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GEORGE E. TATUM  
REGISTER OF DEEDS  
CUMBERLAND COUNTY

DECLARATION OF CONDOMINIUM  
OF  
HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.

THIS DECLARATION OF CONDOMINIUM ("Declaration") is made this 31<sup>st</sup> day of January, 2000, by Breezewood Associates, LLC, a North Carolina limited partnership with its principal place of business in the City of Fayetteville, Cumberland County, North Carolina and H & H Investments, Inc., a North Carolina corporation with its principal place of business in the City of Fayetteville, Cumberland County, North Carolina ("Declarant"), pursuant to provisions of Chapter 47C of the North Carolina General Statutes entitled the "North Carolina Condominium Act".

RECITALS

Declarant is the owner of that certain parcel of real estate located in the City of Fayetteville, Cumberland County, North Carolina, as more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with all buildings and improvements now or hereafter constructed or located thereon, which may initially consist of up to one (1) office building and contain up to eight (8) units, and sidewalks, driveways, parking areas and other improvements. Declarant desires to submit the real property described on Exhibit "A" attached hereto and the improvements located thereon to the terms and provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes, and desires and intends by the filing of this Declaration, to so submit said property and improvements.

NOW, THEREFORE, Declarant does hereby publish and declare that the real property described in Exhibit "A" attached hereto and all improvements located thereon are held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the following covenants, conditions, easements, uses, limitations, obligations, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the division of said real estate into condominium units, and shall be deemed to run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the said real estate and improvements, and their grantees, successors, heirs, executors, administrators, devisees and assigns:

ARTICLE I  
DEFINITIONS

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases as used herein shall have the following meanings:

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Section 1.1. Association: "Association" shall mean and refer to Huff Built Office Condominium Owners Association, Inc., a corporation organized and existing under the Non-profit Corporation Act of the State of North Carolina pursuant to and in accordance with this Declaration, the By-Laws, and the North Carolina Condominium Act.

Section 1.2. Building: "Building" shall mean and refer to a structure containing condominium units located upon the Land.

Section 1.3. By-Laws: "By-Laws" shall mean and refer to the By-Laws of the Association, which are incorporated herein by reference, and amendments to such By-Laws which may from time to time be adopted.

Section 1.4. Common Elements: "Common Elements" shall mean and refer to all portions of the condominiums other than the units, and as more particularly described in Article VI, Section 6.1 of this Declaration.

Section 1.5. Common Expenses: "Common Expenses" shall mean and refer to expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration, the By-Laws, and the North Carolina Condominium Act, as defined in N.C.G.S. 47C-1-103(6).

Section 1.6. Condominium: "Condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions.

Section 1.7. Condominium Documents: "Condominium Documents" shall mean and refer to this Declaration, the Articles of Incorporation of Huff Built Office Condominium Owners Association, Inc., the By-Laws of Huff Built Office Condominium Owners Association, Inc., and the rules and regulations governing the use of the Property, as amended and supplemented from time to time, and all attachments and exhibits thereto.

Section 1.8. Declarant: "Declarant" shall mean and refer to Breezewood Associates, LLC and H & H Investments, Inc. or their successor in fee ownership of all remaining Units unsold to purchasers for use as offices, or as otherwise defined in N.C.G.S. 47C-1-103(9).

Section 1.9. Executive Board: "Executive Board" shall mean and refer to the governing body from time to time of the Association as constituted in accordance with this Declaration, the Articles of Incorporation of the Association, the By-Laws and the North Carolina Condominium Act.

Section 1.10. Land: "Land" shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein.

Section 1.11. Limited Common Elements: "Limited Common Elements" shall mean

and refer to those portions of the Common Elements allocated by the Declaration or the terms of the North Carolina Condominium Act for the exclusive use and benefit of one or more but fewer than all of the Units, as more fully described in Article VI., Section 6.2, hereinbelow, and as depicted on the Plans.

Section 1.12. Mortgage: "Mortgage" shall mean and refer to a mortgage or deed of trust constituting a lien on a Unit.

Section 1.13. Mortgagee: "Mortgagee" shall mean and refer to the owner and holder of a Mortgage or the beneficiary of a deed of trust.

Section 1.14. Owner; Owners: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit as merely security or the payment or performance of an obligation. "Owners" shall mean and refer to all or a portion of such record owners collectively.

Section 1.15. Plat(s): "Plat(s)" shall mean and refer to the plats and specifications of the Buildings and Property prepared by Moorman, Kizer & Reitzel, Inc., James M. Kizer, registered land surveyor, recorded under the name of the Condominium in the Condominium Plat Book in the Office of the Register of Deeds of Cumberland County and which are incorporated herein by reference.

Section 1.16. Property: "Property" shall mean and refer to the Land; the buildings and all other improvements and structures located on the Land; all easements, rights and appurtenances belonging or appertaining to the Land; and all articles of personal property intended for common use in connection therewith.

Section 1.17. Unit: "Unit" means a physical portion of the condominium designated for separate ownership or occupancy, the boundaries of which are described pursuant to N.C.G.S. 47C-2-105(a)(5).

Section 1.18. Declaration: "Declaration" means any instruments, however denominated, which create a condominium and any amendments to those instruments.

Section 1.19. Development Rights: "Development Rights" means any right or combination of rights by a Declarant in the Declaration to add real estate to a condominium; to create units, common elements, or limited common elements within a condominium; to subdivide units or convert units into common elements; or to withdraw real estate from a condominium.

Section 1.20. Special Declarant Rights: "Special Declarant Rights" means rights reserved for the benefit of a Declarant to complete improvements indicated on plats and plans filed with the Declaration (Section 47C-2-110); to maintain sales offices, management

offices, signs advertising the condominium, and models (Section 47C-2-115); To use easements through the common elements for the purpose of making improvements within the condominium or within real estate which may be added to the condominium (Section 47C-2-116); to make the condominium part of a larger condominium (Section 47C-2-121); or to appoint or remove any officer of the association or any executive board member during any period of Declarant control (Section 47C-3-103(3)).

In addition, those definitions set forth in N.C.G.S. §47C-1-103 are incorporated herein by reference, and the terms defined therein shall have the meanings set forth therein when used in the Declaration or the Condominium Documents unless expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

## ARTICLE II DESIGNATION OF CONDOMINIUM

The land on which the Buildings and other improvements are located and to be located is in the City of Fayetteville, Cumberland County, North Carolina and is particularly described on Exhibit "A" attached hereto and incorporated herein by reference, which land is subjected to the terms of the North Carolina Condominium Act by this Declaration. The name of the condominium is Huff Built Office Condominium Owners Association, Inc..

Phase I of the Condominium located at the intersection of U.S. 401 By-Pass (Pamalee Drive) and Cain Road (Exhibit "A") will be marketed, promoted and referred to as "Pamalee Point". Future phases of the Condominium may not be referred to as Pamalee Point.

## ARTICLE III DESCRIPTION OF BUILDINGS

Phase I of Huff Built Office Condominium Owners Association, Inc. shall have one (1) building which shall contain eight (8) Units. Unit 100 shall contain approximately 1,457 square feet; Unit 101 shall contain approximately 353 square feet; Unit 102 shall contain 525 square feet; Unit 103 shall contain approximately 357 square feet; and Unit 200 shall contain approximately 778 square feet. The Units are sometimes referred to as Suites and the terms "Units" and "Suites" have synonymous meaning for the purposes of this Declaration and this Condominium. The Declarant reserves the right to construct up to an additional three (3) Units on the second floor out of the remaining 1,903 square feet on the second floor. The building shall have a brick and block foundation. Exterior walls shall be brick veneer. The roof shall be constructed with trusses and covered with asphalt shingles, 225 pounds and 25 year life or better. Windows shall be insulated glass and double hung.

The plat(s) required by N.C.G.S. §47C-2-109 are recorded in Cumberland County Register of Deeds Condominium Plat Book 5 Pages 141 through 145 and incorporated herein by reference. Said plat(s) show a survey of the land and graphic descriptions and plans of the

improvements constituting the Condominium, identifying the Units and Common Areas, as said terms are herein defined, and their respective locations and approximate dimensions. Each Unit is identified by specific numerical designation and no Unit bears the same designation as any other Unit. Said plat(s) shows a certification by a registered architect and registered engineer.

ARTICLE IV  
ADDITIONAL REAL ESTATE

Section 4.1. Declarant's Right to Add Additional Real Estate: Declarant expressly reserves the right to add additional real estate ("Additional Real Estate") to the Condominium. All or part of the Additional Real Estate identified and described on Exhibit "B" may be added to the Condominium at different times, but no assurances are made in regard to the order in which such portions may be added. Declarant shall have no duty or obligation of any kind to add any or all of the Additional Real Estate. The method of adding the Additional Real Estate to the Condominium shall be pursuant to Section 47C-2-105(a)(8) and 47C-2-110 of the Act. The addition of real estate to the Condominium must be completed within twenty (20) years from the date of the recording of this Declaration. The location and dimensions of the real estate subject to Declarant's Right to Add Additional Real Estate is shown in the Cumberland County Register of Deeds Condominium Book 5, Page 141. Declarant reserves the right to amend the Declaration and add additional real estate not described in Exhibit "B" to the Condominium as provided for by applicable law.

Section 4.2. Maximum Number of Additional Units: The maximum number of additional Units that may be created within the Additional Real Estate is the maximum number that is allowed by state and local statutes and ordinances.

Section 4.3. Compatibility of Style, Etc.: Any Buildings and Units that may be erected upon the Additional Real Estate or a portion thereof will be compatible with the other buildings and Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction, and size.

Section 4.4. Applicability of Restrictions, Etc.: All restrictions in this Declaration and the By-Laws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the Additional Real Estate.

Section 4.5. Other Improvements and Common Elements: In addition to the buildings and Units that may be created upon or within the Additional Real Estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the Additional Real Estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and Common Elements located in the Condominium.

Section 4.6. Applicability of Assurances if Additional Real Estate Not Added: The assurances made in this Article IV will not apply with respect to any Additional Real Estate that is not added to the Condominium.

