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BK 8125 PG 0710

FILED
CUMBERLAND COUNTY NC
J. LEE WARREN, JR.
REGISTER OF DEEDS
FILED Apr 17, 2009
AT 01:32:00 pm
BOOK 08125
START PAGE 0710
END PAGE 0774
INSTRUMENT # 13738
RECORDING \$206.00
EXCISE TAX (None)

RT

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NORTH CAROLINA
CUMBERLAND COUNTY

**DECLARATION OF CONDOMINIUM
FOR
300 HAY STREET CONDOMINIUM**

300 BLOCK INVESTORS, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant," does hereby make, declare and establish this Declaration of Condominium as the plan of unit ownership of 300 Hay Street Condominium.

ARTICLE I.

ESTABLISHMENT OF CONDOMINIUM;

- A. The Declarant is the fee simple owner of certain real property situated in Fayetteville, Cumberland County, North Carolina, which property is more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Property"). Declarant does hereby submit the Property and all improvements located thereon to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina, commonly known as the North Carolina Condominium Act (the "Act" or the "North Carolina Condominium Act") and desires the same to be a mixed-use condominium, with a mix of retail and residential condominium units, to be known as "300 Hay Street Condominium" (the "Condominium");

- B. Pursuant to the Act, the Declarant desires to establish a plan of condominium ownership for the Condominium and does hereby divide the Property into Phase 1 ("Phase 1"), which shall consist of fourteen (14) condominium Units (as hereinafter defined) and sixteen (16) Garage Units (as hereinafter defined), as shown on the Plan of Condominium (as hereinafter defined). The Units are hereby designated for separate ownership, and all Garage Units are hereby designated as Limited Common Elements (as hereinafter defined). Phase 1 is comprised of the first two (2) floors of the five (5) story building that is presently under construction on the Property (the "Building"). The Building is being constructed of a steel frame with brick veneer;
- C. Additional phases of the Condominium will include approximately twelve (12) additional Units to be located on the third, fourth, and fifth floors of the Building (the "Upper Floor Units"), which are presently in the latter stages of construction. The Upper Floor Units "MUST BE BUILT" and shall be completed on or before January 1, 2010;
- D. Additional phases of the Condominium may also include up to ten (10) additional Units that may be located on the additional property described in Exhibit A-1 attached hereto and incorporated herein by reference (the "Additional Property"). Declarant makes no representation as to the architectural design or construction materials for additional Units that may or may not be built upon the Additional Property (see also Article IV, Section 1 of this Declaration for more information regarding Declarant rights with respect to the Additional Property);
- E. The total number of Units in all phases will not exceed forty (40). The Declarant reserves the right to build less than the maximum amount allowed at any time. The methods and procedures for expanding the Condominium and the effects of such expansion are described in Article IV of this Declaration;
- F. The Units may be further subdivided in accordance with this Declaration (such that the maximum number set forth above may be exceeded); and the Declarant expressly reserves the right to subdivide any Units that it continues to own in accordance with Article IV, Section 2 herein without the need for consent from any other party;

II.

DEFINITIONS

As used herein, the following terms and phrases shall have the meanings set forth below, or, if a term used in this Declaration is not defined below, it shall have the meaning set forth elsewhere in this Declaration or in the Act.

Articles of Incorporation. The Articles of Incorporation of the Association filed with the North Carolina Secretary of State, which are attached hereto as Exhibit C and incorporated herein by reference.

Association. The "Association" shall mean and refer to 300 Hay Street Condominium Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Bylaws. The "Bylaws" shall mean and refer to the Bylaws of the Association, which are attached hereto as Exhibit D and incorporated herein by reference.

Common Elements. The "Common Elements" shall mean and refer to all of the real property, improvements and facilities of the Condominium other than the Units, together with all personal property held and maintained for the use and enjoyment of all the Unit Owners.

Common Expenses. The "Common Expenses" shall mean and refer to the expenditures made by, or financial liabilities of, the Association in connection with the administration and operation of the Condominium and the maintenance, repair or replacement of the Common Elements, and any expenses declared "Common Expenses" by the Condominium Instruments.

Condominium Instruments. The "Condominium Instruments" shall mean and refer to this Declaration, the Articles of Incorporation and Bylaws of the Association, and the Rules and Regulations of the Association adopted pursuant to the terms of this Declaration, as the same may be from time to time amended or supplemented in accordance with their respective terms.

Declarant. The "Declarant" shall mean and refer to 300 Block Investors, LLC, a North Carolina limited liability corporation, as well as any successors or assigns of Declarant to whom or which Declarant expressly has transferred any or all of its rights as Declarant hereunder, all of which rights are assignable or may be apportioned on any reasonable basis, including, without limitation, on a Unit-by-Unit basis.

Declarant's Development Period. The "Declarant's Development Period" shall mean and refer to that period of time extending from the date this Declaration is recorded in the Cumberland County Registry, until such time as Declarant shall cease to own any Unit in the Condominium that is offered for sale by Declarant.

Declaration. The "Declaration" shall mean and refer to this Declaration of Condominium, as the same may be from time to time amended or supplemented in accordance with its terms.

Executive Board. The "Executive Board" shall mean and refer to the governing body designated or selected in accordance with the terms of this Declaration and the Articles and Bylaws of the Association to act on behalf of the Association in all matters not expressly reserved to the Members of the Association by the Condominium Instruments or the Act.

Limited Common Elements. The "Limited Common Elements" shall mean and refer to certain designated portions of the Common Elements that are reserved for the use of a particular Unit or Units to the exclusion of other Units and are designated as "Limited Common Elements." Any awnings, balconies, doorsteps, stoops and all exterior doors, window frames, panes and

screens designed to serve one or more, but fewer than all, of the Units are Limited Common Elements allocated exclusively for the use of only the Unit or Units served by such improvement. Each Garage Unit is a Limited Common Element for the benefit of any Unit Owner who purchases a Garage Unit from the Declarant or any other Unit Owner (and any such Garage Unit shall be initially assigned as a Limited Common Element to a particular Unit upon its initial purchase and sale (and, any such Garage Unit may be re-assigned as a Limited Common Element to a different Unit upon its resale, as the case may be). Rooftop terraces are Limited Common Elements for the benefit of the Owners of fourth (4th) and fifth (5th) floor penthouse Units and shall be assigned in accordance with the recorded plans for said penthouse Units once they are fully constructed.

Any Common Expense associated with the maintenance, repair or replacement of any such Limited Common Element may, in the reasonable discretion of the Executive Board of the Association, be assessed against the Unit or Units to which that Limited Common Element is assigned; however, with respect to balconies and rooftop terraces, Unit Owners shall be responsible for cosmetic maintenance and repair; however, the Association shall be responsible for maintenance and repair with respect to structural integrity and roofing systems, as the case may be.

Member. "Member" shall mean and refer to every person or entity that holds membership in the Association. Unit Owners shall automatically become Members of the Association.

Officer. "Officer" means any person holding an office in the Association pursuant to the Bylaws, but shall not mean an Executive Board member, unless such officer is also a member of the Executive Board of the Association.

Owner or Unit Owner. "Owner" or "Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Unit or subdivided portion thereof, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Period of Declarant Control. The "Period of Declarant Control shall mean and refer to that period of time extending from the date this Declaration is recorded in the Cumberland County Registry, for so long as Declarant retains the right pursuant to the terms of this Declaration to designate and select a majority of the persons who shall serve as members of each Executive Board of the Association.

Plan of Condominium. The "Plan of Condominium" for Phase 1 shall mean and refer to the Plan of the Condominium described in Exhibit B attached hereto and incorporated herein by reference. The Plan of Condominium includes a survey of the land and graphic depictions and plans of the improvements constituting Phase 1 of the Condominium. The Plan of Condominium identifies the Units and Common Elements, and their respective locations and approximate dimensions. Each Unit has been assigned an identifying number on the Plan of Condominium and no Unit bears the same identifying number as any other Unit.

Residential Units. The "Residential Units" shall mean and refer to all of the Units now existing or hereafter created other than the Retail Units. "Residential Units" shall mean and refer to any one of the Residential Units.

Retail Units. The "Retail Units" shall mean and refer to Unit 101, Unit 102, Unit 103, Unit 104 and Unit 105 as shown on the Plan of Condominium and as further described herein, and any other Unit of the Condominium created by Declarant pursuant to the development rights reserved in Article IV, Section 1 hereof and designated as such by Declarant.

Reviewing Authority. "Reviewing Authority" shall mean and refer to the Declarant, during Declarant's Development Period, and thereafter shall mean and refer to the Association, acting through its Executive Board or an architectural review committee duly appointed by the Executive Board.

Rules and Regulations. "Rules and Regulations" shall mean and refer to the initial rules and regulations of the Association governing the use, enjoyment and maintenance of the Common Elements, together with any additional reasonable rules and regulations promulgated for such purpose in accordance with the provisions of this Declaration, as the same from time-to-time may be modified or amended pursuant to said provisions.

Unit. "Unit" shall mean and refer to each physical portion of the Condominium designated for separate ownership, and identified as a "Unit" pursuant to this Declaration and the Plan of Condominium or any amendments or supplements thereto recorded in accordance with the terms hereof, together with its fraction of undivided interest in the Common Elements appurtenant to such "Unit" as set forth in Exhibit E attached hereto and incorporated herein by reference.

The legal boundaries of a Unit shall be in accordance with the definition provided in Section 47C-2-102 of the North Carolina Condominium Act, with some degree of intentional variation, specifically as follows:

The demising walls, floors and ceilings are designated as the boundaries of any Unit; however, it is specifically declared by Declarant that all lath; furring; wallboard; plasterboard; plaster; sheetrock; paneling; tiles; wallpaper; paint; finished flooring; finished ceilings; any other non-load-bearing materials constituting part of the finished flooring (including carpeting), finished ceilings, finished walls, or any other finished surfaces thereof; all cabinets; all countertops; all kitchen appliances; all bathroom fixtures; and all lighting fixtures are not a part of such Unit, but are specifically declared to be Limited Common Elements.

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 exclusively 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.

Subject to the provisions of the immediately preceding paragraphs, all other spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part

of the Unit; and such items that are deemed part of the Unit include any improvements or betterments installed by Unit Owners or other occupants (and not originally installed by Declarant or the Association).

Any shutters, awnings, window boxes, doorsteps, stoops, decks, porches, balconies, patios and all exterior doors and windows or other fixtures designated to serve a single Unit but located outside the Unit's boundaries are Limited Common Elements allocated exclusively to that Unit.

III.

OWNERSHIP OF UNITS; PERCENTAGE INTEREST IN COMMON ELEMENTS; EASEMENTS IN FAVOR OF DECLARANT

Section 1. Ownership of Units. Each Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Unit Owner of each Unit shall also own, as an appurtenance to the ownership of each said Unit, a percentage interest in the Common Elements.

Section 2. Percentage Interest in the Common Elements. The percentage interest (the "Percentage Interest") in the Common Elements appurtenant to each Unit as of the date of this Declaration is as set out in Exhibit E attached hereto and made a part hereof. The Percentage Interest in the Common Elements appurtenant to each Unit as shown in said exhibit is the quotient obtained by dividing the estimated number of heated square feet contained in said Unit as set forth in the Plan of Condominium (which number, absent gross error, conclusively shall be deemed the actual number of heated square feet contained in such Unit) by the aggregate number of heated square feet contained in the total number of Units within the Condominium as of the date of this Declaration. The heated square footages of the Units are set forth in this Declaration for the sole purpose of calculating the Percentage Interest appurtenant to each Unit and should not be relied upon for any other purpose. Declarant make no representations or warranties as to the accuracy of the heated square footages of the Units set forth herein.

Section 3. Easements in Favor of Declarant. Declarant shall be deemed to have and hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for the exercise of any of the Development Rights reserved in this Declaration. In addition, Declarant shall be deemed to have and hereby reserves such easements on, across and over the Common Elements as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Declaration or under the North Carolina Condominium Act.

IV.

