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REGISTER OF DEEDS
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**DECLARATION OF CONDOMINIUM
OF
CLIFFS OF ROCKFISH**

THIS DECLARATION OF CONDOMINIUM ("Declaration") is made this 10 day of MAY, 2004, by WALTER M. JONES & wife, PATRICIA L. JONES, 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 or near the Town of Hope Mills, Cumberland County, North Carolina, as more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with the building and improvements now or hereafter constructed or located thereon, which shall consist of fifteen (15) apartment buildings, approximately 600 square feet for a one bedroom unit, 960 square feet for a two bedroom unit or 1,200 square feet for a three bedroom unit and Declarant executes this Declaration of Condominium of Cliffs of Rockfish for the purpose of bringing said tract under the regime of this Declaration of Condominium and for the purpose of exercising all of its rights and responsibilities as herein more particularly defined as Declarant and does therefor by the execution of this instrument submit the property more particularly described in Exhibit "A" 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 the real property described on 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, devisee 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:

Section 1.1. Association: "Association" shall mean and refer to Cliffs of Rockfish 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.

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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 all 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 V, Section 5.1 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). Common Expenses shall specifically include a provision for administrative expenses incurred by the executive committee in billing and collecting these common expenses from the several unit owners. Also included in Common Expenses shall be the payment of utilities which shall be allocated by and collected by the Association (the Executive Committee). Common Expenses shall include, without limitation, exterior maintenance of building and maintenance of lobby, lobby heating, air conditioning and elevator and maintenance of recreation areas. Maintenance, upkeep and cost of operation of the single heating and air conditioning units for each unit shall be the sole responsibility of the respective unit owners. The Common Expenses shall be used to promote the recreation, health, safety, and welfare of the occupants of the office buildings in the properties and for the improvements and maintenance of the Common Elements, including, but not limited to maintenance of the fences, administrative costs, sprinkler systems, private streets, parking lots, street lighting, landscape maintenance, liability and fire insurance, and exterior painting and roofing where required under Article XI.

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 Cliffs of Rockfish Owners Association, Inc., the By-Laws of Cliffs of Rockfish 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 Walter M. Jones & wife, Patricia L. Jones, or their heirs, successors or assigns in fee ownership of all remaining Units unsold to purchasers for use as apartments or as otherwise defined in N.C.G.S. 47 C-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 V, Section 5.2, 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.

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 for 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. Plans: "Plans" shall mean and refer to the plans and specifications of the Buildings and Property prepared by Robert Charles Evans, Architect recorded under the name of the Condominium in the Condominium Plans 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: A Unit shall be either a one, two or three bedroom Unit. A One Bedroom Unit "1BR Unit" means a physical portion of the one bedroom Condominium Building consisting of approximately six hundred (600) square feet and designated for separate ownership or occupancy, the boundaries of which are described pursuant to N.C.G.S. 47C-2-105(a)(5). An Owner, may however, own more than one (1) Unit. A Two Bedroom Unit "2BR Unit" means a physical portion of the two bedroom Condominium Building consisting of approximately nine hundred sixty (960) square feet and designated for separate ownership or occupancy, the boundaries of which are described pursuant to N.C.G.S. 47C-2-105(a)(5). An Owner, may however, own more than one (1) Unit. A Three Bedroom Unit "3BR Unit" means a physical portion of the three bedroom Condominium Building consisting of approximately one thousand two hundred (1,200) square feet and designated for separate ownership or occupancy, the boundaries of which are described pursuant to N.C.G.S. 47C-2-105(a)(5). An Owner, may however, own more than one (1) Unit.

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 reserved by the 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 this 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 is located in or near the Town of Hope Mills, 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 Cliffs of Rockfish.

