6/2002

GWENDOLYNN R. PEARCE NOTARY PUBLIC JOHNSTON COUNTY, N.C.

EXHIBIT A

Legal Description

Being and consisting of Phase 1 and Phase 2, Building 13 and Building 12, respectively, as shown on a map recorded in Book of Maps 1999, Page 671 of the Wake County Registry, to which reference is hereby made.

EXHIBIT B

ALLOCATED INTERESTS

NOTES:

1. THE ORIGINAL CONDOMINIUM CONSISTS OF PHASES 1 AND 2, WHICH INCLUDES EIGHT (8) "A" UNITS AND EIGHT (8) "B" UNITS.

2. "B" UNITS ARE 15% LARGER THAN "A" UNITS.

FORMULA: "A": 100% - 15% = 85% ÷ THE TOTAL NUMBER OF ALL UNITS IN PROJECT = % OF EACH "A" UNIT OWNER'S UNDIVIDED INTEREST.

"B": PERCENT INTEREST OF EACH "A" UNIT + (15% ÷ TOTAL NUMBER OF "B" UNITS IN PROJECT) = % OF EACH "B" UNIT OWNER'S UNDIVIDED INTEREST.

AS PHASES ARE ANNEXED, RECALCULATE UNDIVIDED INTEREST OF EACH UNIT BASED ON THE ABOVE FORMULA.

PHASES: THE FOLLOWING PHASES ADD THE NUMBER OF "A" AND "B" UNITS AS SPECIFIED BELOW:

PHASE	"A" UNITS	"B" UNITS
1	4	4
2	4	4
3	0	8
4	0	8
5	0	8
6	0	8
7	4	4
8	0	8
9	4	4
10	4	4
11	4	4
12	0	8
13	4	4
14	4	4
15	4	4
16	4	4
17	4	4
	44 TOTAL	92 TOTAL

EXAMPLE 1: PHASES 1 & 2 = 8 "A" + 8 "B" = 16 UNITS
100% - 15% = 85% ÷ 16 = 5.3125% "A" EACH
5.3125% + (15% ÷ 8 = 1.8750) = 7.1875% "B" EACH

EXAMPLE 2: ANNEX PHASE 3 TO 1 & 2
8 "A" + 16 "B" = 24 UNITS
100% - 15% = 85% ÷ 24 = 3.5417% EACH
3.5417% + (15% ÷ 16 = .9375%) = 4.4792% "B" EACH

EXHIBIT C

THE BYLAWS OF THE ASSOCIATION