ARTICLE V  
DESCRIPTION OF UNITS

There will be nor more than eight (8) Units in the (1) one building in Phase One of Huff Built Office Condominium Owners Association, Inc.. The location of the building is shown on the Plans filed in the Office of the Register of Deeds and incorporated herein by reference. The designation of the Units, the building, locations, identifying numbers, approximate area, number of rooms and immediate common elements to which each has access, are also shown on the plans, to which reference is hereby made for a more particular description.

The Declarant reserves the right to construct up to an additional three (3) Units (the "Additional Units") on the second floor out of the 1,903 square feet which Declarant has reserved for that purpose. Declarant will prepare and file an amendment to the Declaration as required by and in conformity with applicable law. Declarant may construct the Additional United, amend the Declaration to add the Additional Units and add the Additional Units to the Condominium without the consent or joinder or any Unit owner.

Each unit consists of all the space bounded horizontally and vertically by its perimeter walls, floors and ceilings. Each unit includes those portions of the buildings within such boundaries (with the exception of those items specifically listed below) and the space so encompassed. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and other materials constituting any part of the finished surfaces thereof are part of the unit; and all other portions of such walls, floors or ceilings are part of the 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 immediate preceding paragraph, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a unit are a part of that unit.

Any shutters, awnings, window boxes, door steps, 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.

All windows and doors within the walls enclosing a unit shall be a common element of that unit, but the authority and responsibility for maintenance and painting, together with control over the exterior decorating, of all doors and windows visible from the exterior of the building or from any common element, shall remain with the Association. Replacement of any broken glass

in a window that is a common element of a unit shall be the sole responsibility and expense of the owner or owners of that unit. Routine maintenance and repair of all lath, furring, wallboard, plasterboard, plaster, and subflooring beneath, above, and/or beyond the finished surfaces of the perimeter walls, floor and ceiling of each unit shall be the sole responsibility of the unit owner, although such materials are part of the common elements.

ARTICLE VI  
COMMON ELEMENTS

Section 6.1. Common Elements: The Common Elements include all portions of the Condominium that are not part of the Units and are more particularly described in N.C.G.S. 47C-2-102, including without limitation:

- (a) The Land;
- (b) All improvements located upon the Land that are not part of the Units, including all foundations, columns, girders, beams, supports, walls, roofs, corridors, lobbies, stairs, fire escapes, and entrances and exits of the buildings;
- (c) The yards, gardens, parking areas, sidewalks and driveways; and
- (d) Covered porches located outside the interior of the Building used as an entrance and exit by unit Owners or their customers.
- (e) Installation of central services for the furnishing of utilities and components of the heating and air conditioning systems that serve the Common Elements or serve more than one (1) Unit.

Section 6.2. Limited Common Elements: The Limited Common Elements shall be composed of the following:

- (a) Those portions of any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit serving exclusively that Unit shall be Limited Common Elements allocated exclusively to that Unit;
- (b) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, decks and all exterior doors, windows and skylights designed to serve a single Unit, but located outside the Unit's boundaries, shall be Limited Common Elements allocated exclusively to that Unit; and
- (c) Any portions of heating, ventilating, and air conditioning systems, including fans, fan

coil units, heating elements, return air grills and thermostats, whether located inside or outside the designated boundaries of a Unit, shall be Limited Common Elements allocated exclusively to the Unit that they serve.

(d) Those storage areas located above the second floor Units shall be Limited Common Elements allocated exclusively to the Unit immediately below the respective storage areas.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner or Owners having the right to the use and enjoyment of such Limited Common Elements, but the responsibility for maintenance, painting, repair and replacement, together with control over the exterior decoration of the Limited Common Elements, shall remain with the Association. Notwithstanding any other provisions of this Declaration, or any provision of the By-Laws or the North Carolina Condominium Act, the obligations for maintenance, repair, or replacements of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owners of the Units to which such limited Common Elements are allocated. References herein to Common Elements shall include limited Common Elements unless the context clearly indicates otherwise. The allocation of use of Limited Common Elements to the Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected.

Section 6.3. Undivided Interests of Owners in Common Elements: Except for minor variations due to rounding, the sum of the undivided interests in the Common Elements and Common Expense liabilities allocated at any time to all the Units by the fair market value of the units must, as to each allocation, equal one hundred percent (100%). The percentage of interests in the Common Elements allocated to each Unit shall be as indicated on Exhibit "C" attached hereto and incorporated herein by reference. The percentage of undivided interest in the Common Elements that is allocated to each Unit has been determined by a ratio formulated upon the relationship that the fair market value of each Unit at the date of conveyance of the Unit bears to the then aggregate fair market value of all Units. The fair market value of each Unit has been determined by the Declarant, and this determination shall be binding upon all Units and Owners. The percentage of undivided interest in the Common Elements assigned to each Unit shall not be changed except with the unanimous consent of all the Owners of all the Units and with the consent of all Mortgagees.

Section 6.4. Reallocation of Undivided Interests Due to Added Units: Declarant reserves the irrevocable right, power and authority for a period of twenty (20) years from the recording of the Declaration to amend this Declaration to reflect the addition of any future phases of construction and the changes necessitated thereby to include changes in the ownership interests, expense responsibilities of each Unit Owner in and for said Common Elements and facilities and voting rights in the Association of each Unit owner. Upon the filing of the Amendment to the Declaration to bring future phases under this Declaration, the appurtenant undivided interest of each Unit Owner in the Common Areas and facilities of the Huff Built Office Condominium Owners Association, Inc., all phases, shall necessarily decrease from the percentage set out in



Exhibit "C". The Declarant covenants and agrees to establish such appurtenant undivided interests for all Units at such times as may be necessary pursuant to this Article in the proportions that the then fair market value of each Unit, new and existing, as shall be determined solely by the Declarant, bears to the then aggregate fair market value of all Units on the date of the supplemental declaration, or declarations.

ARTICLE VII  
PURPOSES FOR WHICH BUILDING AND  
UNITS ARE INTENDED TO BE USED,  
AND RESTRICTIONS ON USE

Section 7.1. Unit Use: All Units shall be used for general office purposes only.

Section 7.2. Nuisance: No noxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners.

Section 7.3. Animals: No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Unit, or in the Common Elements.

Section 7.4. Vehicles: No trailers, recreational vehicles, farm vehicles, trucks exceeding 3/4th ton, boats or motorized water sport vehicles shall be kept or allowed to remain in, at or near any Unit or the Common Section Elements.

Section 7.5. Prohibitions and Use of Common Elements: The Common Elements shall not be used for storage of supplies, personal property or trash or refuse of any kind except common trash receptacles placed at the discretion of the Executive Board. Stairs, entrances, sidewalks, yards, driveways, and parking areas shall not be obstructed in any way. In general, no activity shall be carried on nor conditions maintained by any owner either in his Unit or upon the Common Elements which despoils the appearance of the Property.

Section 7.6. Shrubbery: No Owner shall plant or permit to remain on the Property any type of hedge, shrubbery or other plantings except with the prior written permission of the Association.

Section 7.7. Parking: No Owner or any employee, agent, or employee of any Owner, shall park, store or keep any vehicle except wholly within those portions of the Common Elements designated for such by the Association.

Section 7.8. Regulations: Reasonable regulations governing the use of the Property may be made and amended from time to time by the Executive Board; Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners upon request.

Section 7.9. Leases of Units: With the exception of a Mortgagee in possession of a Unit

Section 7.9. Leases of Units: With the exception of a Mortgagee in possession of a Unit following a default in a Mortgage, a foreclosure proceeding, or any deed or arrangement in lieu of foreclosure, no Owner may:

- (a) lease less than his entire Unit; unless it is to the Owner of an adjacent Unit in which case the Owner may lease less than his entire Unit;
- (b) lease his Unit for less than a one (1) year term;
- (c) lease his Unit for purposes of occupancy by persons other than the lessee and its employees and agents for general office purposes; or
- (d) lease any room within a Unit; or lease to transient tenants.

Any lease permitted by the terms hereof shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Declaration and that any failure by the lessee to comply with all the terms of such Declaration shall constitute a default under the lease.

Section 7.10. Hazardous Activities: Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements of any Unit.

Section 7.11. Sign: No signs, flags or banners of any kind shall be displayed to the public view from any Unit or from the Common Elements without the prior written consent of the Executive Board.

Section 7.12. Declarant's Use of Units: Any provisions of the Declaration or the North Carolina Condominium Act to the contrary notwithstanding, Declarant shall have the right to utilize any Unit or Units owned by it as a model Unit(s), sales offices or rental/lease Units and erect and maintain a sign or signs on the Property for the purpose of advertising Units owned by it for sale or rental/lease. These rights shall apply Units in Building 1, and additional Buildings and Units if and when added pursuant to Declarant's right to add additional real estate in accordance with Article IV, herein, and shall exist so long as Declarant is a Unit Owner.

Section 7.13. Subdivision of Unit: A Unit may not be subdivided into two or more Units without the written consent of the Declarant and in compliance with applicable law.

**ARTICLE VIII**  
**SERVICE OF PROCESS**

D. Ralph Huff, III, is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. D. Ralph Huff, III's place of business is at 3800 Raeford Road, Fayetteville, North Carolina 28304.

ARTICLE IX  
HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.

Section 9.1. Organization of Association: A nonprofit North Carolina corporation known and designated as Huff Built Office Condominium Owners Association, Inc. (the "Association") has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the By-Laws, and the North Carolina Condominium Act. True copies of the Articles of Incorporation and By-Laws are attached hereto as Exhibits "D" and "E", respectively, and are incorporated herein by reference. Every Owner shall be required to be and shall automatically be a member of the Association by virtue of his ownership interest in a Unit.

Section 9.2. Powers, Lien for Assessment: In the administration of the operation and management of the Property, the Association shall have and it is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments in the manner provided in the Declaration and in accordance with the By-Laws, and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board may deem to be in the best interest of the Association in accordance with the By-Laws. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C.G.S. §47C-3-116, the North Carolina Condominium Act and the Association's By-laws and shall be enforceable by the Association in accordance with N.C.G.S. §47C-3-116, the North Carolina Condominium Act and in accordance with the By-Laws.