DEVELOPMENT RIGHTS; CITY PARKING AGREEMENT

Section 1. Addition of Real Estate to Condominium; Creation of Additional Units, Common Elements and Limited Common Elements. Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to add all or, from time to time, any portion of the Additional Property to the Condominium, and to create upon such Additional Property additional Units, Common Elements and Limited Common Elements, all without the consent of any Unit Owner or mortgagee. Declarant shall have no obligation of any kind to add any or all of the Additional Property. In the event Declarant elects to exercise its development right to add all or, from time to time, any portion of the Additional Property, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Declaration in the Cumberland County Registry, such amendment to refer specifically to the recording data identifying this Declaration. The amendment shall assign an identifying number to any new Unit created thereby, describe any new Unit, Common Elements and/or Limited Common Elements created thereby and, in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. If appropriate, the amendment shall reallocate the Percentage Interest in the Common Elements and the Common Expense Liability Allocations among all Units then located in the Condominium in accordance with Section 4 below. The Amendment also may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration (including, without limitation, use restrictions and assessment provisions) as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. In addition, to the execution and recordation of the amendment to the Declaration, Declarant shall record in the Cumberland County Registry, either new plats and plans of the Condominium evidencing the changes affected by Declarant's exercise of its development rights, or new certifications of the plats and plans previously recorded if the Condominium continues to conform to those plats and plans. Upon recordation in the Cumberland County Registry, any such plats and plans shall become a part of the Plan of Condominium as herein defined.

Section 2. Subdivision of Units, Relocation of Unit Boundaries, "Reserved Space", Reallocation of Limited Common Elements, and Creation of New Common Elements; Declarant hereby reserves the right for twenty (20) years from the date of recording of this Declaration to subdivide any one or more Units owned by Declarant and/or relocate the boundaries of any Unit owned by Declarant, without the consent of any of the other Unit Owners, their mortgagees or the Association, and to thereby create one or more additional Units, combine one or more of such Units, and/or to convert all or certain portions of any Unit to Common Elements. Any Limited Common Elements appurtenant to a subdivided Unit may be reallocated by Declarant. New Common Elements and/or Limited Common Elements may be created as part of the subdivision of any Unit or the relocation of Unit boundaries by Declarant. In the event Declarant elects to subdivide any Unit owned by Declarant or relocate any boundary of a Unit owned by Declarant in accordance with the foregoing provisions, Declarant shall prepare and record an amendment to this Declaration in the Cumberland County Registry. Such amendment shall assign identifying numbers to any new Unit(s) created thereby, reallocate any

existing Limited Common Elements, describe any new Common Elements and Limited Common Elements created thereby, and in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. If appropriate, the amendment shall reallocate the Percentage Interest in the Common Elements and the Common Expense liability allocations among all Units then located in the Condominium in accordance with Section 4 below. In addition to the execution and recordation of the amendment to the Declaration described above, Declarant shall prepare and record in the Cumberland County Registry supplemental plats and plans of the Condominium meeting the requirements of the North Carolina Condominium Act and evidencing the changes effected by the division or subdivision. Notwithstanding anything to the contrary above, it is noted that all of the above-stated rights of Declarant (with respect to Units that continue to be owned by Declarant) shall also apply with respect to that space behind Unit 103 identified and labeled on the Plan of Condominium as "Reserved Space in Which Declarant Has Reserved the Right to Create Additional Units or Common Elements" (the "Reserved Space").

Section 3. Reallocation of Percentage Interest, Common Expense Liability and Votes in the Association. In the event Declarant elects to exercise any of its development rights reserved hereunder and pursuant to such exercise increases or decreases the number of Units or the size of any Unit, then the amendment to this Declaration recorded in connection with the exercise of such right shall reapportion the Percentage Interest in the Common Elements and the Common Expense Liability Allocations appurtenant to each Unit among all Units, including any newly created or configured Units, in accordance with the provisions of Article III, Section 2, hereof, entitled "Percentage Interest in the Common Elements" with respect to the Percentage Interests and Paragraph A of Article XXIV hereof entitled "Assessments: Liability, Lien and Enforcement" with respect to the Common Expense Liability Allocations.

Section 4. Parking Agreement with the City of Fayetteville; Leased Parking Spaces as Additional Common Elements. It is noted that Declarant has finalized an agreement (the "Parking Agreement") with the City of Fayetteville to initially lease thirty (30) parking spaces (the "Leased Parking Spaces") from the City of Fayetteville in that certain City-owned parking lot (the "City Parking Lot") located immediately behind the Condominium and commonly known by the name of the street which runs through said parking lot, said street name being "Pennmark Place" (the City Parking Lot is more particularly described as all of Parcel 1 as shown on plat recorded in Plat Book 117, Page 59, Cumberland County Registry). A memorandum of the Parking Agreement shall be recorded simultaneously with this Declaration in the Cumberland County Registry. The Declarant reserves the right to assign the Parking Agreement to the Association (to include the assumption by the Association of all indemnity and other obligations therein, which the Association is hereby authorized and directed to expressly assume), such that the Leased Parking Spaces shall become additional Common Elements of the Condominium. All lease payments and other financial obligations of the Parking Agreement shall become Common Expenses of the Association. Upon the assignment of the Parking Agreement from the Declarant to the Association, the Association shall have the right to assign the Leased Parking Spaces as Limited Common Elements for the benefit of particular Units. It is noted that Unit Owners with Garage Units may not be afforded the right to use the Leased Parking Spaces, such decision to remain in the sole discretion of the Association, from time to time, based upon the demand for, and the availability of, such Leased Parking Spaces. The

Declarant and the Association hereby reserve the right to negotiate with the City of Fayetteville with respect to increasing the number of Leased Parking Spaces from time to time, if possible, and/ or renewing the term of the Parking Agreement. It is noted that the initial term of the Parking Agreement is twenty (20) years, with an option to extend said term for an additional five (5) years. A copy of the Parking Agreement, and any amendments thereto, shall be kept on file with the Association and available for review by any Unit Owner upon request. The Association, or the applicable property management company on behalf of the Association, shall be responsible for towing unauthorized vehicles that may be parked in the Leased Parking Spaces.

Section 5. Scope of Development Rights. Any and all of the Development Rights herein reserved may be exercised as to any, all or none of the real estate from time to time described in the Plan of Condominium and/or the Additional Property, at different times and from time to time, and in any sequence, all in the sole discretion of the Declarant.

V.

SUBDIVISION OF UNITS, RELOCATION OF BOUNDARIES, AND
REALLOCATION OF LIMITED COMMON ELEMENTS BY UNIT OWNERS;
CREATION OF ADDITIONAL COMMON ELEMENTS BY UNIT OWNERS;
SEPARATE CONVEYANCE OF COMMON ELEMENT INTEREST PROHIBITED;
TIMESHARE PROGRAMS PROHIBITED

Section 1. Subdivision of Units, Relocation of Boundaries, and Reallocation of Limited Common Elements by Unit Owners. A Unit may be subdivided into two or more Units and the boundaries between adjoining Units may be relocated by the Owner(s) of such Unit(s) other than Declarant acting pursuant to the provisions of Article IV, Section 2, provided (i) such subdivision or relocation of boundaries is in accordance with applicable laws, regulations and ordinances and does not cause any other Unit or the Condominium as a whole or any portion of the Condominium to be out of compliance with any applicable laws, regulation or ordinances, (ii) any modifications to the Units that are the subject of the subdivision or boundary relocation do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium, (iii) any Unit created or reconfigured by the subdivision or relocation of boundaries contains a reasonably appropriate square footage of floor area, and (iv) the Owner(s) of the Unit(s) that are the subject of the subdivision or boundary relocation agree to indemnify and hold harmless the Association and all other Unit Owners from any loss or liability arising from any related construction. As part of such subdivision or relocation of boundaries, new Common Elements and/or Limited Common Elements of a nature and scale similar to those currently existing may be created from portions of the previously existing Units subject to the subdivision or boundary relocation. Any such Unit Owner(s) desiring to subdivide a Unit or relocate boundaries between adjoining Units shall make application to the Association. The application shall be in such form and contain such information and assurances as reasonably required by the Association to confirm that the subdivision or relocation of boundaries meets the foregoing conditions and shall be accompanied by detailed plans of the proposed subdivision or relocation prepared by an architect or engineer licensed or registered as required by the North Carolina Condominium Act for the production of condominium plans. If the Association

reasonably determines that the proposed subdivision or relocation of boundaries meets the foregoing conditions, the Association shall prepare and record, at the expense of the Unit Owner(s) of the Unit(s) that are the subject of the subdivision or boundary relocation, an amendment to this Declaration in the Cumberland County Registry, such amendment to refer specifically to the recording data identifying this Declaration and to be executed, in the same manner as a deed, by the Association and the Unit Owner of the Unit being divided or subdivided. Such amendment shall assign identifying numbers to the new Unit(s) created thereby, describe any new Common Elements and Limited Common Elements created thereby and, in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved and the amendment shall reapportion the Percentage Interests in the Common Elements appurtenant to the Units between or among all Units, including the newly configured Units, based on the number of square feet of floor area contained in each Unit relative to the total number of square feet of floor area contained in all Units in accordance with Article III, Section 2. The amendment shall also reapportion the Common Expense Liability Allocation. In addition to the execution and recordation of the amendment to the Declaration described above, the Association, at the expense of the Unit Owner(s) of the Units that are the subject of the subdivision or the boundary relocation, shall prepare and record in the public records of Cumberland County supplemental plats and plans of the Condominium meeting the requirements of the North Carolina Condominium Act and evidencing the changes effected by the subdivision or boundary relocation.

Section 2. Separate Conveyance of Common Element Interest Prohibited. Except as otherwise provided in this Declaration, the Percentage Interest in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the Percentage Interest in the Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such Percentage Interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transaction which purports to grant any right, interest or lien in, to or upon a Unit shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its Percentage Interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or 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 in the Plan of Condominium without limitation or exception, shall be deemed and construed to affect the entire Unit and its Percentage Interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its Percentage Interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

Section 3. Timeshare Programs Prohibited. No interest in any Unit may be subjected to a timeshare program.

VI.

THE CONDOMINIUM SUBJECT TO MATTERS OF RECORD

The liens, defects and encumbrances affecting the Property and the Condominium to which the rights of Unit Owners are hereby made subject are set out on Exhibit F attached hereto and incorporated herein by reference,

VII.

PERPETUAL NONEXCLUSIVE EASEMENT IN COMMON ELEMENTS; OTHER EASEMENTS;CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS;
AND LEASE OF RETAIL SPACE FOR FITNESS CENTER

Section 1. Perpetual Nonexclusive Easement in Common Elements; Dedication of Public Easement Across Walkway beneath Building Archway. The Common Elements shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Unit Owners for their use and the use of their employees, invitees and guests, for all proper and normal purposes (including, without limitation, ingress and egress from and to public streets and walkways over those portions of the Common Elements intended for such purpose), and for the furnishing of services and facilities for which the Common Elements are reasonably intended and for the enjoyment of said Unit Owners. The Association shall have the exclusive right to establish the rules and regulations pursuant to which Unit Owners, their employees, invitees and guests, may be entitled to use the Common Elements and/or to establish other restrictions concerning the use thereof. Notwithstanding anything herein provided to the contrary, the Association shall not have the right to promulgate any rules or regulations that would prohibit or substantially interfere with the use of a Retail Unit for any purpose otherwise permitted herein, including without limitation, the right to operate such commercial facilities during the hours of 6:00 a.m. until 11:00 p.m., and the right to maintain signage as provided in this Declaration.

As required by the City of Fayetteville, a non-exclusive pedestrian easement of ingress, egress, and regress is hereby conveyed and dedicated with respect to the walkway that is located beneath the archway of the Building, said walking being a portion of the Common Elements which connects Hay Street and the City Parking Lot. Said easement tract is identified and labeled on the Plan of Condominium as "Common Element and Public Access as Required by the City of Fayetteville."

Section 2. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a security interest, if such conveyance or encumbrance is approved by Unit Owners entitled to cast at least eighty percent (80%) of the votes of the Association (including eighty percent (80%) of the votes allocated to Units not owned by Declarant and one hundred percent (100%) of the Unit Owners owning Units

appurtenant to any Limited Common Elements which are proposed to be conveyed or encumbered); provided, however, no such conveyance or encumbrance of the Common Elements shall unreasonably interfere with or obstruct ingress, egress and regress to and from any Unit. In connection with any encumbrancing of the Common Elements, the Association also may assign its right to future income, including the right to receive Common Expense assessments, if such assignment is approved by Unit Owners owning at least eighty (80) of the Percentage Interests in the Common Elements. The approval of Unit Owners required above shall be evidenced in a writing executed by all such Unit Owners, in the same manner as a deed, and recorded in the public records of Cumberland County, North Carolina. The agreement must specify a date after which it will be void unless then recorded. Any proceeds derived from the conveyance or encumbrance of Limited Common Elements shall be distributed as agreed upon between the Association and the Unit Owners owning the Units to which such Limited Common Elements are appurtenant. Any proceeds derived from the conveyance or encumbrance of Common Elements other than Limited Common Elements shall be an exclusive asset of the Association. Notwithstanding the foregoing, however, the Association shall have the authority and power to grant such easements, leases, licenses, and concessions through or over the Common Elements as the Executive Board of the Association may deem in the best interest of the Unit Owners and the Association without a vote or the consent of the Unit Owners or the holders of first mortgage or deed of trust liens; provided however, any such grant shall be for a purpose consistent with the continued use by the Owners of the Common Elements for their intended purpose and shall not interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Units or cause any Unit or the Condominium as a whole to fail to comply with applicable laws, regulations or ordinances.