ARTICLE III
DESCRIPTION OF BUILDINGS

Cliffs of Rockfish Phase I consists of fifteen (15) Buildings consisting of one hundred twenty (120) Units consisting of eight (8) one bedroom Units approximately six hundred square feet each and one hundred four (104) two bedroom Units approximately nine hundred and sixty square feet each and eight (8) three bedroom Units approximately one thousand two hundred square feet each. The Building shall have brick and block foundation. Exterior walls shall be brick veneer. The Building is more particularly described in the Plans which are or will be 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 Buildings. Such Plans show a certification by Robert Charles Evans Architect. Said Plans contain all the information required by N.C.G.S. 47C-2-109.

ARTICLE IV
DESCRIPTION OF UNITS

There are a total of eight (8) Units in a two bedroom Building and eight (8) Units in a combination one and three bedroom building. 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 respective Buildings, 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.

Each one bedroom Unit consisting of approximately six hundred ninety (690) square feet and each two bedroom Unit consisting of approximately nine hundred sixty (960) square feet and each three bedroom Unit consisting of approximately one thousand two hundred (1,200) square feet constitutes a Unit and 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 a 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 V
COMMON ELEMENTS

Section 5.1. Common Elements: The Common Elements include all portions of the Condominium that are not part of the Units and as are more particularly described in N.C.G.S. 47C-2-102, including without limitation:

- (a) The Land; and
- (b) All improvements located upon the Land that are not part of the Units.

Section 5.2. 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 shall each equal one hundred percent (100%). The percentage of interest in the Common Elements allocated to each Unit shall be as indicated on Exhibit "B" 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 approximate relation that the square footage of each Unit at the date of this Declaration bears to the then aggregate square footage of all the units. The square footage of each Unit and the aggregate square footage of all units have been determined by 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 the Mortgagees.

Section 5.3. Responsibility of Owner of Each Unit: The Owner of each Unit shall be responsible to Cliffs of Rockfish Owners Association, Inc. for annual assessments in the amount of Three Hundred and No/100 (\$300.00) Dollars.

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

Section 6.1. Unit Use: All Units shall be used for residential multi-family purposes only.

Section 6.2. Nuisance: No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners.

Section 6.3. 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 6.4. Regulations: Reasonable regulations governing the use of the Property may be made and amended from time to time by the Executive Board.

Section 6.5. Leases of Units: 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 6.6. 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 or any Unit.

Section 6.7. Signs: 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 6.8. Declarant's Use of Units: Any provisions of the Declaration of 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) or sale offices, and to erect and maintain a sign or signs on the Property for the purpose of advertising Units owned by it for sale or lease. These rights shall exist so long as Declarant is a Unit Owner.

Section 6.9. Architectural Control. No building, fence, wall or other structure shall be commenced, erected, replaced or maintained upon the real estate subject to this Declaration, nor shall any exterior color, exterior addition to or change or alteration therein be made until the plans and specifications showing the color, nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board or by an architectural committee composed of three (3) or more representatives appointed by the Executive Board. In the event said Executive Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been fully complied with.

Section 6.10. Maintenance of Common Street and Storm Drainage - Sharing of Repair and Maintenance. The Declarant reserves for the use and benefit of the Declarant and the Association right of access to said storm drainage system for purpose of repair and maintenance if required.

Section 6.11. Maintenance of Common Street and Storm Drainage - Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall appurtenant to the land and shall pass to such Owner's successors in title.

Section 6.12. Maintenance of Common Street and Storm Drainage -Removal of Vehicles. Any Owner completely blocked from access or egress to or from his Unit from either direction may have any vehicle or vehicles removed from the common drive as required to gain such access or egress and the owner or owners of such vehicle or vehicles will be liable for any towing and/or storage charges resulting from such removal; and any Owner may cause to have removed from the common drive any vehicle which is parked within the confines of the common drive for a period of more than 14 continuous hours or a total of 24 hours in a 72 hour period and the owner of such vehicle will be liable for any towing and/or storage charge resulting from such removal.