Section 9.3. Period of Declarant Control: The Executive Board shall be appointed by the Declarant until the earlier to occur of: (1) one hundred twenty (120) days after conveyance of Units, to which seventy-five percent (75%) of the total percentage of the ownership appertain, or (2) two years after the Declarant ceases to offer any Units for sale in the ordinary course of business; or (3) two years after any development right to add new units was exercised, at which time, the Unit Owners shall elect at least three members of the Board, two of whom must be Unit Owners. Provided however, that not later than (60) days after conveyance of Units to which twenty five percent (25%) of the total percentage of ownership appertain to Unit Owners other than the Declarant, at least one member and not less than twenty-five percent (25%) of the members shall be elected by Unit Owners other than the Declarant. Provided further that not later than sixty (60) days after conveyance of Units to which fifty percent (50%) of the total percentage of ownership appertain to Unit Owners other than the Declarant, not less than thirty-three percent (33%) of the members shall be elected by Unit Owners other than the Declarant.

ARTICLE X  
EASEMENTS AND PROPERTY RIGHTS

Section 10.1. Easements of Owners and Executive Board with Respect to Common Elements: Each Owner shall have a perpetual, nonexclusive easement in common with all other Owners to use all pipes, chutes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to a perpetual nonexclusive easement in favor of all other Owners to use the pipes, chutes, wires, ducts, cables, conduits, public utility lines, and other Common Elements serving such other Units and located in such Unit. The Executive Board or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Common Elements.

Section 10.2. Encroachment Easements: If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling or shifting of the Building(s), there shall exist a valid easement for the encroachment and for the maintenance of same for so long as the Building(s) shall stand. In the event the Building(s), any Unit or any portion of the Common Elements shall be partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and shall thereafter be rebuilt, encroachment of parts of the Common Elements upon any Unit or upon any portion of the Common Elements due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building(s) shall stand.

Section 10.3. Granting of Easements by Executive Board: The Executive Board may hereafter grant easements for utility purposes for the benefit of the Property including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; steam and water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits; and wires over, under, along and on any portion of the Common Elements; and each Owner hereby grants the Executive Board an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing.

Section 10.4. Emergency Access: In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Executive Board, or any other person authorized by it, shall have the right to enter any Unit for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate.

Section 10.5. Easement for Ingress and Egress and Reservation of Alienable easements by Declarant: Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks, and lanes as the same from time to time may exist upon the Common Elements and facilities, and for vehicular traffic over, through and across all streets as from time to time may be paved and intended for such purposes, for all Unit Owners, their guests, invitees and lessees, the Association, the Declarant, its successors and assigns. Declarant hereby reserves an easement over and upon the Common Elements and upon the land appurtenant to the Condominium Units for the purpose of constructing, completing and selling of improvements for which provision is made in the Declaration. Declarant further reserves an easement over and upon the Common Elements and upon the land appurtenant to the Condominium Units for ingress, egress and parking for the purpose of constructing, completing and selling of improvements for which provision is made in the Declaration.

Section 10.6. Alterations: Units may be altered pursuant to N.C.G.S. 47C-2-111; provided each of the following conditions are met:

- (a) Before commencing any alteration of the Unit, the Owner of such Unit shall notify the Association in writing.
- (b) The materials and construction methods used in altering the Units must be substantially the same as the materials and construction methods used for existing walls in the Building.
- (c) No work shall be performed which would materially and adversely affect the structural soundness and integrity of the Building or any portion thereof.
- (d) The Owner of the Unit being altered shall have the sole responsibility for payment of all costs of all work performed, and for assuring that all work is performed in a workmanlike manner. The Owner of the Unit shall indemnify and hold the Association and all other Owners harmless from and against any and all loss, cost, or damage arising out of such alteration.

Section 10.7. Conveyance of Liens Against the Common Elements: While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyance of or liens of any nature shall arise or be created against the Common Elements except with the written consent of eighty percent (80%) of the allocated interests of ownership of all the Owners and the Mortgagees. Every agreement for the performance of labor or the furnishing of materials to Common Elements whether oral or in writing must provide that it is subject to the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Article IX, Section 9.2 of this Declaration. Provided, however, that nothing in this Section shall be construed to limit the right of any owner to convey or to encumber his undivided interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.

Section 10.8. Nature of Interest in Unit: Every Unit, together with its allocated interests in the Common Elements, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property and the Owner thereof shall be entitled to the exclusive fee simple ownership and possession of his Unit subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules, regulations, resolutions and decisions adopted pursuant hereto and as many as may be contained herein and in the accompanying By-Laws and in the minutes of the Executive Board of the Association.

Section 10.9. Intent: It is the intent of this Article X to permit alterations within Units. Further, the intent of this Article X is to prevent the subdivision of or relocation of boundaries between adjoining Units.

## ARTICLE XI

### ASSESSMENTS: LIABILITY: LIEN AND ENFORCEMENT

Section 11.1 Operation and Management of Condominium: 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 operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses which are sometimes herein referred to as "Common Expense". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect furtherance of this grant of authority to 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 the Owners of all Units.

Section 11.2 Allocation of Assessments: Unless specifically otherwise stated in this Declaration of Condominium, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Units as the undivided interest in Common Property appurtenant to each Unit bears to the total undivided interest in Common Property appurtenant to all Units as shown on Exhibit C attached hereto.

Section 11.3 Assessments: Assessments provided for herein shall be payable in monthly 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 this Declaration in the Cumberland County Registry. Provided that notwithstanding any provision to the contrary, the Declarant's obligation to pay assessments for unsold units in any phase shall commence on the first day of the month following the month in which a unit is closed.

Section 11.4 Special Assessments: In addition to the annual assessment authorized above, the Executive Board 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 Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of Unit Owners owning two-thirds (2/3) of the Common Areas and Facilities who are voting in person or by proxy at a meeting duly called for such purposes.

Section 11.5 Working Capital Fund: In order to insure that the Association will have sufficient monies available to meet operational needs during the initial months of the Condominium's existence, the Association has established a Working Capital Fund. At the time of the closing of the first sale of each Unit, the purchaser thereof shall pay into such Fund an amount equal to two-twelfths (2/12) of the current annual assessment established by the Association. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration and the By-Laws.

Section 11.6 Annual Budget: 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 expenses for the forthcoming year which may be required for the Condominium, including a reasonable allowance for contingencies and anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Executive Board of the Association shall establish an Annual Budget in advance for each full fiscal year. (The budget for the initial partial year shall be calculated and pro-rated as prepared by Developer). Such budget shall project all expenses for the forthcoming year which may be required for the reasonable allowances for contingencies and reserves, and the budget shall take into account projected anticipated income which is to be applied in each year. The Executive Board shall keep separate, in accordance with Section 11.8 hereof, items relating to operation and maintenance from items relating to capital improvements. Upon Association, copies of said Budget shall be delivered to each Owner of a Unit, and the assessment for said year shall be established based upon such Budget, although receipt of a copy by each Owner shall not affect the liability of any Owner for such assessment.

Section 11.7 Maximum Annual Assessment: Until December 31st of the year in which the first Unit is conveyed to an Owner, the maximum annual assessment shall be from and after January 1st of the year immediately following the conveyance of the first Unit to an owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership of the Association. From and after January 1st, of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of the Unit Owners owning two-thirds (2/3) of the Common Areas and Facilities who are voting in person or by proxy, at a meeting duly called for such purpose.

Section 11.8 Capital improvement Fund: The Executive Board of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, shall designate therein a sum to be collected and maintained as a reserve fund for replacement of the capital improvements to the Common Property (Capital Improvement Fund). This fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Property, as well as the replacement of portion of the Common Property. The amount to be allocated to the Capital Improvement Fund shall be established by said Executive Board so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Property. The amount collected for the Capital Improvement Fund may be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Property. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Directors of the Association, be expended for current operation and maintenance. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his proportionate interest in the Common Property as shown on Exhibit C and the Association shall annually notify each Unit Owner of the amount of his balance shall not be subject to withdrawal by a Unit Owner.

Section 11.9 Assessments; Association Property: 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 improved upon if by virtue of this Declaration of Condominium, the Articles of Incorporation and By-Laws of this Association. As monies for any assessment are paid unto the Association by any owner of a Unit, the same may be coming led with monies paid unto the Association by the other owners of Units. 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 Property, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to membership interest therein, except as an appurtenance to his Unit. When the Owner of a Unit shall cease to be a member 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 the Owner of a Unit 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 Owner for any share of the funds or assets 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 Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any 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.

Section 11.10 Late Charge: A late charge of eighteen (18%) percent of the monthly assessment shall be due if payment is not received by the tenth (10th) date of the month. In addition, the payment of any assessment of installment thereof shall be in default if such assessment or installment is not paid to the Association during the month the payment is due.



When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate allowed by law until such delinquent assessment or installment thereof, and all the interest due thereon plus accrued late charges, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the main office of the Association in the State of North Carolina, which may be the office of the designated Managing Agent.

Section 11.11 Liability: The Owner or Owners 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 each such party is an Owner of a Unit. In the event that any Unit Owner is in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner shall be personally liable, jointly and severally, for late charges and interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including attorneys fees for whatever services are performed, including lien, foreclosure, collection letter, and/or suit.

Section 11.12 No Exemptions: No Owner of a Unit may exempt himself from liability for any assessment levied against his or his Unit by waiver of the use or enjoyment of any of the Common Property, by abandonment of the Unit, or in any other manner.

Section 11.13 Assessment Lien: 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 Owners of Units, 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 undivided interest in Common Property, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each such Unit, which lien shall also secure late charges and interest which may be due on the amount of any delinquent assessments owing to the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in Common Property. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust may be foreclosed in 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 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 mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its liens, and the Association shall be further entitled to interest at the highest rate allowed by law on any such advances made for such whatever means, any interest in the ownership of any Unit, or who 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.

Section 11.14 Enforcement of Lien: The lien herein granted unto the Association shall be

enforceable from and after the time of recording a claim of lien in the Public records of Cumberland County, North Carolina, which claim shall state the address of the Unit encumbered thereby, the name of the record owner, the amount due and the dates 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 duly paid. Such claims of lien shall include assessments which are due and payable when the claim of lien is recorded, plus late charges and interest, costs, attorney 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, the same shall be satisfied of record.

The lien provided for herein shall be subordinate to the lien of any first deed of trust and any person, firm or corporation acquiring title to any Unit an its appurtenant undivided interest in Common Property by virtue of any 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 appurtenant undivided interest in Common Property 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. Any assessment or assessments as to which its party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Units as part of the Common Expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof of the enforcement of collection of such payment by means other than foreclosure.