Section 3. Public Access to the Condominium from Franklin Street and Ray Avenue. It is acknowledged that Pennmark Place is a public street and the City Parking Lot is a public parking lot; however, it is acknowledged that the Leased Parking Spaces shall not be available for use by the general public as long as the Parking Agreement remains in effect. As such, there is public access to the Condominium to and from Franklin Street and/ or Ray Avenue, which are both public rights-of-way. (See Article IV, Section 4 for information regarding the Parking Agreement).

Section 4. Pedestrian Easement over and across Garage Units. It is noted that certain adjacent Garage Units share an entry doorway into the first floor of the Condominium. As such, a non-exclusive easement for pedestrian ingress, egress, and regress is hereby reserved over and across any such adjacent Garage Units that may share a common entry doorway for the limited purpose of access to and from such entry doorway, said easement to benefit the respective Owners of any such Garage Units, their residents, and guests only.

Section 5. Lease of Retail Unit 103 for Fitness Center/ Other; Option to Purchase in favor of Association. The Association shall execute and enter into a lease agreement (the "Lease") whereby the Association, as tenant, leases from Declarant, or its successor in title, as landlord, Retail Unit 103 as such may be enlarged or reconfigured in the Declarant's sole discretion in accordance with rights reserved elsewhere herein) (the "Leased Space"). The Leased Space will be used for a fitness center (or other use for the common use and enjoyment of all Unit Owners, in the discretion of the Association) serving the Condominium, and all costs

associated with the Lease or the Leased Space shall be a Common Expense. The Lease shall include, without limitation, the following terms and provisions: (i) for so long as the Lease remains in effect, the Association may allow the Leased Space to be used by the owners or occupants of the existing Ray Avenue townhomes (adjacent to the Condominium) or the owners or occupants of any residential development to be constructed upon the Additional Property, subject to said additional owners or occupants paying a fee for the use thereof, said useage fee to be determined in the discretion of the Association; (ii) as required by N.C. Gen. Stat. 47C-3-105, the Lease may be terminated upon ninety (90) days' written notice the executive board of the Association elected by the Unit Owners pursuant to N.C. Gen. Stat. 47C-3-103(f) following the expiration of the Period of Declarant Control; and (iii) the Lease shall be subject to the option in favor of the Association to purchase the Leased Space for market value within sixty (60) days of any expiration of its term (the "Purchase Option") (with notice of exercise by the Association of such option to be delivered to the Owner of Unit 103 by the Association within thirty (30) days of the expiration of the Lease, and with closing to occur within sixty (60) days of such Lease expiration, time being of the essence, unless otherwise agreed in writing by the parties), said Purchase Option being expressly reserved hereby in favor of the Association. Any election by the Association to purchase the Leased Space shall require the consent and approval of the Unit Owners entitled to cast at least eighty percent (80%) of the votes of the Association (including eighty percent (80%) of the votes allocated to Units not owned by Declarant. A copy of the Lease shall remain on file with the Association and shall be available for inspection by Unit Owners upon request. Notwithstanding anything the contrary in Article XXIV or elsewhere within this Declaration, as long as Unit 103 is being leased by the Association in accordance herewith, then Unit 103 shall not be subject to any assessments (annual, special or otherwise) that would otherwise be payable to the Association by a Unit Owner; however, upon the expiration or termination of the Lease of Unit 103, then Unit 103 shall be subject to any assessments (annual, special or otherwise) from and after the date of such expiration or termination.

VIII.

RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

Recognizing that the proper use of a Unit by its Unit Owner(s) is dependent upon the use and enjoyment of the Common Elements in common with the Unit Owners of all other Units, and that it is in the interest of all Unit Owners that the ownership of the Common Elements be retained in common by the Unit Owners, it is hereby declared that the Percentage Interest in the Common Elements appurtenant to each Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division.

IX.

ADMINISTRATION OF THE CONDOMINIUM BY
THE ASSOCIATION

The Association has been organized to provide for the administration of the Condominium by the Unit Owners, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and Bylaws. The Unit Owner(s) of each Unit shall automatically become Members of said Association upon his, their or its acquisition of an ownership interest in title to any Unit and its Percentage Interest in the Common Elements, and the membership of such Unit Owner(s) shall terminate automatically upon such Unit Owner(s) being divested of such ownership interest in the title to such Unit, regardless of the means by which such ownership may be divested. On all matters which the membership of the Association shall be entitled to vote, the Unit Owner(s) of each Unit shall have a vote equal to the Percentage Interest appurtenant to such Unit, to be cast or exercised by the Unit Owner(s) of each Unit in such manner as may be provided in the Bylaws of the Association. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said corporation or to any of the rights or privileges of such membership except as set forth in Article XXIX hereof. In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted all of the powers and authorities granted to non-profit corporations under the law pursuant to which the Association is chartered, and all of the powers and privileges which may be granted the Association under any other applicable laws of the State of North Carolina, including the North Carolina Condominium Act, which powers include, without limitation, the power and authority to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board of said Association may deem to be in the best interests of the Unit Owners and the Association and to grant such easements, leases, licenses, and concessions through or over the Common Elements as the Executive Board of the Association may deem in the best interest of the Unit Owners and the Association; provided however, any such grant shall be for a purpose consistent with the continued use by the Owners of the Common Elements for their intended purpose and shall not interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Units or cause any Unit or the Condominium as a whole to fail to comply with applicable laws, regulations or ordinances. .

X.

USE RESTRICTIONS APPLICABLE TO UNITS;
THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES;
RESTRICTION AGAINST NUISANCES

A. Use Restrictions. Except as otherwise expressly provided herein, no portion of any Residential Unit shall be used for any purpose other than residential purposes and purposes ancillary to such use; provided, however, any Residential Unit may be used for home office

purposes by the resident(s) of such Unit, provided that the primary use of such Unit is residential, no business customers of the resident(s) visit the Unit and the resident(s) do not advertise the address of the Unit as a business address. The Retail Units may be used for office or retail purposes only and no Retail Unit shall be used for residential purposes, including "half way" houses, life care communities, retirement or nursing homes. In addition, no Retail Unit may be used for restaurant purposes or as an adult establishment, which shall include any bar, nightclub, tavern or lounge featuring adult entertainment and any establishment which sells or rents "adult" or pornographic books, videos or other materials, or as a tattoo or body piercing establishment, kennel, funeral home, crematorium, or for the purpose of performing autopsies, embalming or cremation, or for any other purpose which involves cadavers or deceased human or animal bodies. No operations or uses of a Retail Unit shall be permitted or maintained which cause or produce any of the following effects discernible outside the Unit or affect any other portion of the Condominium: (i) noise, sound, or vibration that is objectionable because of its volume, duration, intermittent beat, frequency, intensity of vibration or shrillness; (ii) smoke; (iii) noxious, toxic or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or fly ash; and (vi) unusual fire or explosive hazards. No operations or uses of a Retail Unit shall be open for operation or business after 11:00 p.m. each evening or open for business before 6:00 a.m. each morning. Notwithstanding the above, it is noted that Unit 103 (as such may be expanded or reconfigured) may be used for the purpose of a fitness center (or other common area for the benefit of Unit Owners) for the benefit of the Condominium, in accordance with Article VII, Section 5; and the hours of operation for such fitness center (or other common area) (and other rules and regulations for same) shall remain at all times in the discretion of the Association.

B. Nuisances. No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements, nor any part thereof, and all laws, ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Unit Owner shall permit or suffer anything to be done or kept in his Unit or on the Common Elements, including any Limited Common Elements, which will obstruct or interfere with the rights of other occupants of the Condominium nor shall any Unit Owner undertake any use or practice which shall create and constitute a nuisance to any other Unit Owner by reason of the emission or creation of odors, gases, dust, smoke, noise, fumes, cinders, soot, glare, reflected sunlight, vibrations, radiation or waste or otherwise, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements. The use of the Common Elements and the Units by the Unit Owners and all other parties authorized to use the same also shall be at all times subject to such reasonable Rules and Regulations as may now or hereafter be prescribed by the Association. Notwithstanding anything herein provided to the contrary, the Association shall not have the right to promulgate any Rules or Regulations that would prohibit or substantially interfere with the use of a Retail Unit for any purpose otherwise permitted herein, including without limitation, the right to operate such commercial facilities during the hours of 6:00 a.m. until 11:00 p.m., and the right to maintain signage as provided in this Declaration.

C. Smoking Restrictions. Smoking is prohibited throughout the Condominium (specifically including the Building and the grounds) except as follows:

1. The Association may from time to time promulgate rules and regulations identifying one or more smoking areas outside the Building which must be sufficiently far from Building entrances and exits as not to interfere with the use of such areas by others and as to prevent smoke from entering the Building.

2. A Unit Owner may allow smoking on any deck or balcony, without regard to whether the deck or balcony constitutes a part of the Unit.

D. Compliance with Laws; Hazardous Uses. No Unit Owner shall use or permit such Unit Owner's Unit or the Common Elements or any part thereof to be used in violation of any law or ordinance or any regulation of any governmental authority, for any hazardous purpose or in any manner which will constitute a nuisance or that will violate, suspend, void or make inoperative any policy or policies of insurance of any kind whatsoever at any time carried on the Unit, any neighboring Unit or the common elements or any part thereof.

E. Hazardous Substances. No Unit Owner shall handle, store, process, dispose of or generate on the Condominium or transport to or from the Condominium, and no Unit Owner shall permit any officer, principal, servant, employee, lessee, agent or contractor of such Unit Owner or any other person under the direction or control of such Unit Owner to handle, store, process, dispose of or generate on the Condominium or transport to or from the Condominium, any hazardous or toxic materials, waste and/or substances (which includes but is not limited to polychlorinated biphenels, petroleum, flammable explosives, radioactive materials and asbestos), as defined in any environmental law of any municipality, state or federal agency or body applicable to the property ("Hazardous Substances"); provided, however, a Unit Owner may, ancillary to and in the normal course of an otherwise permitted use of the Unit, use or permit to be used Hazardous Substances that are commonly used in the normal course if such use of such Hazardous Substances do not under applicable law require a permit from, or that a report, notice, registration or business plan be filed with, any governmental authority or that a notice be given to persons entering or occupying the Unit or neighboring properties. Any use, storage or disposal of any such Hazardous Substances must be conducted in a reasonably prudent manner and in a manner which is: (i) consistent with standards recognize by the health care industry; (ii) in compliance with all applicable laws, ordinances and regulations of any governmental authority; and (iii) not harmful to any mechanical or structural component of the Condominium, including, without limitation the plumbing, water and sewer, electrical and heating and ventilation systems. Each Unit Owner agrees to indemnify, defend and hold harmless all other Unit Owners and the Association from and against any loss incurred as a result of the use, handling, storage, generation, transportation or disposal of Hazardous Substances by such Unit Owner or any officer, principal, servant, employee, agent or contractor of such Unit Owner or any other person under the direction or control of such Unit Owner. The cost of any testing or remediation performed by the Association, including without limitation all engineering and attorneys' fees, made necessary as a result of a Unit Owner's breach of the foregoing restrictions shall be assessed exclusively against the responsible Unit Owner and the assessment, together with attorneys' fees and all other costs of collection, shall be the personal obligation of such Unit Owner and a lien against such Unit Owner's Unit to the same extent provided under Article XXIV of this Declaration.

F. Leases. Any lease or rental agreement for a Unit shall be in writing. The initial term of any lease or rental agreement for a Unit shall not be less than six (6) months. Any lease shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. The Executive Board shall be furnished with a memorandum of all leases evidencing compliance with the foregoing.

G. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on the Common Elements or in any Unit except that dogs, cats or other household pets may be kept or maintained provided that: (i) the total number of household pets maintained in any Unit does not exceed two (2); (ii) no such pet weighs more than thirty (30) pounds; (iii) dogs that are, or bear the primary characteristics, of any one or combination of the following breeds, are prohibited: Chow, Doberman Pinscher, German Shepherd, Pit Bull or Rottweiler; (iv) no such pets are kept or maintained for commercial purposes or breeding purposes; and (v) all such pets are kept and maintained in compliance with all laws and ordinances of the State of North Carolina, the County of Cumberland and the City of Fayetteville relating thereto; and such rules and regulations pertaining thereto as the Executive Board may adopt from time to time. Notwithstanding the above, the Executive Board of the Association may make exceptions to the above rules on a case-by-case basis in its reasonable discretion.

XI.

USE OF COMMON ELEMENTS SUBJECT TO RULES OF ASSOCIATION

The use of Common Elements, including the Limited Common Elements, by the Unit Owners, and all other parties authorized to use the same, shall be at all times subject to such reasonable Rules and Regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association. Notwithstanding anything herein provided to the contrary, the Association shall not have the right to promulgate any Rules or Regulations that would prohibit or substantially interfere with the use of a Retail Unit for any purpose otherwise permitted herein, including without limitation, the right to operate such commercial facilities during the hours of 6:00 a.m. until 11:00 p.m., and the right to maintain signage as provided in this Declaration.

XII.

RIGHT OF DECLARANT TO REPRESENTATION ON EXECUTIVE BOARD OF THE ASSOCIATION

For the period commencing on the date the Association is formed and ending one hundred twenty (120) days after the conveyance of seventy-five percent (75%) of the units (including units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a declarant, but in any event no longer than two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, Declarant shall have the right to designate

and select all of the persons who shall serve as members of each Executive Board of the Association, except as follows:

A. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units (including additional units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant; and

B. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including additional units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Unit Owners other than the declarant.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Executive Board members, whether appointed by Declarant or elected by the Owners, need not be Owners.

XIII.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Unit Owner is present at the time of such emergency, the Executive Board of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter any Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

XIV.

RIGHT OF ENTRY FOR IMPROVEMENT, MAINTENANCE, OR REPAIR

Whenever it may be deemed necessary or otherwise expedient for Declarant or the Association (on behalf of itself or any Unit Owner) to enter any Unit for any of the purposes set forth below, the Unit Owner(s) of such Unit shall permit the licensed contractors, subcontractors and other authorized agents of Declarant, the Association, or the Unit Owner(s) requesting entry, as the case may be, to enter such Unit for such purpose:

- (i) performing any improvement, maintenance, alteration or repair to any Common Elements, including any Limited Common Elements, whether or not such Limited Common Elements serve the Unit entered, or
- (ii) performing any improvement, maintenance, alteration or repair to any equipment, improvements, wires, pipes and other facilities or conduits serving another Unit but located within or accessible through the Common Elements.

Such entry shall be made only at reasonable times and with reasonable advance notice and all activities conducted in the Unit shall be conducted in such a way as to minimize any interference with the use and occupancy of the Unit. In such instances, Declarant, the Association or the Unit Owner requesting entry, as the case may be, shall promptly restore the entered Unit to the condition existing prior to entry and shall indemnify, defend and hold harmless the Unit Owner(s) of the entered Unit from and against any loss, damage or liability incurred as a result of such entry.

XV.

LIMITATION UPON RIGHT OF UNIT OWNER
TO ALTER AND MODIFY UNITS;
NO RIGHT TO ALTER COMMON ELEMENTS

1. Subject to the provisions of this Article, Unit Owner may make improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium; however, a Unit Owner shall be prohibited at all times from cutting holes in the structural portion of any ceiling or in any structural wall (including any firewall) to install audio/ visual/ or other equipment or for any other purpose. The purpose of this prohibition is to ensure the integrity of the firewalls and other demising areas between Units and to avoid unintended sound transference between the Units.

2. The Reviewing Authority shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium or in any manner alter the appearance of the exterior of the Condominium Building (including painting or other decoration, the installation of electrical wiring, television or radio antennae or any other objects or devices which may protrude through the walls or roof of the Condominium) without the written consent of the Reviewing Authority being first had and obtained. No Unit Owner shall cause or allow any object to be fixed to the Common Elements or to any Limited Common Elements or in any manner change the appearance of the Common Elements or Limited Common Elements without the written consent of the Reviewing Authority being first had and obtained. No sign shall be placed or allowed to remain on the Building or other portions of the Common Elements, or within any Unit if the sign is visible from the exterior of the Building, except that the Association shall have the right to erect and maintain directional and informational signage and the Owner(s) of each Retail Unit shall have the right to place and

maintain signs on those portions of the exterior of the Building that surround such Owner's(s') Unit, provided that any such signage shall comply with the requirements of the Fayetteville downtown historic guidelines applicable to the Condominium; notwithstanding the foregoing, however, during Declarant's Development Period, Declarant and any affiliate shall have the right to erect and maintain signs within the Common Elements, or within any Unit owned or leased by Declarant or any affiliate, for the purpose of advertising and promoting the sale of Units. In addition, any exterior decoration, or interior decoration visible from the exterior or interior Common Elements (including, without limitation, planters, window treatments and similar items) shall not be commenced, erected or maintained in or about any Unit without the prior written consent of the Reviewing Authority. No item may be placed or stored on any balcony, deck or stoop without the prior written consent of the Reviewing Authority. Under no circumstance shall any balcony, deck or stoop be used for storage of any kind. In the event that an Owner neglects or fails to remove any item at the request of the Reviewing Authority, the Reviewing Authority may provide such removal. Notwithstanding the foregoing outdoor furniture, plants and planters may be placed on balconies and window treatments and blinds that are white or beige when viewed from the exterior shall not require the prior approval of the Reviewing Authority, but if any such item is determined, in the sole discretion of the Reviewing Authority, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the Condominium, the Reviewing Authority may require that such item promptly and permanently be removed. In order to enable the Reviewing Authority to accomplish the foregoing, there is hereby reserved to the Reviewing Authority the right to unobstructed access over and upon each Unit at all reasonable times for such purpose, and the cost of such removal shall be added to and become a part of the assessment to which such Unit is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Common Elements or market the Units as permitted by the terms of this Declaration. Accordingly, Declarant, during Declarant's Development Period, may erect signs within the Common Elements and make such further improvements to the Common Elements as Declarant may deem appropriate without regard to any review standards established with respect to the Reviewing Authority pursuant to this Declaration or any guidelines or course of dealing established by the Reviewing Authority for general application.

Any Unit Owner other than Declarant desiring to make any improvement, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Reviewing Authority which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition to the granting of approval of any request made under this Article, the Reviewing Authority may require that the Unit Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Unit Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Reviewing Authority. Thereafter, the Unit Owner, and any subsequent Owner of the Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be assessed exclusively against, and shall be the personal obligation of, the Unit Owner(s) of such Unit and a lien against such Unit to the same extent as set forth in Article XXIV of this Declaration.

XVI.

RIGHT OF ASSOCIATION TO ALTER AND
IMPROVE COMMON ELEMENTS AND ASSESSMENT THEREFOR

The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements (including the right to grant and establish upon, over and across the Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and the Common Elements) which do not materially prejudice the rights of any Unit Owner in the use and enjoyment of his Unit, provided the making of such alterations and improvements (and the granting of any such easements) are approved by Declarant, during Declarant's Development Period, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all Unit Owners. However, where any alterations and improvements are exclusively or substantially for the benefit of the Unit Owner(s) of certain Unit(s) requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Unit Owner(s) of the Unit(s) exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Executive Board of the Association.

XVII.

MAINTENANCE AND REPAIR OF UNITS BY UNIT OWNERS

Every Unit Owner shall perform promptly all maintenance and repair work within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, every Unit Owner being expressly responsible for the damages and liability which his failure to do so may engender. Each Unit Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment ("HVAC"), stoves, refrigerators, fans or other appliances or equipment, including any utility fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Unit whether located in his Unit or located in the Limited Common Elements; however, with respect to HVAC, water, sewer, electrical, and telephone systems located within the Common Elements, the Unit Owner shall only be responsible for the portion(s) of any such systems located therein that 'exclusively' service his Unit. In addition, each Unit Owner shall be responsible for the maintenance, repair and replacement of all window, door and other glass surfaces serving such Unit Owner's Unit (with the exception of the glass surfaces of the Retail Units) and shall perform routine maintenance, such as sweeping and snow removal, of the sidewalk and loading areas located immediately adjacent to such Unit Owner's Unit, as such may be applicable. Each Unit Owner shall further be responsible and liable for the maintenance, repair and replacement of the interior surface of any and all walls, ceilings and floors within his Unit including painting, damaged sheetrock, decorating and furnishings, and all other accessories which such Unit Owner may desire to place or maintain in his Unit. In addition, each Unit Owner shall be responsible and liable for the maintenance, repair and replacement of the cosmetic portions of any balcony or rooftop terrace which is a Limited Common Element of his/ her/ its Unit. Whenever the

maintenance, repair and replacement of any item for which a Unit Owner is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that such Unit Owner shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

If a Unit Owner fails to perform any maintenance or repair within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, the Association may perform such maintenance as it deems necessary, twenty (20) days after giving written notice to such Unit Owner of the necessary maintenance; provided, however, during Declarant's Development Period, the performance of such maintenance by the Association shall require Declarant's prior written consent. The cost of such maintenance performed by the Association shall be assessed exclusively against such Unit Owner and the assessment shall be the personal obligation of such Unit Owner and a lien against such Unit to the same extent provided under Article XXIV of this Declaration.

XVIII.

MAINTENANCE AND REPAIR BY THE ASSOCIATION; SERVICES PROVIDED BY THE ASSOCIATION

Except as otherwise herein provided, the Association shall be responsible for the maintenance, repair and replacement of all of the Common Elements, including those portions thereof which contribute to the support of the buildings; all roofing systems; all party walls; the structural aspects of any balcony and/ or any rooftop terrace (but not to include any cosmetic aspect of any balcony and/ or rooftop terrace, unless otherwise agreed by the Association); and all conduits, ducts, plumbing, stormdrainage system, wiring and other facilities located in the Common Elements for the furnishing of utility and other services to the Units and said Common Elements; and should any incidental damage be caused to any Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. In addition, the Association, upon a determination by the Board, in its sole discretion, that such maintenance will benefit the Condominium, its Owners or occupants, may elect to provide maintenance or to provide enhanced maintenance for any property that serves, is adjacent to or otherwise impacts on the Condominium, including, without limitation, the municipally owned parking facility adjacent to the Condominium and any landscaped medians or other areas located within the public rights of way adjacent to the Condominium. All costs incurred by the Association in connection with such maintenance shall constitute a Common Expense. The Association shall be deemed to have such easements on, across and over the Common Elements as shall be reasonably necessary in the exercise and discharge of its maintenance rights and obligations reserved and imposed by this Declaration or under the North Carolina Condominium Act. Whenever the maintenance, repair and replacement of any item for which the Association

is obligated to maintain, replace or repair at its expense is occasioned by any act of a Unit Owner, or the tenant, immediate family member, occupant, employee, servant, agent or guest of such Unit Owner, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement and the Unit Owner who is responsible for the act causing the damage (whether done by the Unit Owner or the tenant, immediate family member, occupant, employee, servant, agent or guest of such Unit Owner) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

The Association, upon a determination by the Board, in its sole discretion, that such services will benefit the Condominium, its Owners and occupants, may elect to provide for the delivery of, or otherwise make available to the Owners and occupants of the Units, services related to the occupancy of the Condominium, which may include, without limitation, a concierge service. All costs incurred by the Association in connection with making such services available, may in the discretion of the Board, constitute a Common Expense.

XIX.

INSURANCE, AUTHORITY TO PURCHASE

Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the managing agent or Executive Board of the Association, as trustees for the Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or mortgagee endorsements or to the holders of first mortgages on the Units or any of them.

To the extent available, such insurance policies must provide that:

1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;
2. The insurer waives its right to subrogation under the policy against any Unit Owner, the Association and their respective employees, servants, agents and guests;
3. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;
4. If, at any time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the Policy described in this Article, the Association's policy provides primary insurance; and

5. The insurer issuing the Policy may not cancel or refuse to renew it until thirty (30) days (or ten (10) days in the event of non-payment of any premium) after notice of the proposed cancellation or non-renewal has been mailed to the Association.

XX.