Section 6.13. Maintenance of Common Street and Storm Drainage - Arbitration. In the event of any dispute arising concerning the common drive, or under the provisions of this Section, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

Section 6.14. Maintenance of Common Street and Storm Drainage - Private Street Maintenance. Street rights-of-way as shown on the plat hereinbefore referenced, have not been accepted for maintenance by a government body politic, and are to be maintained by Cliffs of Rockfish Owners Association, Inc. until such time as maintenance is assumed by a government body politic.

Section 6.15. Land Use and Building Type. No Unit shall be used except for multi-family residential purposes. Any building erected, altered, placed or permitted to remain on any Lot shall be subject to the provisions of Article VI, Section 6.9 of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

Section 6.16. Nuisances. No noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 6.17. Temporary Structures. No structure of a temporary character, trailer, tent shack, garage, basketball court, barn or other outbuilding shall be used on the real estate subject to this Declaration at any time as a residence either temporarily or permanently.

Section 6.18. Recreational Vehicles. No boat, motor boat, camper, trailer, motor or mobile home shall be permitted to remain on the real estate subject to this Declaration at any time, unless by consent of the Association in which event such vehicles shall be placed in the area or areas designed by the Association.

Section 6.19. Animals. No animals or poultry of any kind, except common pets, shall be placed or kept on any part of the premises. No dangerous dogs, including, but not limited to, pit bulls, rottweilers, dobermans, chows and german shepherds, shall be permitted on the premises. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of not more than two (2) orderly domestic pets (dogs or cats) shall be permitted subject to the Rules and Regulations by the Executive Board; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Unit upon ten (10) days written notice from the Executive Board. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. All pets shall be registered with the Executive Board and shall otherwise be registered and inoculated as required by law.

Section 6.20. Outside Antennas. No outside radio or television antennas or satellite dish shall be erected on the real estate subject to this Declaration unless and until permission for the same has been granted by the Executive Board of the Association or its architectural control committee.

Section 6.21. Exterior Lights and Draperies. In order to preserve a harmonious presentation of the exterior of the Units, only clear, white non-frost or smoked exterior lights may be utilized and all draperies covering windows which are visible from the exterior of the Units shall be lined with white or some other neutral color.

Section 6.22. Fences. No fences other than the fences constructed by the Declarant and maintained by the Association shall be erected upon the real estate subject to this Declaration.

Section 6.23. Junk Vehicles. No automobile or motor vehicle may be dismantled on said Common Elements. No mechanically defective automobile or currently unlicensed automobile shall be placed or allowed to remain on said Common Elements.

Section 6.24. The Declarant shall have the right, but no obligation, to remove or require the removal of any fence, wall, hedge, shrub, bush, tree or other thing, natural or artificial, placed or located on the real estate subject to this Declaration, if the location of the same will, in the sole judgment and opinion of the Declarant, obstruct the vision of a motorist upon any of the access way.

Section 6.25. Signs. No sign or signs other than Declarant's "For Sale" or "For Rent" sign shall be displayed on the real estate subject to this Declaration."

ARTICLE VII

SERVICE OF PROCESS

F. Stuart Clarke is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. F. Stuart Clarke's place of business is at 937 S. McPherson Church Road, Ste 102, Fayetteville, Cumberland County, North Carolina, 28303.

ARTICLE VIII
CLIFFS OF ROCKFISH OWNERS ASSOCIATION, INC.

Section 8.1. Organization of Association: A nonprofit North Carolina corporation known and designated as Cliffs of Rockfish 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 "C" and "D", 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 8.2. Powers; Lien for Assessment: In the administration of the operation and management of the Property, the Association shall have and it is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments in the manner provided in Article XI hereof and in Section 8 of 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 running with the land on the Unit with respect to which such sum was assessed upon filing in accordance with N.C.G.S. 47C-3-116, and shall be enforceable by the Association in accordance with N.C.G.S. 47C-3-116 and Section 8 of these By-Laws.

Section 8.3. Period of Declarant Control: The Executive Board shall be appointed by the Declarant until the earlier to occur of (1) there are no Class B members as hereinafter defined; or (2) January 1, 2045, at which time the Unit Owners shall elect at least three members of the Board, two of whom must be Unit Owners.