Section 11.15 Sale, Lease, Mortgage of Unit and Assessment: Whenever any Unit may be leased, sold or mortgaged by the owner thereof, the Association, upon written request of the Unit Owner, as required by paragraph XXIII. hereof, 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 by such Unit. Such statement shall be executed by an officer or designated agent of the Association, 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.

In the event that a Unit is to be leased, sold or mortgaged at a time when payment of any assessment against the Owner of said Unit 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 the Owner of any Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the date of such voluntary conveyance, without prejudice to the rights of purchaser to recover from seller the

amounts paid by Purchaser therefor.

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 the Association.

Section 11.16 Common Surplus: Common Surplus, 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 Expense, shall be owned by the Owners of all Units in the same proportion that the undivided interest in Common Property appurtenant to each Owner's Unit bears to the total of all undivided interest in Common Property appurtenant to all Units. Provided, however, that said Common Surplus shall be held by the Association in the manner prescribed in, and subject to, the terms, provisions and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners of Units in accordance with their percentage interest in Common Surplus as declared herein.

Section 11.17 Taxes: Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit; provided, however, the Units will not be separately assessed until the calendar year 1997 with respect to City of Fayetteville and Cumberland County ad valorem property taxes.

Section 11.18 Assessments in General: The Condominium Association shall be empowered to levy assessments against the Owners of Units within the Condominium for the payment of expenditures made by the Association for the purposes of providing liability insurance, payment of taxes, payment of all water and sewer charges assessed by the Public Works Commission (PWC) against the Condominium Building(s), maintenance of recreation and other facilities located in the Common Area, payment of assessments for public and private capital improvements made to or for the benefit of the Common Areas located within the Condominium. Any such assessments that remain unpaid by the Owner of any Unit shall constitute a lien on the Unit of the Owner. It shall be further provided that upon default by the Condominium Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Areas or assessments for public improvements to the Common Areas, which default shall continue for a period of six (6) months, each Owner of a Unit in the Condominium shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the percentage of ownership of each Unit Owner in the Condominium. If such sum is not paid by the Owner within thirty (30) days following receipt

of notice of the amount due, then such sum shall become a continuing lien on the Unit of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same or may elect to foreclose the lien against the property of the Owner.

## ARTICLE XII INSURANCE

Section 12.1. Property Insurance: The Executive Board shall obtain and maintain at all times insurance on the Buildings and all other improvements upon the Land, and all personal property included in the Common Elements in an amount, after application of deductibles, equal to eighty (80%) percent of the replacement value of the Property at the time such insurance is purchased and at the time of each renewal thereof, exclusive of the cost of the Land, excavation, foundations, streets and parking facilities and other items normally excluded from property policies. The policies evidencing such coverage shall insure against all risks of direct physical loss including fire and extended coverage perils; shall contain clauses providing for waiver of subrogation against any Owner or member of his household and any Owner's employees or agents; shall contain the standard condominium endorsement, and a Replacement Cost Endorsement providing for repair and replacement of the Buildings and all other improvements located upon the Land from the insurance proceeds; shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to all the insured, including all Mortgagees; and shall provide that no act or omission by any owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery upon such policy. All such policies shall provide that adjustment of loss shall be made by the Executive Board as insurance trustee. All policies shall comply with N.C.G.S. §47C-3-113. Each insurance policy shall provide for the issuance of certificates or mortgage endorsements to Mortgagees.

Section 12.2. Public Liability Insurance: The Executive Board shall be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Executive Board may from time to time determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of ownership, maintenance, or repair of the Common Elements; provided, however, that the amounts of such public liability insurance shall be reasonable amounts to be determined by the Executive Board and said insurance shall cover all occurrences commonly insured against death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements. The Executive Board shall review such limits annually. Further, such policy shall comply with the requirements set forth in N.C.G. S. 47C-3-113(a)(2) and (d)(1) through (4).

Section 12.3. Fidelity Coverage: The Executive Board shall be required to obtain fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy must name the

Association as the named insured and shall be written in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or its duly authorized agent, as the case may be, at any given time during the term of each bond. In no event, however, may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessment on all Units plus the amount needed to cover all persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The fidelity insurance policy shall also provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice to the insured and all Mortgagees.

Section 12.4. Other Insurance Policies: The Executive Board shall be authorized to obtain such other insurance coverage, including workmen's compensation, as the Executive Board shall determine from time to time desirable or necessary.

Section 12.5. Premiums: Premiums on insurance policies purchased by the Executive Board shall be paid by the Executive Board and charged as a Common Expense.

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

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

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

(1) when the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Executive Board;

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

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

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

(1) if it is determined, as provided in Article XIII hereinbelow, that the damaged property with respect to which the proceeds are paid shall both be reconstructed or repaired, the proceeds shall be distributed to the Owners and their Lienholders, if any, as their interests may appear. Notwithstanding the provisions of this subsection, Section 47C-2-118 governs the distribution of insurance proceeds if the condominium is terminated;

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

Section 12.7. Insurance obtained by Owners: It shall be the responsibility (but not the obligation) of each Owner to obtain at his own expense such additional fire and casualty and extended coverage insurance upon his personal property, public liability insurance, and such other insurance coverage as he may desire.

### ARTICLE XIII DUTY TO REPAIR OR RECONSTRUCT

Section 13.1. Reconstruction and Repair: In the event of damage to or destruction of the Building as a result of fire or other casualty, unless (1) the condominium is terminated, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Unit Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of Units not to be rebuilt or Owners assigned to Limited Common Elements not to be rebuilt, the Executive board shall arrange for the prompt repair and restoration of the damaged or destroyed Building not including any decoration or covering for walls, ceilings, or floors, or replace such damaged property, and the Executive Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 12.6(d)(2) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Condominium Plans recorded under the name of the Condominium in the Condominium Plans Book in the office of the Register of Deeds of Cumberland County, which Plans show all particulars of the Building and Units or as the Executive Board shall otherwise approve.

Section 13.2. Obligations of Owners: Each Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans or as the Executive Board may determine except as authorized in Section 10.5 of this Declaration. Upon the failure of an Owner to so maintain his Unit, the Executive Board shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

ARTICLE XIV  
UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws, and any rules and regulations as may be adopted in accordance with the By-Laws, as said Declaration, By-Laws, and rules and regulations may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Units as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XV  
AMENDMENT

Except as is otherwise specifically authorized herein, and as authorized by N.C.G.S. § 47C-2-117, this Declaration may be amended only by the vote of the Owners of Units to which at least sixty-seven percent (67%) of the ownership of the Association is allocated, together with the consent of their respective Mortgagees, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws. Any amendment which amends or alters the percentage of allocated interests of any Unit in the Common Elements, increases the number of Units, changes the boundaries of any Unit, creates or increases special declarant rights or changes the use to which any Unit is restricted, shall require the written approval of all Owners, together with the consent of all their respective Mortgagees. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose or, in the absence of designation, by the president of the Association, and recorded in the Office of the Register of Deeds of Cumberland County, North Carolina. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the prior written consent of such Mortgagee. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the prior written consent of Declarant.

ARTICLE XVI  
TERMINATION

The Condominium may be terminated only in strict compliance with N.C.G.S. § 47C-2-118. This condominium may be terminated only by agreement of all Unit Owners expressed in an instrument to that affect duly recorded; and provided that the holders of all liens affecting any of the units consent thereto, in an instrument to that affect duly recorded.

ARTICLE XVII  
MORTGAGEE'S RIGHTS

Section 17.1. Rights of Mortgagees to Examine Books and Records: Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, is, upon reasonable notice, entitled to inspect the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year.

Section 17.2. Mortgagee's Rights to Notice: If any Mortgagee, or any guarantor or insurer of a loan secured by a Mortgage, has served written notice of its desire to receive notices under this Section 17.2 upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Mortgage that it holds, guarantees, or insures, which notice designates the place to which notices are to be given by the Association to such party, then such party shall have the right to receive from the Association prompt written notice of the following:

(a) default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such party;

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

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

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

ARTICLE XVIII  
EMINENT DOMAIN

Section 18.1. Taking of a Unit: If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Unit Owner for his Unit and its interest in the Common Elements, whether or not any Common Elements are acquired. Unless the condemnor acquires the right to use the Unit's interest in Common Elements, that Unit's allocated interests are automatically reallocated to the remaining Units in proportion to the respective allocated interests of those Units before



the taking exclusive of the Unit taken, and the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this subsection is thereafter a Common Element.

Section 18.2. Taking of Part of a Unit: Except as provided in Section 18.1 above, if part of a Unit is acquired by eminent domain the award must compensate the Unit for reduction in value of the Unit and of its interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, (1) that Unit's allocated interests are reduced in proportion to the reduction in the size of the Unit, or on any other basis specified in the Declaration, and (2) the portion of the allocated interests divested from the partially acquired Unit is automatically reallocated to that Unit and the remaining Units in proportion to the respective allocated interests of those Units before the taking, with the partially acquired Unit participating in the real location on the basis of its reduced allocated interests.

Section 18.3. Taking of Part of Common Elements: If part of the Common Elements is acquired by eminent domain the portion of the award not payable to Unit Owners under Section 18.1 must be paid to the Association. Unless the Declaration provides otherwise, any portion of the award attributable to the acquisition of a Limited Common Element must be apportioned among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

**ARTICLE XIX**  
**MISCELLANEOUS**

Section 19.1. Invalidity: The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 19.2. Waiver: No provisions contained in the Declaration shall be deemed to have been abrogated or waived by any reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 19.3. Captions: The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 19.4. Conflict of Laws: It is the intent of the Declarant herein that the Huff Built Office Condominium Owners Association, Inc. shall comply with Chapter 47C of the General Statutes of North Carolina as if such development had been submitted to the provisions of that chapter. It is the further intent of the Declarant to comply with the Fayetteville City Code. Where a conflict arises between any provision of these Declarations and the Fayetteville City

Code, the provisions of the Fayetteville City Code shall prevail. Where a conflict arises between the provisions of the Fayetteville City Code and the North Carolina General Statutes, the North Carolina General Statutes shall prevail. The Declarant incorporates Chapter 47C of the General Statutes of North Carolina and Chapter 27 of the Fayetteville City Code herein by reference.