INSURANCE COVERAGE TO BE MAINTAINED:
USE AND DISTRIBUTION OF INSURANCE PROCEEDS

A. Commencing not later than the time of the first conveyance of a Unit to a person other than a declarant, the Association shall maintain in full force and effect the following insurance coverage:

1. Casualty insurance covering the Common Elements and Units, except such personal property as may be owned by the Unit Owners, shall be procured in an amount equal to 100% of the current replacement cost (exclusive of excavation, foundations, streets and parking facilities) as determined from time to time by the Association. Such policy shall contain an "inflation guard endorsement", if available. The limit of coverage thereunder shall be established by insurance appraisals acceptable to the Association and the applicable insurer, which the Association shall cause to be performed from time to time as the Association shall direct. In addition, the Association shall cause the insurance appraiser to determine the replacement costs of each Unit and the Common Elements, but such allocation shall not limit the amount of insurance proceeds to which any Owner shall be entitled to receive on account of any insured loss, in the event such Owner shall be entitled to proceeds in excess of replacement cost. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. The costs of such insurance and any costs associated with the appraisals obtained by the Association shall be a Common Expense and shall be assessed against each Unit in proportion to the relative replacement costs of each Unit determined as provided above for insurance purposes.

2. A comprehensive policy of public liability insurance with a combined single limit of at least \$1,000,000.00, insuring the Association for personal injury and/or property damage, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage. In addition, said public liability insurance policy shall include coverage with respect to the City Parking Lot as may be required by the terms of the Parking Agreement (and shall name the City of Fayetteville as an additional insured with respect to such coverage).

B. The Association shall maintain a directors and officers liability policy to insure the acts of its directors and officers. In addition, the Association shall maintain a fidelity policy that insures against dishonest or criminal acts by persons handling Association monies. If the

Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall maintain adequate fidelity coverage against such dishonest or criminal acts.

C. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner.

D. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses to be assessed and collected from all of the Unit Owners in proportion to each Unit's appraised value as determined in accordance with Paragraph A above, in the case of casualty insurance, and in proportion to each Unit's share of the Percentage Interests, in the case of all other insurance.

E. If the insurance described in this Article is not reasonably available, in the sole determination of the Executive Board of the Association, the Executive Board shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners as may be required by the North Carolina Condominium Act.

F. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Unit Owners and their respective mortgagees, to be utilized and distributed as set out in Article XXI of this Declaration.

G. In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held for the mortgagee and the Unit Owner as their interests may appear.

H. The Owner(s) of each Unit shall at all times maintain, or cause to be maintained, an HO-6 insurance policy or policies of insurance, without cost or expense to the Association or the Owner(s) of the other Unit, insuring against all claims, demands or actions arising out of or in connection with: (i) such Unit; (ii) the condition of such Unit; (iii) the operations in and maintenance and use of such Unit; (iv) the equipment, personal property and fixtures located on such Unit; and (v) with respect to each Retail Unit, any interruption in the conduct of the business operations conducted on such Unit and loss of rent. The limits of coverage maintained by the Owner(s) of each Unit shall be as established from time to time by the Executive Board of the Association. Each such policy of insurance, whether procured directly by the Owner(s) of a Unit or procured by a tenant of such Owner(s), must provide that the insurer waives its right to subrogation under the policy against the Association, the Owner(s) of the other Unit, and the tenants, immediate family members, occupants, employees, servants, agents and guests of the Owner(s) of the other Unit. The Owner(s) of each Unit shall be liable for any damages or liability arising from the failure of such Unit Owner(s) to maintain, or cause to be maintained, any insurance required by the provisions of this Declaration. All such insurance required hereby shall contain the same waiver of subrogation as that referred to above if the same is available.

XXI.

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

A. If any part of the Condominium shall be damaged by casualty, the damaged area shall be reconstructed or repaired unless:

1. The Condominium is terminated as provided in Article XXVI hereof; or
2. Repair or replacement would violate any state or local health or safety statute or ordinance; or
3. The Unit Owners, by a vote of Unit Owners entitled to cast at least eighty percent (80%) of the votes of the Association (including one hundred percent (100%)) of the Owners of Units which shall not be rebuilt or whose Limited Common Elements shall not be restored if less than all of the Units are damaged or destroyed), determine not to rebuild or restore all or any portion of the damaged area.

B. In the event the Condominium is terminated, insurance proceeds shall be distributed in accordance with Paragraph D of Article XXVI of this Declaration.

C. Any reconstruction or repair shall be performed substantially in accordance with the Plan of Condominium and the plans and specifications on file with and approved by Cumberland County, North Carolina.

D. If the damage is only to those parts of one or more Units for which the responsibility for maintenance and repair is that of such Unit Owner(s), then such Unit Owner(s) shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

E. Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Executive Board deems necessary or appropriate.

F. When the damage is to both Common Elements and Units or to Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the Common Elements, then to the cost of repairing the Units.

G. In the event the Unit Owners determine, pursuant to Paragraph A of this Article, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows:

1. Proceeds attributable to damaged Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Condominium;

2. Proceeds attributable to Units and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Unit Owners and mortgagees of Units which are not to be rebuilt or restored and to the Unit Owners and mortgagees of the Units appurtenant to the damaged Limited Common Elements, in proportion to the damage to such Units and/or Limited Common Elements; and

3. Any remaining proceeds shall be distributed among all Unit Owners and mortgagees, as their interests may appear, in proportion to the Percentage Interests appurtenant to each Unit.

H. Each Unit Owner shall be deemed to have delegated to the Executive Board of the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

I. All remittances to Unit Owners and their mortgagees shall be payable jointly to them.

J. In the event that Unit Owners vote not to rebuild a damaged Unit, that Unit's Percentage Interest in the Common Elements shall be automatically reallocated among the remaining Units at the time of such vote, in proportion to each remaining Unit's (exclusive of the damaged Unit) respective Percentage Interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Declaration reflecting such reallocation.

XXII.

CONDEMNATION OF COMMON ELEMENTS OR UNITS

A. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award thereof shall be paid to the Unit Owner. If the condemning authority does not acquire the Unit's share of Percentage Interest in the Common Elements, that Unit's Percentage Interest shall be automatically reallocated to all remaining Units in proportion to each remaining Unit's (exclusive of the condemned Unit) respective Percentage Interest prior to the taking. The Association shall prepare, execute and record an amendment to the Declaration reflecting such reallocation. Any portion of a Unit remaining after condemnation of that Unit shall thereafter be a part of the Common Elements.

B. In the event a portion of the Limited Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of Limited Common Elements shall be paid to the Association as trustee for Unit Owners, and the Association shall apportion the award among the Unit Owners of Units to which such Limited Common Elements were allocated at the time of the taking, in shares of equal value, or in such other proportion as the Association, in its sole discretion, shall determine.

C. In the event a portion of the Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the Common Elements not payable directly to a Unit Owner shall be paid to the Association.

XXIII.

ASSOCIATION TO MAINTAIN REGISTER
OF UNIT OWNERS AND MORTGAGEES

The Association shall at all times maintain a register setting forth the names of the Unit Owners. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. Further, each Unit Owner shall notify the Association of the names of the parties holding any mortgage or mortgages on his Unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

XXIV.

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Unit Owners. To administer properly the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Unit Owners, costs and expenses which are sometimes herein referred to as "Common Expenses." To provide the funds necessary for such proper operation, management and capital improvement, the Association has been granted the right to make, levy and collect assessments against the Unit Owners and their Units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation, management of and capital improvements to the Condominium, the following provisions shall be operative and binding upon all Unit Owners.

A. Unless specifically otherwise provided for in this Declaration, all assessments made by the Association against Unit Owners to cover Common Expenses shall be in such an amount that any assessment levied against a particular Unit shall bear the same ratio to the total Percentage Interest in the Common Elements appurtenant to all Units, as shown on Exhibit E attached hereto. Any portion of the Common Expense which, in the opinion of the Executive Board, was incurred on behalf of or benefited fewer than all Unit Owners may be assessed solely against the Unit Owners so benefited, in such proportions as the Executive Board, in the reasonable exercise of its discretion, shall determine. It is noted that until January 1 of the year

immediately following the conveyance of the first Unit to an Owner, the maximum monthly assessment for each Residential Unit shall be \$0.13 per square foot, based upon the gross square footage attributable to each particular Residential Unit; and the maximum monthly assessment for each Retail Unit shall be \$0.21 per square foot, based upon the gross square footage attributable to each particular Retail Unit. It is noted that the Retail Units shall be assessed at a rate that is 1.666 times (or, two-thirds higher than) the rate of Residential Units (however, Unit 103 shall not be subject to assessment by the Association as long as the Association Lease remains in effect, as described in Article VII, Section 5). It is also noted that Owners of Garage Units shall pay an additional assessment for purposes of reimbursing the Association for Common Expenses related thereto; and, until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the initial additional assessment for each Garage Unit shall be \$25.00 per month. It is noted that all assessments as provided for herein may be increased periodically, as necessary, in the fiduciary discretion of the Executive Board of the Association.

B. In addition to the assessments authorized above, the Executive Board of the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Elements, including fixtures and personal property related thereto, provided that any such assessments shall have the assent of Unit Owners owning two-thirds (2/3) of the Common Elements who are voting in person or by proxy at a special meeting called for such purpose in which a quorum is present. In addition, during the Period of Declarant Control, the Declarant must also approve of such special assessment (that is approved by the Unit Owners) before such special assessment shall become binding.

C. The assessments provided for herein shall be payable in monthly, quarterly or annual installments as determined by the Executive Board of the Association. Such assessments shall commence for each Unit on the first day of the first month following the recordation of a plat showing such Unit in the Cumberland County Public Registry.

D. The Executive Board of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Unit). Such budget shall project all Common Expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and, in the discretion of the Executive Board, reserves, and the budget shall take into account any anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Based on the proposed budget, the Executive Board shall establish the amount of annual assessment to be levied against each Unit in accordance with the provisions of Paragraph A of this Article. Within thirty (30) days after adoption of the budget by the Executive Board, the Executive Board shall provide a copy of said budget or a summary thereof to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than thirty (30) days after mailing of the budget or summary to the Unit Owners. There shall be no requirement that a quorum be present at the meeting. The budget is deemed ratified unless at the meeting the budget is rejected by the members entitled to cast at

least seventy-five percent (75%) of the votes of the Association, voting in person or by proxy. In the event the Executive Board fails to propose a budget or fails to call a meeting for the ratification of a proposed budget or a proposed budget is rejected, the annual budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board may revise the budget and adjust the annual assessments levied against each Unit from time to time during the year, subject to the notice requirements and the right of the Members to reject the revised budget in accordance with the foregoing provisions.

E. The Executive Board of the Association, in establishing the annual budget for operation, management and maintenance of the Condominium, shall designate therein an amount to be reserved for the periodic maintenance, repair and replacement of the Common Elements. The Association, in the discretion of its Board of Directors, may elect to include said amount as a part of the annual assessments to be levied in accordance with the terms of this Article, in which event such funds so collected by the Association shall be maintained in a separate account designated for such purpose.

F. Unless otherwise provided elsewhere herein, the Association shall have the right, in its reasonable discretion, to assess any Common Expense associated with the maintenance, repair or replacement of any Limited Common Element, against the Unit or Units to which that Limited Common Element is assigned. In addition, the Association shall have the absolute right to assess a Unit for any damage or destruction any Common Area or Limited Common Area that is the result of an intentional or negligent act of any Unit Owner or its occupant.

G. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid to the Association by any Unit Owner, the same may be commingled with monies paid to the Association by the other Unit Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit. When a Unit Owner shall cease to be a member of the Association by reason of his divestment of ownership of such Unit, by whatever means, the Association shall not be required to account to such Unit Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Unit Owner, as all monies which any Unit Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

H. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of twelve percent (12%) per annum until such

delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to Association. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, shall be subject to such reasonable late charge per month for each monthly assessment in arrears as the Executive Board may from time to time fix. All monies owing to the Association shall be due and payable at the main office of Association or the Association's property management company, as the case may be.

I. The Unit Owner(s) of each Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Unit while such party or parties are Unit Owner(s). In the event that any Unit Owner(s) are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner(s) shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all late charges and costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

J. No Unit Owner may exempt himself from liability for any assessment levied against him or his Unit by waiver of the use of enjoyment of any of the Common Elements, or by abandonment of the Unit or in any other way.

K. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and management results in benefit to all of the Unit Owners, and that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Unit and its appurtenant Percentage Interest in the Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Unit Owner(s) of each such Unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all late charges, fines and all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant Percentage Interest in the Common Elements. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed under power of sale under the laws of the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Unit Owner of any Unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said Unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of twelve percent (12%) per annum on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Unit expressly subject to such lien rights.

L. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Office of the Clerk of Superior Court of Cumberland County, North Carolina, in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Unit encumbered thereby, the name of the record owner(s), the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, fees, charges, late charges, fines, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, it shall be satisfied of record.

The lien provided for herein shall be subordinate to: (i) any liens and encumbrances recorded before the docketing of the lien (including any mortgage or deed of trust); and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit. Any person, firm or corporation acquiring title to any Unit and its appurtenant Percentage Interest in the Common Elements by virtue of any foreclosure of a first deed of trust, deed in lieu of foreclosure of a first deed of trust or judicial sale relating to a first deed of trust, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Unit and its Percentage Interest in the Common Elements subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Unit Owners as a part of the Common Expense, including such purchaser, its heirs, successors and assigns, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

M. Whenever any Unit may be leased, sold or mortgaged by the Unit Owner(s) thereof, the Association, upon written request of the Unit Owner(s), shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association on account of such Unit. Such statement shall be executed by any officer of the Association or the Association's property management company, as the case may be, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement. The Association or the Association's property management company may charge a reasonable administrative fee for preparing such statement.

In the event that a Unit is to be leased, sold or mortgaged at the time when payment of any assessment against such Unit and its Unit Owner(s) due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or mortgage proceeds shall be applied by the lessee or purchaser first to payment of any then delinquent assessment or installments thereof due to the Association before the

payment of any rent, proceeds of purchase or mortgage proceeds to any Unit Owner who is responsible for payment of such delinquent assessment.

N. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to Association.

O. In any voluntary conveyance of a Unit, the purchaser thereof shall not be personally liable for any unpaid assessments owed by the seller prior to the time of such voluntary conveyance.

P. At the time of closing of the first sale of each Unit to any Owner other than a Declarant, a sum equal to one-sixth ($1/6^{\text{th}}$) of the then current annual assessments for each such Unit shall be collected and transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association will have adequate funds available to meet unforeseen expenses and to provide the services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular annual assessments.

Q. The initial annual and/ or monthly assessment for each Unit shall be made available by the Declarant or the Association, as the case may be, upon request.

XXV.

COMMON SURPLUS

Unless otherwise expressly provided herein, the "Common Surplus" of the Association, meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits and revenues from whatever source) over the amount of the Common Expenses, shall be owned by the Unit Owners in the same proportion as the Unit Owners' Common Expense Liability Allocation. The Common Surplus shall be held by the Association in the manner prescribed in, and subject to, the terms, provisions and conditions of this Declaration; provided, however, that the Executive Board of the Association shall have the sole discretion as to whether any distribution of Common Surplus should be made to Unit Owners and, if so, when. Nothing in this Article shall require periodic distributions of any Common Surplus. Except for distribution of any insurance indemnity herein provided, 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 current Unit Owners.

XXVI.

TERMINATION

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

A. Except in the case of a taking of all of the Units by eminent domain, the termination of the Condominium may be effected only by the agreement of Unit Owners entitled to cast at least eighty percent (80%) of the votes of the Association, expressed in a termination agreement to that effect executed in the same manner as a deed; and, provided, that the holders of all liens affecting any of the Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the Percentage Interest of the Unit Owner in the Condominium as provided in subparagraph "C" below and provided further that during Declarant's Development Period, Declarant consents thereto in writing by instrument duly recorded. The termination agreement shall become effective when it has been recorded in the public records of Cumberland County, North Carolina, and shall specify a date after which it will be void unless then recorded.

B. Following termination of the Condominium, the Association, on behalf of the Unit Owners, may contract for the sale of real estate in the Condominium, but such contract shall not be binding on the Unit Owners until approved by unanimous agreement of all Unit Owners and the termination agreement described in Paragraph A above reflects such approval and is recorded as required. For purposes of any such sale following termination, title to that real estate, upon approval of sale, shall be deemed vested in the Association as trustee for those holding an interest in the Units and the Common Elements. Thereafter, the Association shall have all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association shall continue in existence with all powers vested in the Association before the termination. Proceeds of the sale must be distributed to the Unit Owners and lien holders, as their interests may appear, in proportion to the respective interests in the Common Elements of the Unit Owners and their mortgagees as set forth in Paragraph D of this Article. All remittances to Unit Owners and lienholders shall be payable jointly to them. Unless otherwise specified in the termination agreement, as long as the Association is deemed to hold title to the real estate, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the portion of the real estate that formerly constituted his Unit. During the period of that occupancy, each Unit Owner and his successors in interest shall remain liable for all assessments and other obligations imposed on Unit Owners by law and under this Declaration.

C. In the event the real estate constituting the Condominium is not to be sold following termination, title to the Common Elements and to all real estate in the Condominium shall vest in the Unit Owners as tenants in common in proportion to each Unit's Percentage Interest, and all liens on such Units shall shift accordingly. While such tenancy in common exists, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the property that formerly constituted his Unit. The property may be subject to an action for partition upon the application of any Unit Owner.

D. The respective ownership interests of Unit Owners described in this Article XXVI are as follows:

1. Except as provided in subparagraph 2 below, the respective interest of a Unit Owner is the fair market value of such Unit Owner's Unit, Limited Common Elements and such Unit's Percentage Interest in the Common Elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The appraisals shall be distributed to the Unit Owners and shall become final unless disapproved within thirty (30) days after distribution by Unit Owners of Units to which twenty-five percent (25%) or more of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Unit Owner's Unit's Percentage Interest in the Common Elements by the total fair market values of all the Units and Common Elements.

2. If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interest of each Unit Owner shall be the Percentage Interest appurtenant to his Unit immediately before termination.

XXVII.

AMENDMENT OF DECLARATION OF CONDOMINIUM

This Declaration of Condominium may be amended in the following manner:

A. An Amendment or Amendments to this Declaration of Condominium may be proposed by the Executive Board of the Association acting upon a vote of a majority of the Directors, or by Unit Owners of Units to which at least fifty percent (50%) of the votes in the Association are allocated, whether meeting as members or by instrument in writing signed by them. Upon any Amendment or Amendments to this Declaration of Condominium being proposed by the Executive Board or members, such proposed Amendment or Amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than ten (10) days nor later than fifty (50) days from receipt by him of the proposed Amendment or Amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed Amendment or Amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. An affirmative vote of Unit Owners to which at least seventy-five percent (75%) of the votes in the Association are allocated shall be

required to amend this Declaration. In addition, during Declarant's Development Period, any amendment to this Declaration shall require the consent and joinder of such Declarant. Upon adoption such Amendment or Amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such Amendment or Amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Public Records of Cumberland County, North Carolina. Such Amendment or Amendments shall specifically refer to the recording data identifying the Declaration of Condominium and shall become effective upon recordation. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to all Unit Owners, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments.

B. Declarant shall have the right to file amendments to this Declaration pursuant to Article IV hereof, without the consent or joinder of any Unit Owners or their mortgagees. In addition, the Declarant shall have the right to file amendments to this Declaration, without the consent or joinder of any Unit Owners or their mortgagees, for the purpose of making technical or minor substantive amendments (that do not increase the financial or other burdens of, or lessen the rights of, Unit Owners or their mortgagees) to this Declaration such that the Condominium conforms with the regulatory requirements of the Veteran's Administration (VA); the Federal Housing Authority (FHA); Housing and Urban Development (HUD); and/ or Fannie Mae and Freddie Mac, as the case may be.

C. The Association shall have the right to file amendments to this Declaration pursuant to the provisions of N.C. Gen. Stat. 47C-1-107, and 47C-2-106(d) and Articles XXI and XXII of this Declaration, without the consent of any Unit Owners or their mortgagees.

D. Certain Unit Owners, acting in conjunction with the Association, shall have the right to file amendments to this Declaration as set forth in N.C. Gen. Stat. 47C-2-108(b) without the consent of other Unit Owners or their mortgagees not parties to the amendment.

E. Except to the extent expressly permitted or required by the North Carolina Condominium Act or the terms of this Declaration, including, without limitation, amendments filed pursuant to Article V hereof, no amendment to this Declaration may create or increase Special Declarant Rights, increase the number of Units, or change the boundaries of any Unit, the Percentage Interest appurtenant to a Unit, a Unit's Common Expense Liability Allocation, or the use restrictions contained in Article X, without the unanimous consent of all of the Unit Owners.

F. No amendment or modification of this Declaration, the Articles of Incorporation or Bylaws of the Association which alters any provision governing the subordination of assessment liens, or imposes any further restrictions on a Unit Owner's right to sell or transfer his or her Unit; or modifies, amends or supplements the use restrictions contained in Paragraphs A of Article X; or alters any provision that expressly benefits Institutional Lenders, shall become effective without the prior written consent of Institutional Lenders (as hereinafter defined)

holding first mortgage loans on the effected Units to which at least fifty percent (50%) of the votes of the effected Units have been assigned.

G. Notwithstanding the foregoing provisions of this Article XXVII, no amendment to this Declaration shall abridge, amend or alter the right of Declarant to designate and select members of each Executive Board of the Association, or otherwise alter, amend or modify the rights and privileges granted and reserved in the Bylaws or the Articles of Incorporation of the Association, or hereunder in favor of the Declarant, may be adopted or become effective without the prior written consent of Declarant.

XXVIII.

REMEDIES IN EVENT OF DEFAULT

The Unit Owner(s) of each Unit shall be governed by and shall comply with the provisions of this Declaration, and the Articles of Incorporation and Bylaws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by any Unit Owner shall entitle the Association or the Unit Owner of any other Units to the following relief:

A. Failure to comply with any of the terms of this Declaration of Condominium or other restrictions and regulations contained in the Articles of Incorporation or Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any tenant immediate family member, occupant, employee, servant, agent or guest of such Unit Owner, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. The Bylaws of the Association provide that the Association may fine a Unit Owner in an amount not to exceed the greater of (i) One Hundred Dollars (\$100.00), or (ii) the maximum amount permitted by the North Carolina Condominium Act, for each violation of this Declaration, the Bylaws or the rules and regulations of the Association, or may assess liability against a Unit Owner in an amount not to exceed the greater of (i) Five Hundred Dollars (\$500.00), or (ii) the maximum amount permitted by the North Carolina Condominium Act, for any occurrence of damage to Common Elements caused by a Unit Owner which is not covered by the Association's insurance. As set forth in the Bylaws, a hearing for the accused Unit Owner must be held before an adjudicatory panel appointed by the Association, which panel shall

accord to the party charged with the violation: (i) notice of the charge; (ii) opportunity to be heard and to present evidence; and (iii) a notice of the decision. Any such fine or liability assessment shall be both the personal obligation of the Unit Owner against whom the fine is assessed and a lien upon the Unit of such Unit Owner and its appurtenant Percentage Interest, to the same extent as the assessments described in Article XXIV hereof.

D. If damage is inflicted on any Unit by an agent of the Association acting within the scope of his activities as such agent, the Association shall be liable to repair such damage or to reimburse the Unit Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit Owner.

E. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

F. The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.

G. All rights, remedies and privileges granted to the Association or the Unit Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

H. The failure of an Institutional Lender or Institutional Lenders, as said term is herein defined, to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration or other above mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

XXIX.

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

A. "Institutional Lender" or "Institutional Lenders," as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by real property and eligible insurers and governmental guarantors of such secured loans that have served or caused to be served written notice upon the Association by Registered or Certified Mail addressed to the Association of its desire that the provisions of this Declaration be applicable to it, which notice shall (i) identify the Unit or Units upon which such lender holds a mortgage or mortgages and any Unit it owns, (2) contain facts sufficient to identify such mortgage or mortgages and (3) designate the place to which notices are to be given to it by the Association. In addition to any other rights set forth in

this Declaration, so long as any Institutional Lender or Institutional Lenders shall hold any first mortgage upon or shall be the owner of any Unit or Units such Institutional Lender or Institutional Lenders shall have the following rights, upon such Institutional Lender's or such Institutional Lenders' written request:

A. To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association and to be furnished copies of all such policies.

B. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by an independent accountant designated by the Association, such financial statement and report to be furnished by May 15 of each calendar year.

C. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration, or the Articles of Incorporation and Bylaws of the Association requiring the consent of a percentage of Institutional Lenders or the proposed termination or abandonment of the Condominium. Such notice shall state the nature of the Amendment or action being proposed.