ARTICLE IX
MEMBERSHIP AND VOTING RIGHTS

Section 9.1 Every owner of a Unit which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment.

Section 9.2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners of Units with the exception of the Declarant and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B. Class B members shall be the Declarant and shall be entitled to four (4) votes for each Unit owned. The Class B Membership shall cease and be converted to a Class A membership respectively upon the happening of either of the following events, whichever occurs earlier:

- (a) Declarant no longer owns a unit in the Cliffs of Rockfish;
or
- (b) on January 15, 2099.

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 Declaration: 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 in Cliffs of Rockfish, their guests, invitees and lessees, the Association, the Declarant, its successors and assigns.

Section 10.6. Alterations: Units may be altered pursuant to N.C.G.S. 47C-2-111; provided each one 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 or Lien Against the Common Elements: While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances 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 interest 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 the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this and to the lien of assessments for Common Expenses provided for in Article XI, Section 11.4 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 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, so long as approved by the Executive Board.

ARTICLE XI ASSESSMENTS

Section 11.1. Taxes: Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount of taxes against his individual Unit, provided, however, the Units will not be separately assessed until the calendar year 2005 with respect to Cumberland County ad valorem property taxes.

Section 11.2. Common Expenses: Each Owner shall contribute a percentage share of the Common Expenses equal to such Owner's percentage of allocated interest in the Common Elements, all in accordance with the definition of Common Expenses set forth in Article I, Section 1.5 hereinabove; the By-Laws; and the provisions of the North Carolina Condominium Act. Due dates for payment of such Common Expenses shall be established by the Executive Board and shall be collected at least quarterly. In addition to Common Expenses as defined in Article I, Section 1.5 and in this specific Section 11.2, Common Expenses shall also include Common Elements as allocated by the Executive Board and any shortfall between the budget as adopted by the Association at the previous annual meeting and the actual expenses incurred as certified to by the Executive Board. The Association shall then proceed to collect such expenditures and shall be empowered to levy assessments against the Owners within the Condominium as provided for in Section 11.4 of this Article.

Section 11.3. Common Surplus: The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source over the amount of Common Expenses. The Common Surplus shall be owned by the Owners in the same proportion that the undivided interest in Common Elements appurtenant to each Owner's Unit bears to the total of all such appurtenant interests in the Common Elements; provided, however, that said Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance proceeds herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may

be made from time to time shall be made to the then Owners in accordance with their percentage interest in Common Surplus as declared herein.

Section 11.4. Assessment in General: The Association shall be empowered to levy assessments against the Owners within the Condominium for the payment of expenditures made by the Association for the purposes of providing liability insurance, payment of taxes, maintenance of parking lot facilities located in the Common Elements, payment of assessments for public and private capital improvements made to or for the benefit of the Common Elements located within the Condominium and for the maintenance of recreation areas. 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 Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Elements or assessments for public improvements to the Common Elements, which default shall continue for a period of six (6) months, each Owner 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 Common Elements and all personal property included in the Common Elements in an amount, after application of deductibles, equal to 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; provided, that such insurance may be written on a co-insurance basis of not less than ninety percent (90%). 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 insureds, 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 recover 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 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 in no event shall the amounts of such public liability insurance ever be less than \$500,000.00 per person and \$1,000,000.00 per occurrence against liability for bodily injury, including death resulting therefrom, and \$50,000.00 per occurrence against liability for damage to property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the Property or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. 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 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 of all reserve funds. An appropriate endorsement to policy to cover any persons who serve without compensation shall be added to the policy if it 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 or premiums) without at least thirty (30) days prior written notice to the insured(s) and all Mortgagees.