Section 19.5. Liberal Construction: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed and sealed this 31<sup>st</sup> day of January, 2000.

BREEZEWOOD ASSOCIATES, LLC

By: D. Ralph Huff III (Seal)  
D. RALPH HUFF, III, Member-Manager

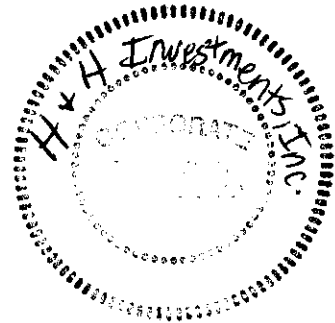
By: W. Lyndo Tippett (Seal)  
W. LYNDO TIPPETT, ~~Member~~-MANAGER

By: Harold D. Tynbald (Seal)  
HAROLD D. TYNBALL, ~~Member~~-MANAGER



H & H INVESTMENTS, INC.

By: D. Ralph Huff III  
D. RALPH HUFF, III, President



ATTEST:

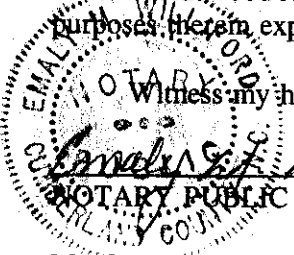
Ronald S. Huff  
RONALD S. HUFF, Secretary

NORTH CAROLINA

CUMBERLAND COUNTY

I, Emily M. Willis a Notary Public of said County and State, do hereby certify that D. Ralph Huff, III, personally appeared before me this day and acknowledged that he, as Member-Manager in the Breezewood Associates, LLC, acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal this 31 day of January, 2000.



Emily M. Willis  
NOTARY PUBLIC

My Commission expires: 12-14-00

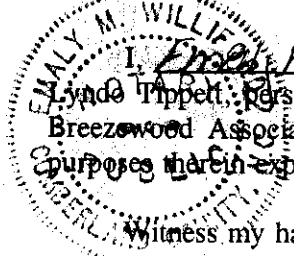
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NORTH CAROLINA

CUMBERLAND COUNTY

I, Emily M. Willis a Notary Public of said County and State, do hereby certify that W. L. Tippet, personally appeared before me this day and acknowledged that he, as Member <sup>MANAGER</sup> in the Breezewood Associates, LLC, acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal this 31 day of January, 2000.



Emily M. Willis  
NOTARY PUBLIC

My Commission expires: 12-14-00

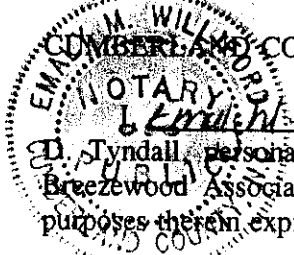
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NORTH CAROLINA

CUMBERLAND COUNTY

I, Emily M. Willis a Notary Public of said County and State, do hereby certify that Harold D. Tyndall, personally appeared before me this day and acknowledged that he, as Member <sup>MANAGER</sup> in the Breezewood Associates, LLC, acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and notarial seal this 31 day of January, 2000.



Emily M. Willis  
NOTARY PUBLIC

My Commission expires: 12-14-00

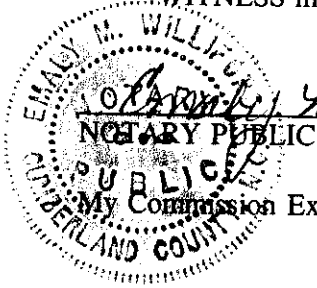
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NORTH CAROLINA

CUMBERLAND COUNTY

I, Emily M. Williford, a Notary Public, do hereby certify that Ronald S. Huff personally appeared before me this day and acknowledged that he is Secretary of H & H Investments, Inc., a Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its Corporate Seal and attested by himself as Secretary.

WITNESS my Hand and Seal this 31 day of January, 2000.



The foregoing Certificate(s) of Emily M. Williford

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By George E. Tatum REGISTER OF DEEDS FOR CUMBERLAND COUNTY,  
Deputy / Assistant - Register of Deeds

EXHIBIT "A"

TO THE DECLARATION OF CONDOMINIUM FOR HUFF BUILT OFFICE CONDOMINIUM  
OWNERS ASSOCIATION, INC. AND FOR HUFF BUILT OFFICE CONDOMINIUMS

NORTH CAROLINA  
CUMBERLAND COUNTY

Beginning at an existing iron in the western right-of-way of Cain Road (80 feet right-of-way), said iron being the northeastern corner of lot 20 of the McArthur Subdivision as recorded in Plat Book 18, Page 77, Cumberland County, North Carolina Registry, and running with the northern line of lot 20 South 79 degrees 09 minutes 50 seconds West, 137.66 feet to a point in said northern line;

thence a new line North 10 degrees 50 minutes 10 seconds West, 120.08 feet to a point;

thence North 72 degrees 59 minutes 45 seconds East, 68.71 feet to a point;

thence North 08 degrees 27 minutes 10 seconds East, 78.63 feet to an existing iron in the southern right-of-way of U.S. 401 Bypass (Pamalee Drive, 100 feet right-of-way);

thence with a sight line South 62 degrees 58 minutes 33 seconds East, 59.77 feet to an existing iron in the aforementioned Cain Road;

thence with said western right-of-way of Cain Road South 09 degrees 30 minutes 38 seconds East, 165.04 feet to the beginning.

Containing 0.484 acres more or less. And being subject to any and all easements of record.

EXHIBIT "B"

TO THE DECLARATION OF CONDOMINIUM FOR HUFF BUILT OFFICE CONDOMINIUM  
OWNERS ASSOCIATION, INC. AND FOR HUFF BUILT OFFICE CONDOMINIUMS

NORTH CAROLINA  
CUMBERLAND COUNTY

TRACT 1

Beginning at a point South 79 degrees 09 minutes 50 seconds West, 137.66 feet from an existing iron in the western right-of-way of Cain Road (80 feet right-of-way), said iron being the northeastern corner of lot 20 of the McArthur Subdivision as recorded in Plat Book 18, Page 77, Cumberland County Registry, and running with a portion of the northern line of lot 20 South 79 degrees 09 minutes 50 seconds, 45.84 feet to an existing iron at the rear corner of said lot 20;

thence with the northern line of lot 17 of the McArthur property redivision as recorded in Plat Book 22, Page 26, Cumberland County, North Carolina Registry, North 70 degrees 27 minutes 40 seconds West, 58.70 feet to an existing iron;

thence with the eastern line of the Mount Olive Cemetery North 01 degrees 10 minutes 13 seconds West, 156.44 feet to an existing iron in the southern right-of-way of U.S. 401 By-Pass (Pamalee Drive, 100 feet right-of-way);

thence with said southern right-of-way North 72 degrees 59 minutes 45 seconds East, 165.46 feet to an existing iron;

thence a new line South 08 degrees 27 minutes 10 seconds West, 78.63 feet to a point;

thence South 72 degrees 59 minutes 45 seconds West, 68.71 feet to a point;

thence South 10 degrees 50 minutes 10 seconds East, 120.08 feet to the beginning.

Containing 0.483 acres more or less. And being subject to any and all easements of record.

TRACT 2

Beginning at an existing iron at the intersection of southern right-of-way of Breezewood Avenue (40 feet right-of-way) with the eastern right-of-way of Marlborough Road (40 feet right-of-way) and running with said right-of-way of Breezewood Avenue North 81 degrees 45 minutes 00 seconds East, 325.78 feet to an existing iron;

thence leaving said right-of-way and running South 08 degrees 15 minutes 00 seconds East, 155.21 feet to an existing concrete monument in the northern right-of-way of the A & R Railroad (80 feet right-of-way);

thence with said railroad right-of-way North 78 degrees 28 minutes 57 seconds West, 346.13 feet to an existing concrete monument where said railroad right-of-way intersects the aforementioned right-of-way of Marlborough Road;

thence with said Marlborough right-of-way North 08 degrees 19 minutes 04 seconds West, 38.15 feet to the beginning.

Containing 0.721 acres more or less. And being subject to any and all easements of record.

TRACT 3

Beginning at an existing iron in the northern right-of-way of Breezewood Avenue (40 feet right-of-way) said iron being North 81 degrees 45 minutes 00 seconds East, 456.80 feet from an existing iron where said right-of-way intersects the eastern right-of-way of Marlborough Road (40 feet right-of-way), and running with said right-of-way of Breezewood Avenue North 81 degrees 45 minutes 00 seconds East, 130.06 feet to an existing iron;

thence continuing with said right-of-way North 82 degrees 00 minutes 27 seconds East, 115.01 feet to an existing iron;

thence leaving said right-of-way and running South 07 degrees 16 minutes 52 seconds East, 289.27 feet to a point in the northern right-of-way of the A & R Railroad (80 feet right-of-way);

thence with said railroad right-of-way North 78 degrees 14 minutes 42 seconds West, 255.60 feet to a point;

thence leaving said right-of-way and running North 08 degrees 15 minutes 00 seconds West, 202.31 feet to the beginning.

Containing 1.372 acres more or less. And being subject to any and all easements of record.

EXHIBIT "C"

TO THE DECLARATION OF CONDOMINIUM FOR HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC. AND FOR HUFF BUILT OFFICE CONDOMINIUMS

PERCENTAGE INTEREST OF COMMON AREA, COMMON EXPENSES AND VOTES IN HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.

PHASE ONE

Unit No.*	Fair Market Value	Percent Interest
100	\$145,700	27.117
101	\$35,300	6.569
102	\$52,500	0.771
103	\$35,700	6.644
200	\$77,800	14.479
Reserved for Future Units	\$190,300***	35.42
		100.00

\*The Units are sometimes referred to as Suites and the terms "Units" and "Suites" have synonymous meanings for purposes of this Declaration and this Condominium.

\*\*Declarant reserves the right to adjust and allocate the fair market value of any Unit as constructed consistent with the terms of this Declaration and applicable law.