D. To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days by any Unit Owner owning a Unit encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing.

E. To be given notice of any condemnation loss or casualty loss which affects a material portion of the Common Elements or a material portion of the Unit on which it holds a mortgage or deed of trust.

XXX.

SEVERABILITY

In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

XXXI.

LIBERAL CONSTRUCTION

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

XXXII.

DECLARATION OF CONDOMINIUM BINDING
ON ASSIGNS AND SUBSEQUENT UNIT OWNERS

The restrictions and burdens imposed by the covenants of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in Common Elements. This Declaration shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Unit Owners, and their respective heirs, legal representatives, successors and assigns.

XXXIII.

CONTRACT RIGHTS OF ASSOCIATION

The undertakings and contracts entered into by or on behalf of the Association (including contracts for the management of the Condominium) during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association shall be binding upon the Association in the same manner as though such undertakings and contracts had been entered into by or on behalf of the Association after the Executive Board duly elected by the membership of the Association takes office; provided, however that (1) any management contract or employment contract, (2) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated by the Association without penalty at any time after the Executive Board a majority of the members of which are elected by the Unit Owners takes office, effective upon written notice to the other party. Notice of the substance of the provisions of this Article shall be set out in each contract entered into by or on behalf of the Association during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association.

XXXIV.

GENERAL PROVISIONS

Section 1. Compliance with Fayetteville City Ordinance; Compliance with the Act; Conflict. It is the intent of Declarant that the Condominium comply with the Act. It is also the intent of the Declarant that the Condominium comply with the Fayetteville City Code. The applicable provisions of the Fayetteville City Code are hereby incorporated herein by reference. Where a conflict arises between any provisions of this Declaration and the Fayetteville City Code, then the Fayetteville City Code shall prevail. Where a conflict arises between the provisions of this Declaration and/ or the Fayetteville City Code, and the Act, then the Act shall prevail.

Section 2. Ad Valorem Taxes. Any City and/ or County ad valorem taxes, or assessments for public improvements, if any, on the Common Elements, shall be a Common Expense and shall be the responsibility of, and paid by, the Association from the assessments provided for under Article XXIV herein and subject to all provisions of said Article XXIV, including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes, or assessments for public improvements, if any, levied against the Common Elements, which continues for a period of six (6) months, then each Unit Owner shall become personally obligated to pay the tax to the assessing governmental authority, with each Unit Owner's portion of such taxes or assessments to be determined on a prorata basis based upon the relative heated square footage of the Units. If not paid by any such affected Owner within thirty (30) days, said sum shall become a continuing lien upon any such Owner's Unit, and the taxing or assessing governmental authority may either bring an action at law against any such Owner personally obligated to pay the same, or elect to foreclose the lien.

[Signature Page Attached Hereto]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed in its name under seal as of the date set forth in the below notary acknowledgment.

DECLARANT:

300 BLOCK INVESTORS, LLC

By: [Signature] (SEAL)

Print Name: D. Ralph Huff

Title: Member/ Manager

STATE OF NORTH CAROLINA

COUNTY OF Cumberland

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated:
D. Ralph Huff as Member/ Manager of **300 Block Investors, LLC**, a North Carolina limited liability company.

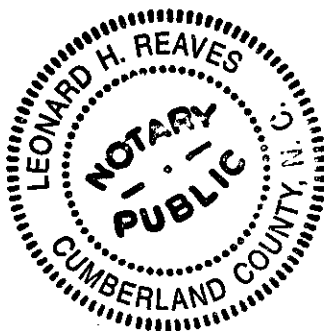
Date: 4-7-2009

Official Signature of Notary: [Signature]

Notary's Printed Name: Leonard H. Reaves

My commission expires: My Commission Expires August 25, 2009

[Affix Notary Seal or Stamp]



(N.P. SEAL)

8125
0752

BK 8125 PG 0752

EXHIBIT A

(Legal Description of the Property)

BEING all of Parcel 2 as shown on plat entitled "Recombination Survey of 300 Block Development for City of Fayetteville", said plat having been duly recorded in Plat Book 117, Page 59, Cumberland County Registry.

8125
0753

BK 8125 PG 0753

EXHIBIT A-1

(Legal Description of the Additional Property)

BEING all of Parcel 4 as shown on plat entitled "Recombination Survey of 300 Block Development for City of Fayetteville", said plat having been duly recorded in Plat Book 117, Page 59, Cumberland County Registry.

EXHIBIT B

(the Plan of Condominium)

(Phase 1 – First and Second Floor Units)

BEING all of those certain plat and plans entitled "300 Hay Street Condominium", prepared by Larry King & Associates, R.L.S., P.A., recorded in Condominium Plat Book 8, Pages 10 through 11, Cumberland County Registry.

EXHIBIT C

(Articles of Incorporation of the Association)

[See pages that follow]

ARTICLES OF INCORPORATION

OF

300 HAY STREET CONDOMINIUM OWNERS ASSOCIATION, INC.

These Articles of Incorporation are made and acknowledged for 300 Hay Street Condominium Owners Association, Inc. and shall govern a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

Article 1. Name and Address. The name of the corporation is 300 Hay Street Condominium Owners Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "Association."

The initial principal office of The Association is:

2939 Breezewood Ave, Suite 100
Fayetteville, NC 28304
Cumberland County

with a mailing address of:

P.O. Box 87209
Fayetteville, NC 28304-7209
Cumberland County

Article 2. Duration. The Association shall have perpetual duration.

Article 3. Applicable Statute. The Association is organized pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the meaning set forth in the Declaration of Condominium for 300 Hay Street Condominium, a condominium, recorded or to be recorded in the Office of the Register of Deeds of Cumberland County, North Carolina, by 300 BLOCK INVESTORS LLC, a North Carolina limited liability company ("300 Block"), said Declaration, as amended from time to time in accordance with its terms, herein referred to as the "Declaration."

Article 5. Purposes and Powers. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which it is formed are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Declaration, the Bylaws, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of property subject to the Declaration.

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws of the Association, may be exercised by the Executive Board:

(a) all of the powers conferred upon nonprofit corporations by common law and the North Carolina statutes in effect from time to time;

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, and the Declaration, including, without limitation, the following:

(i) to fix, levy, collect, and enforce payment of all charges or assessments authorized by the Declaration by any lawful means; to pay all expenses in connection therewith and all administrative and other expenses incident to the conduct of the business of the Association including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(ii) to manage, control, operate, maintain, repair, and improve any Common Elements, or any other property for which the Association, by rule, regulation, declaration, or contract, has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of property subject to the Declaration;

(v) to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Declaration or the Bylaws;

(vii) to enter into, make, perform, and enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(ix) to provide any and all supplemental municipal services to the Condominium as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 5 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 5.

Article 6. Membership. The Association shall be a membership corporation without certificates or shares of stock. Prior to the recording of the Declaration in the Office of the Register of Deeds, Cumberland County, North Carolina, 300 Block shall be the sole member of the Association. Following the recording of the Declaration, membership and voting rights shall be as specified in the Declaration.

Article 7. Executive Board. The business and affairs of the Association shall be conducted, managed, and controlled by an Executive Board. The Board may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine. The method of election and removal of Executive Board members and filling of vacancies and the term of office of Executive Board members shall be as set forth in the Declaration and the Bylaws. The initial Executive Board of the Association shall consist of one (1) member, Dr. Menno Pennick, who shall serve at the discretion of Declarant for so long as Declarant has the right to appoint Executive Board members of the Association pursuant to the Declaration and otherwise until his successor is chosen and qualified.

Article 8. Liability of Executive Board members. No person who is serving or who has served as an Executive Board member of the Association shall be personally liable to the Association or any of its members for monetary damages for breach of duty as an Executive Board member, except for liability with respect to (a) acts or omissions that the Executive Board member at the time of such breach knew or believed were clearly in conflict with the best interests of the Association, (b) any transaction from which the Executive Board member derived an improper personal benefit or (c) acts or omissions with respect to which the North Carolina Nonprofit Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include an Executive Board member's reasonable compensation or other reasonable incidental benefit for or on account of his service as an

Executive Board member, officer, employee, independent contractor, attorney, or consultant of the Association. No amendment or repeal of this Article, nor the adoption of any provision to these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal, or adoption.

Article 9. Dissolution. The Association may be dissolved only as provided in the Declaration, Bylaws, and by the laws of the State of North Carolina. If the Association is dissolved, the net assets of the Association shall be dedicated to a public body or conveyed to another nonprofit organization with a purpose similar to that of the Association.

Article 10. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by the Executive Board and the affirmative vote of not less than two-thirds (2/3rds) of the votes of the Association cast at a meeting duly called for such purpose; provided, however, during Declarant's Development Period, Declarant must also consent to such merger or consolidation.

Article 11. Amendments. Prior to the recording of the Declaration in the office of the Register of Deeds, Cumberland County, North Carolina, these Articles may be amended unilaterally by 300 Block. Following the recording of the Declaration, these Articles may be amended by the approval of at least two-thirds (2/3rds) of the votes cast at a meeting of the Members of the Association duly called for such purpose, or with the written consent of the Members entitled to cast at least two-thirds (2/3rds) of the votes of the Association, provided that (i) no amendment shall be in conflict with the Declaration, (ii) during Declarant's Development Period, any amendment to these Articles must also be approved by Declarant, and (iii) provided further that no amendment shall be effective to impair or dilute any rights of members that are governed by the Declaration.

Article 12. Registered Agent and Office. The initial registered agent of the Association is Little & Young, Inc., and the initial registered office of the Association is:

2939 Breezewood Ave, Suite 100
Fayetteville, NC 28304
Cumberland County

with a mailing address of:

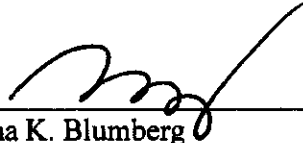
P.O. Box 87209
Fayetteville, NC 28304-7209
Cumberland County

Article 13. Incorporator. The incorporator of the Association is Donna K. Blumberg, Ellis & Winters LLP, 1100 Crescent Green, Suite 200, Cary, North Carolina 27518.

8125
0760

BK 8125 PG 0760

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation.



Donna K. Blumberg
Ellis & Winters LLP
1100 Crescent Green, Suite 200
Cary, North Carolina 27511

INCORPORATOR

EXHIBIT D

**BY-LAWS
OF
300 HAY STREET CONDOMINIUM OWNERS ASSOCIATION, INC.**

ARTICLE I. NAME, MEMBERSHIP, APPLICABILITY, AND DEFINITIONS

1.1. Name. The name of the Association shall be 300 Hay Street Condominium Owners Association, Inc. ("Association").

1.2. Membership. The Association shall have one class of membership, as is more fully set forth in that Declaration of Condominium for 300 Hay Street Condominium, recorded or to be recorded in the Office of the Register of Deeds of Cumberland County, North Carolina, as amended from time to time ("Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein. Unless otherwise herein defined, or the context otherwise requires, all capitalized terms will have the meaning set forth in the Condominium Declaration.

1.3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

ARTICLE II. ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

2.1. Place of Meetings. Meetings of the Association shall be held at the Association's principal office or at such other suitable place convenient to the members as may be designated by the Board, either in the Fayetteville community or as convenient thereto as possible and practical.

2.2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one year from the date the Declaration is recorded. Annual meetings shall be set by the Board.

2.3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed by the members entitled to cast at least 20% of the votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

2.4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Lot (as shown in the records of the Association) a notice of each annual or special meeting of the Association stating the time and place where it is to be held, the agenda for such meeting, and in the notice of a special meeting, the purpose thereof. If an Owner wishes notice to be given at an address other than the Lot, the Owner shall designate by

notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than 10 nor more than 60 days before a meeting.

2.5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

2.6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

2.7. Voting. The voting rights of the members shall be as set forth in the Articles of Incorporation and the Declaration, and such voting rights are specifically incorporated herein.

2.8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of such member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of 11 months from the date of the proxy.

2.9. Quorum. Unless otherwise expressly provided, the presence, in person or by proxy, of 50% of the total eligible Association vote shall constitute a quorum at all meetings of the Association. The members present at a duly called or held 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.

2.10. Action Without a Formal Meeting. Any action to be taken at a meeting of the members, or which may be taken at a meeting of the members, may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed by members entitled to cast at least 80% of the votes of the Association; provided, however, that during Declarant's Development Period, such action is also consented to by Declarant. Action taken without a meeting shall be effective on the date that the last consent is executed, and consented to by the Declarant, if required, unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of members filed in the Association's permanent records.