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

Section 12.5. Premiums: Premiums upon insurance policies purchased by the Executive Board shall be paid by the Association 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. The sole duty of the Executive Board as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

- (a) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's allocated interest in the Common Elements.
- (b) 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 interest may appear.
- (c) 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 not be reconstructed or repaired, the proceeds shall be distributed to the Owners and their Lienholder, if any, as their interest 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 distribute to the beneficial Owners and their Lienholder, if any, as their interest 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 Unit, 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 any Building as a result of fire or other casualty, unless (1) the Condominium is terminated, or repair or replacement would be illegal under any state or local health or safety statute or ordinance the Owner shall arrange for the prompt repair and restoration of the damages or destroyed Building.

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 shall otherwise approve, and will make no structural addition alteration or improvement to his Unit without the prior written consent of the Executive Board, except as authorized in Section 10.6 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

Section 14.1 Unit Owners List: The Executive Board shall cause an annual statement and Report to be prepared of the Current Owners of each Unit, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year.

Section 14.2. 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 14.2 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
- (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 XV
EMINENT DOMAIN

Section 15.1. 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 15.2. Taking of Part of a Unit: Except as provided in Section 15.1 above, if part of a unit is acquired by eminent domain, the award must compensate the Unit Owner for the 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 reallocation on the basis of its reduced allocated interests.

Section 15.3. 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 15.1 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 XVI MISCELLANEOUS PROVISIONS

Section 16.1. 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 16.2. Waiver: No provisions contained in the Declaration shall, be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 16.3. 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 16.4. Conflict of Laws: It is the intent of the Declarant herein that the Cliffs of Rockfish 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 Cumberland County Code. Where a conflict arises between any provision of these Declarations and the Cumberland County Code, the provisions of the Cumberland County Code shall prevail. Where a conflict arises between the provisions of the Cumberland County Code and the North Carolina General Statutes, the North Carolina General Statutes shall prevail.

Section 16.5. 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.

Section 16.6 Amendment: The provisions of this Declaration may be amended upon the vote of seventy-five (75%) percent of the Owners qualified and voting in accordance with the Bylaws and subject to Article IX. Notwithstanding any of the herein stated, the Declarant shall have the unfettered right to amend this Declaration so long as the Class B membership exists.

IN WITNESS WHEREOF Declarant has caused this Declaration to be duly executed and sealed this 10 day of May, 2004.

Walter M. Jones (Seal)
Walter M. Jones

Patricia L. Jones (Seal)
Patricia L. Jones

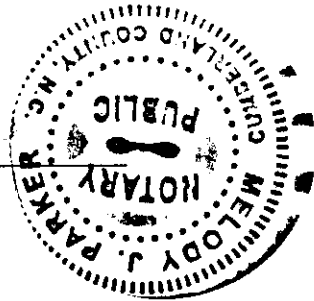
State of North Carolina
County of Cumberland

I, Melody J. Parker, a Notary Public of the County and State aforesaid, certify that **WALTER M. JONES and wife, PATRICIA L. JONES**, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and seal this 10 day of May, 2004.

My Commission expires:
July 23, 2005

Melody J. Parker
Notary Public



The foregoing Certificate(s) of Melody J. Parker

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 J. Lee Warren, Jr. REGISTER OF DEEDS FOR CUMBERLAND COUNTY, Deputy/Assistant - Register of Deeds

EXHIBIT "A"

Legal Description

BEING all of Lot 3, containing 8.69 acres more or less, according to a plat of the same entitled ZERO LOT LINE DIVISION OF THE 10.62 ACRES (+ or -) MID-SOUTH CONSTRUCTION COMPANY" as recorded in Book of Plats 93, Page 100, Cumberland County Registry, North Carolina.

EXHIBIT "B"

The percentage of interest in the Common Elements allocated to each Unit

The 104 units in Phase One each have a .96154% interest as shown on plat of Cliffs of Rockfish duly recorded in Book of Plats ____, Page ____, Cumberland County Registry.

ARTICLES OF INCORPORATION
OF
CLIFFS OF ROCKFISH
OWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned, all of whom are residents of the State of North Carolina and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of the corporation is CLIFFS OF ROCKFISH OWNERS ASSOCIATION, INC., hereafter called the "Association".