# STATE OF NORTH CAROLINA



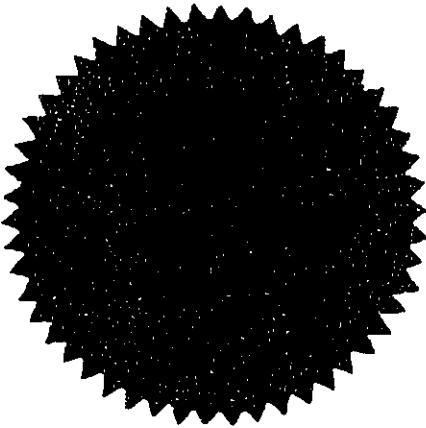
Department of The  
Secretary of State

To all whom these presents shall come, Greetings:

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

**ARTICLES OF INCORPORATION  
OF  
HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.**

the original of which was filed in this office on the 1st day of February, 2000.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 1st day of February, 2000.

*Elaine F. Marshall*

Secretary of State

FILED

5:00PM  
FEB 01 2009

20 032 5185

ARTICLES OF INCORPORATION

OF

HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.

Effective  
ELAINE F. MARSHALL  
SECRETARY OF STATE  
NORTH CAROLINA

In accordance with the requirements of Chapter 55 A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

The name of the corporation is Huff Built Office Condominium Owners Association, Inc., hereinafter called the "Association".

ARTICLE II

The principal and registered office of the Association is located at 3800 Raeford Road, Cumberland County, Fayetteville, North Carolina, 28304.

ARTICLE III

D. Ralph Huff, III is the initial Registered Agent of the Association.

ARTICLE IV

The Association does not contemplate pecuniary gain or profit to its members and no part of the Associations' net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objectives of the Association shall be to administer the operation and management of Huff Built Office Condominium Owners Association, Inc. (hereinafter called the "Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situated in the City of Fayetteville, Cumberland County, North Carolina, and more particularly described in Exhibit A of the Declaration of Condominium and incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of the Condominium in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and that may be contained in the Declaration of Condominium that shall be recorded in the Cumberland

County Registry, at the time the property, and the improvements now or hereafter situated thereon, are submitted to a Plan of Condominium Ownership; and to own, operate, lease, sell, trade or otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of the Condominium.

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to non-profit corporations under the laws of the State of North Carolina, and all of the powers and privileges that may be granted to the Corporation under any other applicable laws of the State of North Carolina, including the North Carolina Condominium Act.

2. The Corporation shall have all of the powers reasonably necessary to implement the purposes of the Corporation, including but not limited to the following:

a) To make and establish reasonable rules and regulations governing the use of units and common property in the Condominium as those terms may be defined in the Declaration of Condominium to be recorded;

b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominium as may be provided in the Declaration of Condominium and in the By-Laws of the Corporation which may be hereafter adopted, including the right to levy and collect assessments for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium;

c) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvements of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purpose;

d) To contract for management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium to have approval of the Executive Board or membership of the Corporation;

e) To exercise, undertake and accomplish all of the rights, duties, and obligations which may have been granted to or imposed upon the Corporation pursuant to the Declaration of Condominium aforementioned.

ARTICLE VI

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all units in the Condominium shall be members of the Corporation, and no other person or entity shall be entitled to membership, except as provided in item (5) of this Article VI.
2. Membership shall be established by the acquisition of fee title to a unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more units, so long as such party shall retain title to or a fee ownership interest in any unit.
3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his unit. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expanded, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration of Condominium and in the By-Laws which may hereafter be adopted.
4. On all matters which the membership shall be entitled to vote, each unit shall have a vote equal to its appurtenant undivided interest in the common area as set forth in the appropriate Column of Exhibit C of the Declaration of Condominium. The vote of each unit may be cast or exercised by the owner or owners of each unit in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one unit, such member shall be entitled to exercise or cast the votes associated with each unit owned in the manner provided by said By-Laws.
5. Until such time as the property described in Exhibit A of the Declaration of Condominium and any improvements constructed thereon are submitted to a Plan of Condominium Ownership by the recordation of the Declaration, the membership of the Corporation shall be comprised of the individual(s) named in Article XI hereof

as the initial Executive Board of the Corporation, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

#### ARTICLE VII

The Corporation shall have perpetual existence.

#### ARTICLE VIII

The affairs of the Corporation shall be managed by the president of the Corporation, assisted by the vice president, secretary and treasurer and, if any, the assistant secretaries and assistant treasurers, subject to the direction of the Executive Board. The Executive Board, or the President with the approval of the Executive Board, may employ a managing agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a director or officer of the Corporation, as the case may be.

#### ARTICLE IX

The number of members of the first Executive Board of the Corporation shall be no more than three (3) but as few as one (1). The number of members of succeeding Executive Board shall be as provided by the By-Laws of the Corporation. The members of the Executive Board shall be elected by the members of the Corporation at the annual meeting of the membership as provided by the By-Laws of the Corporation. Notwithstanding the foregoing, the Executive Board shall be appointed by Breezewood Associates, LLC and H & H Investments, Inc., until the earlier to occur of: (i) one hundred twenty (120) days after conveyance of Units, to which seventy-five percent (75%) of the total percentage of the ownership appertain, or (ii) two years after the Declarant ceases to offer any Units for sale in the ordinary course of business; or (iii) two years after any development right to add new units was exercised, at which time, the Unit Owners shall elect at least three members of the Board, two of whom must be Unit Owners. Provided however, that not later than (60) days after conveyance of Units to which twenty five percent (25%) of the total percentage of ownership appertain to Unit Owners other than the Declarant, at least one member and not less than twenty-five percent (25%) of the members shall be elected by Unit Owners other than the Declarant. Provided further that not later than sixty (60) days after conveyance of Units to which fifty percent (50%) of the total percentage of ownership appertain to Unit Owners other than the Declarant, not less than thirty-three

percent (33%) of the members shall be elected by Unit Owners other than Breezewood Associates, LLC and H & H Investments, Inc..

ARTICLE X

The Executive Board shall elect a president, vice-president, secretary and treasurer, and as many assistant secretaries and assistant treasurers as the Executive Board may determine. The president shall be elected from among the membership of the Executive Board, but no other officer need be a director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the offices of president and vice-president shall not be held by the same person and the offices of president and secretary or assistant secretary shall not be held by the same person.

ARTICLE XI

The names and post office addresses of the initial member of the Executive Board who, subject to the provisions of these Articles of Incorporation, the By-Laws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the membership (or until their successors are elected and qualified) are as follows:

<u>NAMES</u>	<u>ADDRESSES</u>
D. Ralph Huff, III	3800 Raeford Road Cumberland County Fayetteville, NC 28304

ARTICLE XII

An amendment or amendments to these Articles of Incorporation shall require the written consent of the Owners of seventy-five percent (75%) of the units, in accordance with the quorum requirements stated in the Declaration of Condominium and the By-Laws.

Material amendments to these Articles of Incorporation must be approved by the additional parties named in Article XV of the Declaration of Condominium.

No amendment to these Articles of Incorporation that shall abridge, amend or alter the right of Breezewood Associates, LLC, H & H Investments, Inc. to designate and select members of each Executive Board of the Corporation, as provided in Article IX hereof, may be adopted or become effective without the prior

written consent of Breezewood Associates, LLC and H & H Investments, Inc..

ARTICLE XIII

The Association may be dissolved only by the unanimous agreement of all unit owners, as stated in Article XVI of the Declaration of Condominium. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to similar purposes.

The name and address of the Incorporator is:

NAMES

ADDRESSES

H. Terry Hutchens

Post Office Box 2505  
Cumberland County  
Fayetteville, NC 28302

IN TESTIMONY WHEREOF, I have hereunto set my hand, this the 21st day of January, 2000.

 (SEAL)  
H. TERRY HUTCHENS INCORPORATOR

EXHIBIT "E"  
TO DECLARATION OF CONDOMINIUM FOR HUFF BUILT OFFICE CONDOMINIUM  
OWNERS, INC. AND FOR HUFF BUILT OFFICE CONDOMINIUM OWNERS  
ASSOCIATION, INC.

BY-LAWS  
OF  
HUFF BUILT OFFICE CONDOMINIUM OWNERS ASSOCIATION, INC.

Section 1: Definitions

The words, phrases and terms used in these By-Laws shall have the meanings as set forth in the Declaration of Condominiums - Huff Built Office Condominium Owners Association, Inc. filed simultaneously herewith in the Office of the Register of Deeds for Cumberland County, North Carolina, to which a copy of these By-Laws is attached as an Exhibit.

Section 2: Administration of Huff Built Office Condominium Owners Association, Inc.

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

Section 2.2. Official Action: Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been delegated by the Executive Board as set forth by the Condominium documents or these By-Laws. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the North Carolina Condominium Act, N.C.G.S. § 47 C.

Section 3: Offices - Seal - Fiscal Year

Section 3.1. Principal Office - Registered Office: The initial principal office and registered office of the Association shall be located at 3800 Raeford Road, Fayetteville, North Carolina 28304.

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

Section 3.3. Seal: The seal of the Association shall contain the name of the Association,



the word "Seal", year of incorporation and such other words and figures desired by the Executive Board. When obtained, said seal shall be impressed in the margin of this Section of the By-Laws.

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

#### Section 4: Membership

Section 4. 1. Qualification: Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from the Unit ownership. Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Office of the Register of Deeds of Cumberland County, North Carolina, of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy or date of probate of that will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2. Place of Meeting: All meetings of the membership shall be held at the Property.

Section 4.3. Annual Meetings: The first meeting of the Members of the Association shall be held within ninety (90) days after the earlier to occur of: (i) the Developer's conveyance by deed to Unit Owners other than the Developer of Units to which two-thirds (2/3) of the percentage ownership in the Condominium Project is allocated pursuant to the Declaration, or (ii) such time as a meeting is necessary for the election of a Director pursuant to Section 5.2 of the By-Laws. Thereafter, the annual meeting (hereafter "Annual Meeting") of the Members shall be held on the second Monday in March of each year at 8:00 p.m., Eastern Standard Time. If the second Monday in March shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day which is not a legal holiday. At such meetings, the Executive Board shall be elected in accordance with Section 5.4 of these By-Laws, and the members shall transact such other business as may properly come before them.