2.11. Action by Written Ballot. Any action to be taken at any annual, regular, or special meeting of members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each member entitled to vote

on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of an action shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of Executive Board Members; and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without the consent of the Board. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of members filed in the Association's permanent records.

2.12. Members List. The record date for determining members entitled to notice shall be the close of business of the day preceding the date notices are given. The record date for determining members entitled to vote at a meeting shall be the close of business of the business day preceding the date of the meeting. The Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. Additionally, the Association shall prepare on a current basis through the time of the membership meeting a list of members who are entitled to vote but not entitled to notice. This list shall be made available for any member for the purpose of communication concerning the meeting and shall make the list available at the meeting and any member, member's agent, or member's attorney is entitled to inspect the list at any time during the meeting.

ARTICLE III. EXECUTIVE BOARD: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Association shall be governed by an Executive Board.

3.2. Executive Board Members Appointed by Declarant. During the Period of Declarant Control, Declarant shall have the right to appoint and to remove certain members of the Board of the Association in accordance with the terms of the Declaration, which terms are specifically incorporated herein by reference. Any such members of the Board appointed by Declarant do not need to own a Unit or reside within the 300 Hay Street Condominium in order to serve upon the Board of the Association.

3.3. Number of Executive Board Members. The initial Board shall consist of three (3) members. After the Declarant's right to appoint Executive Board Members terminates, the Board shall consist of at least three (3) Executive Board Members, but may expand the number of Executive Board Members to five (5) or seven (7) members, which shall be filled by a vote of the members in accordance with Section 3.5(b).

3.4. Nomination of Executive Board Members. Elected Executive Board Members shall be nominated from the floor and may also be nominated by a nominating committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

3.5. Election and Term of Office. Owner-elected Executive Board Members shall be elected and hold office as follows:

(a) After the Declarant's right to appoint Executive Board Members terminates, the Association shall call a special meeting to be held at which Owners shall elect three Executive Board Members.

(b) Thereafter, Executive Board Members shall be elected at the Association's annual meeting. All eligible members of the Association shall vote on all Executive Board Members to be elected, and the candidate(s) receiving the most votes shall be elected.

At the special meeting in which the Owners initially elect Executive Board Members, two Executive Board Members shall be elected to two-year terms and one Executive Board Member shall be elected to a one-year term. At the expiration of the initial term of office of each respective Owner-elected Executive Board Member, a successor shall be elected to serve for a term of two years. The Executive Board Members shall hold office until their respective successors shall have been elected by the Association.

3.6. Removal of Executive Board Members. At any regular or special meeting of the Association duly called, any one or more of the Executive Board Members may be removed, with or without cause, by a vote of a majority of the members and a successor may then and there be elected to fill the vacancy thus created. An Executive Board Member whose removal has been proposed by the Owners shall be given at least ten days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Executive Board Member who has three consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than 30 days may be removed by a majority vote of the remaining Executive Board Members at a meeting. This Section shall not apply to Executive Board Members appointed by Declarant.

3.7. Vacancies. Vacancies in the Board caused by any reason, excluding the removal of an Executive Board Member by vote of the Association, shall be filled by a vote of the majority of the remaining Executive Board Members, even though less than a quorum, at any meeting of the Board. Each person so selected shall serve the unexpired portion of the term.

B. Meetings.

3.8. Organization Meetings. The first Board meeting following each annual meeting of the membership shall be held at such time and place as shall be fixed by the Board.

3.9. Regular Meetings. Regular Board meetings may be held at such time and place as shall be determined from time to time by a majority of the Executive Board Members. Notice of the regular schedule shall constitute sufficient notice of such meetings.

3.10. Special Meetings. Special meetings of the Board shall be held when requested by the President, Vice President, or by any two Executive Board Members. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Executive Board Member by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Executive Board Member or to a person at the Executive Board Member's home or office who would reasonably be expected to communicate such notice promptly to the Executive Board Member; (d) electronic message, fiber optic, or telecommunication to the Executive Board Member; or (e) by commercial delivery service to such Executive Board Member's home or office. All such notices shall be given or sent to the Executive Board Member's address, telephone number, or other place of delivery as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telecommunication shall be given at least 48 hours before the time set for the meeting.

3.11. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Executive Board Members not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Executive Board Member who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.12. Quorum of Executive Board. At all meetings of the Board, a majority of the Executive Board Members shall constitute a quorum for the transaction of business, and the votes of a majority of the Executive Board Members present at a meeting at which a quorum is present shall constitute the decision of the Board.

3.13. Compensation. No Executive Board Member shall receive any compensation from the Association for acting as such.

3.14. Open Meetings. All meetings of the Board shall be open to all members, but members other than Executive Board Members may not participate in any discussion or deliberation unless expressly so authorized by the Board.

3.15. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

3.16. Action Without a Formal Meeting. Unless prohibited by North Carolina law, any action to be taken at a meeting of the Executive Board Members or any action that may be taken at a meeting of the Executive Board Members may be taken without a meeting if one or more consents, in writing, setting forth the action so taken, shall be signed by a majority of the

Executive Board Members and delivered to the Association for inclusion in the minutes for filing in the corporate records.

3.17. Telephonic Participation. One or more Executive Board Members may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and those Executive Board Members so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

C. Powers and Duties.

3.18. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses and establishing the means and methods of collecting such assessments;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending use restrictions and rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any Person for the performance of various duties and functions.

3.19. Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or Manager. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon not more than ninety (90) days' written notice.

3.20. Borrowing. The Board shall have the power to borrow money without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, or the total amount of such borrowing exceeds or would exceed ten thousand dollars (\$10,000.00) outstanding debt at any one time.

3.21 Fining or Suspension Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) or suspend a member's right to use any part of the Common Property unless and until the following procedure is followed:

(a) Notice. Written notice shall be served upon the violator by first-class or certified mail sent to the last address of the member shown on the Association's records, specifying:

(i) the nature of the violation, the fine or suspension to be imposed and the date, not less than 15 days from the date of the notice, that the fine or suspension will take effect;

(ii) that the violator may, within ten days from the date of the notice, request a hearing regarding the fine or suspension imposed;

(iii) the name, address, and telephone numbers of a person to contact to challenge the fine or suspension;

(iv) that any statements, evidence, and witnesses may be produced by the violator at the hearing; and

(v) that all rights to have the fine or suspension reconsidered are waived if a hearing is not requested within ten days of the date of the notice.

(b) Hearing. Any requested hearing may, in the sole discretion of the Board, be held before the Board in executive session. At the hearing, the violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

(c) Enforcement. In any action or proceeding to enforce the Declaration, these By-Laws, the rules and regulations of the Association, or decision of the Board, the Association shall be entitled to recover all expenses from the violator, including all attorney's fees, thus incurred.

ARTICLE IV. OFFICERS

4.1. Officers. The officers of the Association shall be a President, Secretary, and Treasurer. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board. The Board may appoint such other officers, including one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers, as it shall deem desirable.

4.2. Election, Term of Office, and Vacancies. Except during the period in which the Declarant has the right to appoint the officers of the Association under Section 3.2, the officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

4.3. Removal. Any officer may be removed by the Board whenever, in its judgment, the best interests of the Association will be served thereby.

4.4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties that are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Code.

4.5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board, shall prepare, execute, certify, and record any amendments to the Declaration on behalf of the Association, and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with North Carolina law.

4.7. 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, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board.

4.8. Resignation. Any officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE V. COMMITTEES

Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board.

ARTICLE VI. MISCELLANEOUS

6.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by resolution of the Board.

6.2. Parliamentary Rules. *Robert's Rules of Order* (current edition) shall govern the conduct of all Association proceedings, when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the person presiding over the proceeding.

6.3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

6.4. Amendment. These By-Laws may be amended by the Board if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation, or judicial determination. Otherwise, they may only be amended upon the affirmative vote of at least two-thirds (2/3rds) of the votes of the members of the Association cast at a meeting of the members duly called for such purpose or with the written consent of the members entitled to cast at least two-thirds (2/3rds) of the votes of the Association; provided, however, during Declarant's Development Period, any such amendment must also be approved by Declarant.

[Signature Page Attached Hereto]

IN WITNESS WHEREOF, the Bylaws of 300 Hay Street Condominium Owners Association, Inc. are adopted as of the date set forth below.

DECLARANT:

300 BLOCK INVESTORS, LLC

By: 

Print Name: D. Ralph Huff

Title: Member/ Manager

[Adopted during Period of Declarant Control]

EXHIBIT E

(Percentage Interest in the Common Elements)

Phase 1

<u>Unit Number</u>	<u>Heated Square Footage**</u>	<u>Percentage Interest in Common Elements</u>
101	2110	12.69%
102	560	3.37%
103	448	2.69%
104	914	5.50%
105	630	3.79%
106	1072	6.45%
201	1779	10.70%
202	1790	10.77%
203	1596	9.60%
204	1705	10.25%
205	890	5.35%
206	841	5.06%
207	1161	6.98%
208	<u>1129</u>	<u>6.79%</u>
<u>TOTAL</u>	16,625	100%

**It is noted that the "gross" square footages of the Units (as referenced in Article XXIV, Section A) are available upon request of the Association.

EXHIBIT F

(Title Exceptions)

The Units are subject to all liens, covenants, conditions, easements and restrictions of record, if any, and all taxes which are not yet due and payable. The Units will be conveyed free and clear of any existing liens, said liens to be paid in full upon the closing of the sale of each Unit.

Mortgage Lender Addendum to Declaration of Condominium – (1 of 2)**CONSENT OF BENEFICIARY**

Branch Banking and Trust Company, being the Beneficiary under that certain North Carolina Deed of Trust and Security Agreement, securing \$5,530,000.00, from 300 Block Investors, LLC, a North Carolina limited liability company, as Grantor, to BB&T Collateral Service Corporation, as Trustee, and recorded in Book 78617438, Page 841, Cumberland County Registry (the "Deed of Trust"), does hereby consent to the recordation of this Declaration, and said Beneficiary does hereby subordinate the lien and operation of the Deed of Trust to the provisions of the Declaration and further agrees that from and after this date, the provisions of the Declaration including all exhibits, attachments and amendments thereto, shall be superior to the lien of said Deed of Trust as if the Declaration had been recorded prior to the Deed of Trust. Said Beneficiary executes this Consent of Beneficiary solely for the purposes set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed and sealed as of the 9 day of April, 2009.

BRANCH BANKING AND TRUST COMPANY

By: William Brooks
SV President

STATE OF NORTH CAROLINA

COUNTY OF Cumberland

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated:

William Brooks as SV President of Branch Banking and Trust Company, a North Carolina banking corporation.

Date: 4-9-2009Official Signature of Notary: Aundrey H. MyersNotary's Printed Name: AUNDREY H. MYERSMy commission expires: 5-2010

[Affix Notary Seal or Stamp]

Mortgage Lender Addendum to Declaration of Condominium – (2 of 2)**CONSENT OF BENEFICIARY**

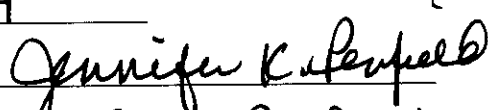
The City of Fayetteville, being the Beneficiary under that certain North Carolina Deed of Trust, securing \$42,964.00, from 300 Block Investors, LLC, a North Carolina limited liability company, as Grantor, to the Fayetteville City Attorney, as Trustee, and recorded in Book 7317, Page 510, Cumberland County Registry (the "Deed of Trust"), does hereby consent to the recordation of this Declaration, and said Beneficiary does hereby subordinate the lien and operation of the Deed of Trust to the provisions of the Declaration and further agrees that from and after this date, the provisions of the Declaration including all exhibits, attachments and amendments thereto, shall be superior to the lien of said Deed of Trust as if the Declaration had been recorded prior to the Deed of Trust. Said Beneficiary executes this Consent of Beneficiary solely for the purposes set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed and sealed as of the 17th day of April, 2009.

THE CITY OF FAYETTEVILLEBy: Print Name: Dale ImanTitle: City Manager**STATE OF NORTH CAROLINA****COUNTY OF Cumberland**

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated:

Dale Iman, as City Manager of the City of Fayetteville, a North Carolina municipal corporation.

Date: 4/17/2009Official Signature of Notary: Notary's Printed Name: Jennifer K. PenfieldMy commission expires: 6/28/2012

[Affix Notary Seal or Stamp]