ARTICLE II

The principal office and the registered office of the Association is located at 937 S. McPherson Church Road, Suite 102, Fayetteville, Cumberland County, North Carolina, 28303.

ARTICLE III

F. Stuart Clarke, whose address is 937 S. McPherson Church Road, Suite 102, Fayetteville, Cumberland County, North Carolina, 28303, is hereby appointed the initial registered agent of the Association.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance and architectural control of the Units and Common Area within that certain tract of property described on plat of **Cliffs of Rockfish**, to be recorded in the office of the Register of Deeds for Cumberland County, North Carolina, and to promote the health, safety and welfare of the owners within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the certain Declaration of Covenants, Conditions and Restriction, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the office of the Register of Deeds of Cumberland County, North Carolina, as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration to pay all expenses in connection therewith and all office

and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or the governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of three-fourths (3/4) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by three-fourths (3/4) of each class of members, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of three-fourths (3/4) of each class of members;

(g) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE V

Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all owners of units with the exception of the Declarant and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote

be cast with respect to any Unit.

Class B. Class B members shall be the Declarant and shall be entitled to four (4) votes for each Unit owned. The Class B Membership shall cease and be converted to a Class A membership respectively upon the happening of either of the following events, whichever occurs earlier:

- (a) Declarant no longer owns a unit in the Cliffs of Rockfish; or
- (b) on January 1, 2099.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association.

The number of Directors may be changed by amendment of the By-laws of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

- | | |
|-------------------|--|
| F. Stuart Clarke | 937 S. McPherson Church Rd., Ste 102
Fayetteville, NC 28303 |
| Walter M. Jones | 5419 Barchetta Drive
Hope Mills, NC 28348 |
| Patricia L. Jones | 5419 Barchetta Drive
Hope Mills, NC 28348 |

At the first annual meeting the members shall elect three (3) Directors for a term of one year, three Directors for a term of two years and three Directors for a term of three years; and at each annual meeting thereafter the members shall elect three Directors for a term of three years.

ARTICLE VIII
INCORPORATOR

The name and address of the incorporator is:

- | | |
|------------------|---|
| F. Stuart Clarke | 937 S. McPherson Church Rd., Ste 102
Cumberland County
Fayetteville, NC 28303 |
|------------------|---|

ARTICLE IX
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than three-fourths (3/4) of each class of members. 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 this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE X
DURATION

The corporation shall exist perpetually.

ARTICLE XI
AMENDMENTS

Amendment of these Articles shall require the assent of Seventy-five (75%) per cent of the entire membership.

ARTICLE XII

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, merger and consolidations, mortgaging of Common Area, Dedication of Common Area, Dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of North Carolina, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this the 10 day of MAY, 2004.



F. Stuart Clarke, Incorporator
937 S. McPherson Church Rd., Ste 102
Post Office Box 670
Fayetteville, NC 28302

**BY-LAWS
OF
CLIFFS OF ROCKFISH HOMEOWNERS ASSOCIATION, INC.**

Article I

PURPOSES AND OBJECTIVES

The purpose of the corporation shall be the management of a homeowner's association for a subdivision known as **CLIFFS OF ROCKFISH**, including but not limited to the management of the use of the common area, the maintenance of the common area and the setting of assessments for the upkeep of same.

Article II

OFFICES

Section 1. **PRINCIPAL OFFICE:** The principal office of the Corporation shall be located at the residence of the person holding the office of Secretary of the corporation.

Section 2. **REGISTERED OFFICE:** The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. Until otherwise changed by the Board of Directors, the registered office shall be 937 S. McPherson Church Road, Suite 102,, Fayetteville, Cumberland County, North Carolina, 28303.