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

Section 4.5. Special Meetings: After the first Annual Meeting of the Members, special meetings of the Members may be called at any time by the President; by Owners to whom are allocated no less than a twenty-five (25 %) percent interest in the Common Elements, or by not less than sixty-seven percent (67 %) of the Executive Board Members. Business to be acted

upon at all special meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6. Notices of Meetings: Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given upon deposit in the mail depository of each Unit or upon delivery to the United States Postal Service for delivery to the respective Units.

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

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

Section 4.7. Quorum: Except as otherwise provided in these By-Laws, the presence in person or by proxy of more than fifty percent (50%) of the percentage values of those votes entitled to be cast for the election of the Executive Board shall constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented.

The members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.8. Voting Rights: Each member shall be entitled to vote, the value of which shall equal the total of percentages allocated to the Unit or Units owned by such Member as set forth in the Declaration. In the event fee simple title to a Unit is owned of record by more than one person or entity, all such persons or entities shall be Members of the Association, but the votes with respect to any such jointly owned Unit shall be cast as hereinafter provided.

If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the votes with respect to any jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast the votes allocated to the Unit. If more than one of the estates in a Unit shall have the sole right to cast the vote of the joint Owners or joint life holders voting shall be necessary to effectively cast the votes allocated to the particular Unit. Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any such other joint Owners.

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

Section 4.9. Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.9 except by actual notice of revocation to the person presiding over a meeting of the Association.

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

Section 4.10. Majority Vote: Withdrawal of Quorum: When a quorum is present at any meeting, the vote of the holders of more than fifty (50%) of the percentage values of those votes entitled to be cast of members qualified to vote and present in person or by proxy, shall decide any question brought before such meeting, unless the question is none which by express provision of the North Carolina Condominium Act, the North Carolina Non-Profit Corporation Act, the Articles of Incorporation, these By-Laws, or the Declaration, a different vote is required, in which case such express provision shall govern and control the decision of such question. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

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

#### Section 5: Executive Board

Section 5.1. General Powers: The business and affairs of the Association shall be managed by its Executive Board who may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, the Articles of Incorporation, these By-Laws, or the Declarations directed or required to be exercised or done by the Members, including promulgated rules, regulations and policies concerning the Association. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers, duties, or terms of office of Executive Board Members.

Section 5.2. Number - Qualifications - Elections - Term: The initial Executive Board shall consist of at least one (1) and no more than three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Association. They need not be members of the Association or an employee of the Declarant, or its subsidiaries or affiliates. The initial Board shall serve until their successors are elected or appointed at the first Annual Membership Meeting. Each Director elected by the Membership to replace an initial Director upon expiration of his term of office shall serve for a term of office ending with the third Annual Meeting of members following his election or until his successor shall be elected and qualify. The Executive Board shall be appointed by the Declarant until the earlier to occur of: (i) one hundred twenty (120) days after conveyance of Units to which seventy five (75%) of the total percentage of the ownership appertain, or (ii) two years after the Declarant ceases to offer any Units for sale in the ordinary course of business, or (iii) two years after any development right to add new units was exercised, at which time the Unit Owners shall elect at least three (3) Directors, three (3) of whom must be Unit Owners. Provided however, that no later than sixty (60) days after conveyance of Units to which twenty five percent (25%) of the total percentage of ownership shall appertain to Unit Owners other than the Declarant, at least one member of the Directors shall be elected by Unit Owners other than the Declarant.

Section 5.3. Nominations: Nominations for election to the Executive Board shall be made by a Nominating Committee consisting of a Chairman, who shall be a Board member, and a least two (2) Members of the Association. The Nominating Committee shall be appointed by the Board prior to each Annual Meeting of the Members to serve from the close of such Annual Meeting until the close of the next Annual Meeting and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may also be made from the floor at the Meeting during which the election is to be held.

Section 5.4. Election of Board Members: The Declarant shall, at the beginning of the election of the Executive Board, select that number of the members of the Executive Board which it shall be entitled to select in accordance with the terms of these By-Laws. The election of all other Board members shall be by ballot. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.5. Removal: Any Board member selected by Declarant may be removed at any time by Declarant and his successor shall immediately be designated by Declarant. Any other Board member may be removed from the Board, with or without cause, by a vote (Section 4.10) of at least sixty seven percent (67%) of the votes entitled to be cast by all Members present and entitled to vote at any Special meeting of the Membership at which a quorum is present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Board members are so removed, their successors as Board members may be elected by the Membership at the same meeting to fill the unexpired terms of the Board so removed.

Section 5.6. Vacancies: A vacancy occurring in the Executive Board may be filled for the unexpired portion of any term by a majority of the remaining Board members, though less than a quorum, or by a majority of the remaining Board members, though less than a quorum, or by the sole remaining Board Members, but a vacancy created by an increase in the authorized number of Board Members shall be filled only by election at an Annual Meeting or at a Special Meeting of the Members called for the purpose, or by unanimous consent of the Members without meeting. The Members may elect a Board member at any time to fill any vacancy not filled by the Board members. As indicated in Section 5.6, the Membership shall have the right to fill any vacancy created by the Membership's removal of a Board member.

Section 5.7. Chairman: The President shall serve as Chairman of the Executive Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Board. In the absence of the President, the Vice President shall preside at all meetings of the Executive Board.

Section 5.8. Compensation: No Member of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however each Board Member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Board from compensating a Board member for unusual and extraordinary services rendered on the basis of quantum merit. Further provided, each Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon Quantum merit.

Section 5.9. Loans to Board Members and Officers: No loans shall be made by the Association to its Board members or officers. The Board members who vote for or assent to the making of a loan to a Board member or officer or the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5. 10. Liability of Board Members: To the extent permitted by the provisions of the North Carolina Non-profit Corporation Act in effect at the time, the Association may agree to indemnify Board Members with respect to any liability and expense of litigation arising out of his activities as a Board Member. Such indemnify shall be subject to approval by the Members only when such approval is required by said Act.

Section 5. 11. Meeting of Executive Board:

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

B. Special Meetings shall be held when called by the President of the Association,

or by any Board Member, after not less than three (3) nor more than thirty (30) days written notice to each Board Member.

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

D. **Approved Meeting Place:** All Board meetings shall be held in the City of Fayetteville or County of Cumberland, State of North Carolina.

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

Section 5.12. Action Without Meeting: The Board Members shall have the right to take any action in the absence of a meeting which they could take at the meeting by obtaining written consent of all the Board Members. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.13. Presumption of Assent: The Board Members who are present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board Member who voted in favor of such action.

Section 5.14. Powers and Duties: The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

- A. operation, care, upkeep and maintenance of the Common Elements;

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

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

D. adoption of rules and regulations covering the details of the operation and use of the Common Elements;

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

F. obtaining insurance as required under the terms of the applicable provisions of the Declaration;

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

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

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

J. enforcing, on behalf of the Association, the assessments as provided in the Declaration including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, and the institution of such actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. § 47C-3-116 and N.C.G.S. § 47C-3-117;

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

L. enforcing by any legal means or proceeding the provisions of the Articles of

Incorporation of the Association, these By-Laws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements;

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

N. hiring attorneys and other professionals;

O. maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair pursuant to N.C.G.S. § 47C-3-107.

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

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

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

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

Section 5.15. Independent Manager: The Executive Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the Condominium. The Executive Board may delegate to such person, firm, or entity (referred to in these By-Laws as "Independent Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the



Independent Manager the complete and total responsibilities and duties of the Association in violation of the Non-profit Corporation Act or the North Carolina Condominium Act. The Independent Manager's contract shall be for a term not to exceed one (1) year, renewable by agreement between the Executive Board and such Independent Manager for successive one (1) year terms; and shall be terminable by the Executive Board, with or without cause, upon thirty (30) days' written notice. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Section 5.16. Contracts and Leases of Declarant: Pursuant to N.C.G.S. § 47C-3-105, neither the Executive Board nor the Association shall be bound, either directly or indirectly, under any contract or lease (including any contract with any Independent Manager) entered into by the Executive Board or by the Association during such time Declarant had the right to select a majority of the members of the Executive Board, unless such a contract contains a right of termination, without cause, in favor of the Executive Board and/or Association, exercisable without penalty at any time upon not more than ninety (90) days written notice to the other party.

Section 5.17. Adjudicatory Panel: The Executive Board may appoint three (3) Members of the Association, including any Director, to serve as an Adjudicatory Panel for the resolution of disputes concerning individual Unit Owners. Matters that may be brought before the Adjudicatory Panel include the attribution of costs of repairs for damage to Units or the Common Elements caused by a Unit Owner in accordance with Section 5.14 of these By-Laws and subject to the provisions of Section 47C-3-107 of the Act, and penalties and fines for violation of the rules and regulations that may be adopted from time to time by the Association, and for violation of provisions of these By-Laws or the Declaration, subject to the provisions of Section 47C-3-107A of the Act.

#### Section 6: Committees

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

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

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

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

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

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

### Section 7: Officers

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

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

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

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

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

Section 7.6. President: The President shall be the chief executive officer of the Association and shall preside at all the meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and he shall have all of the general powers and duties which are incident to the office of the President of a corporation organized under Chapter 55A of the North Carolina

General Statutes in the supervision and control of the management of the Association in accordance with these By-Laws.

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

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

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

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

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

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

Section 8. Operation of the Property:Section 8.1. Determination of Common Elements and Fixing of the Common Charges:

The Executive Board shall from time to time, at least annually, prepare and adopt a proposed budget for the Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Condominium and allocate and assess such proposed Common Expenses among the Owners according to their respective allocated interests in the Common Elements, and in accordance with the procedure set forth in this Section 8. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration. The Commons Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium; an amount for general operating reserve; an amount for a reserve fund for repair and replacement of the Common Elements; and such Common Expenses for any prior year. Within thirty (30) days after adoption of any proposed budget for the Condominium, copies of such budget shall be mailed by regular mail to each Unit Owner, at such address as may be provided by such Unit Owner to the Association within thirty (30) days after adoption by the Executive Board. The Executive Board shall also establish a date and time for a meeting of the Unit Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing a budget. No quorum shall be required for such meeting and a simple majority of the percentage or ownership present at such meeting shall be sufficient for ratification. Failure of any Unit Owner to receive notice of such meeting shall not affect the liability of each Unit Owner for any existing or future assessment. Should the Executive Board at any time determine, in their sole discretion, that the assessments levied are insufficient to pay such expenses in any fiscal year, the Executive Board may at any time and from time to time levy such additional expenses as they shall deem necessary for such purpose, to include but not limited to, the right to increase the monthly assessments ten percent (10%) or less without ratification of the Association members.

As a part of the Common Expenses, the Association shall be empowered to levy assessments against Owners of Units within the Condominium for payment of taxes and payment of assessments for public and private capital improvements made to or for the benefit of the Common Areas located within the Condominium. Any such assessments that remain unpaid by the Owner of any Unit shall constitute a lien on the Unit of the Owner. It shall further be provided that upon default by the Owner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Areas or assessments for public improvements to the Common Areas, which default shall continue for a period of six (6) months, each Owner of a Unit in the development shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes/and or assessments due by the percentage of ownership of each Unit Owner in the Condominium. If such sum is not paid by the Owner within thirty (30) days following the receipt of notice of the amount due, then such sum shall become a continuing lien on the Unit of the then Owner, his heirs, devisees,

personal representatives and assigns, and the taxing and assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same or may elect to foreclose the lien against the property of the Owner.

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

The initial assessment shall be that amount established by the Declarant and shall not exceed \$.10 per month per square foot for any sized Unit.

Section 8.2. Payment of Common Expenses: All Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provision of Section 8.1 hereof at such time or times as the Board shall determine. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser thereof.

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

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

Section 8.4. Default in Payment of Common Expenses: Remedies: In the event of default by any Owner in paying to the Executive Board the Common Expenses as determined by the Board, such Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the rate of eighteen percent (18 %) per annum, or the maximum rate allowed by law, whichever is less, together with all expenses, including reasonably attorney's fees (if permitted by law), incurred by the Executive Board in any proceeding brought to

collect such unpaid Common Expenses.

The Executive Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees, incurred by the Executive Board in any proceeding brought to collect such unpaid Common Expenses.

Section 8.5. Lien and Personal Obligation: All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens excepting only: (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit; (ii) all sums unpaid on first lien Mortgages and other encumbrances duly recorded against the unit prior to the docketing of such lien; and (iii) materialmen's and mechanic's liens. Any assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the unit when filed of record in the office of the clerk of superior court in the manner provided therefor by Article 8 of Chapter 44 of the General Statutes. The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Article 24 of Chapter 45 of the General Statutes and in accordance with N.C. G.S. '47C, Article 3. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Unit. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each owner shall be personally liable for any assessment against his Unit.

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

Section 8.7. Abatement and enjoyment of Violations by Owners: The violation of any rule or regulation adopted by the Executive Board or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-Laws or at law or in equity: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate to remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provision hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner.

Section 8.8. Maintenance and Repair. (a) All maintenance and any repairs to any Unit, whether ordinary or extraordinary (other than maintenance and/or repairs to any Common Elements contained therein and not necessitated by the negligence, misuse or neglect of the

Owner of such Unit) shall be made by the Owner of such Unit. Each Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) all maintenance, repairs and replacements to the Common Elements (unless necessitate by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Board; provided, however, there is excluded from the provisions contained in this Section any repairs necessitated by casualty insured against by the Executive Board to the extent the Executive Board receives insurance proceeds for such repairs.

Section 8.9. Additions, Alterations or Improvements by Owners: No Owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change in the exterior appearance thereof, without the prior written consent thereto of the Executive Board. The Board shall have the obligation to answer any such written request by an Owner within thirty (30) days after such request, but failure to do so within the stipulated time shall not constitute a consent by the Executive Board to the proposed addition, alteration, improvement or change.

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

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

Section 8.12. Rules of Conduct: Rules and Regulations concerning the use of the Condominium Project shall be promulgated by the Executive Board of the Association, and such Rules and Regulations shall be binding on all Members of the Association unless duly amended by the Executive Board or by a majority in percentage of ownership of all the Unit Owners.

Section 8.13. Utilities: Any utilities (including water, sewer, heating, and air conditioning) which may be provided to the Units through a single or common meter or facility and utilities furnished to any portion of the Common Elements shall be paid by the Board as a Common Expense or, at the option of the Board, shall be paid pro rata by each Owner as and when billed.

### Section 9: Amendments

Section 9.1. These By-Laws may be amended only by the vote of the Owners of Units to which at least fifty percent (50%) of the ownership of the Association is allocated. Provided, however, where a larger vote in the Association is required for the association to take or refrain from taking a specific action, as set forth in the Condominium Documents, no amendment of these By-Laws shall be made unless and until the Owners holding such larger percentage of the vote in the Association approve said amending instrument. All person or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these By-Laws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these By-Laws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the prior written consent of such Mortgagee. No amendment to these By-Laws shall be adopted or passed which shall impair or prejudice the rights of Declaration provided for in the Condominium Documents, without the prior written consent of Declarant.

Section 9.2. No amendment to these By-Laws, the Declaration and Articles of Incorporation shall be effective until prepared, executed and certified on behalf of the Association by any officer designed for that purpose or, in the absence of designation, by the President of the Association, and recorded in the Office of the Register of Deeds of Cumberland County, North Carolina.

### Section 10: Enforcement Actions

The Association or any Unit Owner shall have the right to prosecute any proceeding at law or in equity against any person or person violating any of the provisions of these By-Laws and to obtain relief by way of injunction, money damages, or both. In the event that any provision of these By-Laws shall be held invalid by judgment or court order, it shall not be deemed to affect any of the other provisions herein, which shall continue and remain in full force and effect. In the event that any provision hereof shall be declared void by a court of competent jurisdiction by any reason of the period of time for which the same shall be effective, then the term of such provisions shall be reduced by the maximum period of time allowed by the laws of the State of North Carolina.

### Section 11: Remedies

Section 11.1. Default: Failure of any Unit Owner to comply with any of the terms of the Declaration, these By-Laws, the Articles of Incorporation or duly adopted Rules and Regulation of the Association shall constitute an event of default and shall be ground for relief.

Section 11.2. Costs: In any proceeding by the Association or any aggrieved Unit Owner arising because of any alleged default by a Unit Owner, the Association or such aggrieved Unit Owner, if successful, shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees from such defaulting Unit Owner. Successful, as applied herein to the collection



of or liability for attorneys' fees by the defaulting Unit Owner, is defined as compliance with these By-Laws, the Declaration, the Articles of Incorporation or the Rules and Regulations promulgated by the Association whether or not a legal proceeding has been filed, settled or liability established by judgment of the District or Superior Courts of the State of North Carolina.

Section 11.3. No Waiver: The failure of the Association or of any Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these By-Laws, the Articles of Incorporation or duly adopted Rules and Regulations of the Association shall not constitute a waiver of the right of the Association or of any such Unit Owner to enforce such right, provision, covenant or condition in the future.

Section 11.4. Rights Cumulative: All rights, remedies and privileges granted to the Association or any Unit Owner pursuant to any provision of the Declaration, these By-Laws, the Articles of Incorporation or duly adopted Rules and Regulations of the Association, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute a election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies or privileges as may be available to such party at law or in equity.

#### Section 12: Severability

In the event that any of the terms, provision or covenants of these By-Laws 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, provision or covenants hereof or the remaining portion of any terms, provisions or covenants held to be partially invalid or enforceable.

#### Section 13: Miscellaneous Provisions

Section 13.1. Reserves: There may be created by resolution of the Executive Board such reserve or reserves as the Executive Board from time to time, in their discretion, think proper to provide for contingencies, or to repair or maintain any portion of the Condominium Project, or for such other purposes as the Executive Board shall think beneficial to the Association. The Executive Board may modify or abolish any such reserve in the manner in which it was created.

Section 13.2. Acceptance of Governing Rules: The Association, all present or future Unit Owners, tenants or future tenants, or any other persons using the facilities of the Condominium Project are subject to and shall comply with the North Carolina Condominium Act, the Declaration, the By-Laws and the Articles of Incorporation, Rules and Regulations of the Association, and the acquisition, occupancy or rental of a unit shall signify that all such documents are accepted and ratified. In the event of a conflict in any of the provisions of any such documents, the documents shall govern or control in the following order of preference (1)

the North Carolina Condominium Act, (2) order of the City of Fayetteville, (3) the Declaration, (4) the By-Laws, (5) the Articles of Incorporation, and (6) the Rules and Regulations of the Association.

Section 13.3. Indemnification: The Association shall indemnify any member of the Executive Board, officer, or employee, or former Board Member, officer, or employee of the Association, against expenses actually and necessarily incurred by him, and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such an Executive Board member, officer or employee (whether or not an Executive Board member, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Association may also reimburse to any Executive Board member, officer or employee the reasonable costs of settlement of any such action, suit or proceedings, if it shall be found by a majority of a committee of the Executive Board not involved in the matter of controversy, whether or not a quorum, that it was to the interest of the Association that such settlement be made and that such Executive Board member, officer or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Executive Board Member, officer or employee may be entitled bylaw or under by-law, agreement, vote of members or otherwise.

Section 13.4. Inconsistencies: In the event these By-Laws shall be inconsistent with the Declaration, the Declaration shall be controlling.

Section 13.5. Table of Contents: Headings: The table of contents and headings used in these By-Laws have been inserted for administrative convenience only and do not constitute matters to be construed in interpretation.

Section 13.6. Successors Bond: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or hereafter acquire any interest in the Property.

Section 13.7. Gender. Singular Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

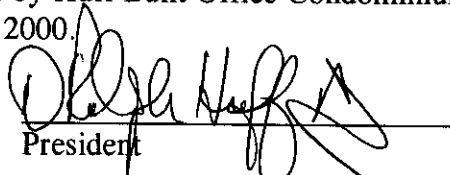
Section 13.8. Nonprofit Corporation: No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these By-Laws.

Section 14: Savings Clause

If any right hereunder shall be subject to the Rule Against Perpetuities, such right, if not sooner terminated, shall terminate 21 years after the death of the last survivor of the descendants of D. Ralph Huff living as of the Date of recordation of these By-Laws.

Certification

I certify that the foregoing By-Laws were adopted by Huff Built Office Condominium Owners Association, Inc. on the 2<sup>nd</sup> day of February, 2000.

  
\_\_\_\_\_  
President