Article III

BOARD OF DIRECTORS

Section 1. **GENERAL POWERS:** The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. **NUMBER, TERM AND QUALIFICATION:** The affairs of the Association shall be managed by a Board of three (3) Directors. The original Board of Directors shall consist of three (3) members. At the first annual meeting the members shall elect one Director for a term of one (1) year, one Director for a term of two (2) years, and one Director for a term of three (3) years. Each Director shall hold office until the expiration of his or her term, or until his or her successor is elected and qualified.

No director shall serve more than two (2) consecutive terms (including the initial term).

Section 3. **ELECTION OF DIRECTORS:** Except as provided in Section 2 of Article III, the Directors shall be elected at the annual meeting of the Association. Those persons who receive the highest number of votes shall be deemed to have been elected. In the event any vacancy shall occur

because of death, resignation, incapacity to act, or removal of a Director, the members shall within a reasonable time, fill the vacancy.

Section 4. REMOVAL: Directors may be removed from office with or without cause by a vote of three-fifths (3/5) of the majority of the members of the Association. If any Directors are so removed, new Directors may be elected at the same meeting.

Section 5. VACANCIES: A vacancy occurring in the Board of Directors shall be filled by a majority of the members of the Association, even though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 6. COMPENSATION: The members of the Board of Directors may not be compensated for their services in fulfilling their duties to the corporation.

Section 7. INDEMNIFICATION OF DIRECTORS AND OFFICERS: Each present and former Director and officer of the corporation shall be indemnified by the corporation against expenses reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been an officer or Director of the corporation (whether or not he or she continues in that capacity at the time of incurring such expenses), except in disputes between himself or herself and the corporation; and in those events, he or she shall be entitled to indemnification should a court of competent jurisdiction find the corporation to be at fault. The foregoing right of indemnification shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of other rights to which any Director or officer may be entitled as a matter of law.

Section 8. EXECUTIVE COMMITTEE: There shall be elected annually by the members of the association three (3) members thereof, who with the Chairman, Secretary, Treasurer and any Executive Committee shall act on behalf of the corporation in any manner (except as provided in Article VII) when the Board of Directors is not in session, reporting to the Board of Directors for its ratification of their action at each regular or special meeting called for that purpose. Four (4) members shall constitute a quorum for the transaction of business. Meetings may be called by the Chairman or by two (2) members.

Section 9. SPECIAL COMMITTEES: The Chairman may, at any time, appoint other committees on any subject for which there are no standing committees, or terminate any standing committee which does not serve any purpose. Each committee shall consist of at least one (1) Director.

Section 10. COMMITTEE QUORUM: A majority of any committee of the corporation shall constitute a quorum for the transaction of business, unless any committee shall by majority vote of its entire membership decide otherwise.

Article IV

MEETINGS OF THE DIRECTORS

Section 1. REGULAR MEETINGS: Regular meetings of the Board of Directors shall be held at 7:30 p.m. on the first Thursday of each month at a time and place designated by a majority of the Directors.

Section 2. ANNUAL MEETINGS: The annual meetings of the Board of Directors shall be held at 7:30 p.m. on the first Thursday in February of each year, if not a legal holiday, for the purpose of electing Directors of the corporation and for the transaction of such other business as may be properly brought before the meeting.

Section 3. SUBSTITUTE ANNUAL MEETINGS: If the 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 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. SPECIAL MEETINGS: Special meetings of the Directors may be called at any time by the President, on or at such other place, as shall be designated in the notice of the meeting agreed upon by a majority of the Directors entitled to vote thereat.

Section 5. NOTICE OF MEETINGS: Written or printed notice stating the time and place of the meeting shall be delivered not less than five or more than fifty days before the date thereof, either personally or by mail, by or at the direction of each President, Secretary or other person calling the meeting, to each member of record entitled to vote at such meeting. In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted. In case of a special meeting, the notice of meeting shall not necessarily state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 6. QUORUM: A majority of the duly elected or appointed and qualified Directors of the corporation shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present at any meeting, whether or not a quorum is present, may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum shall attend.

Section 7. MANNER OF ACTING: Except as otherwise provided in this Section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. INFORMAL ACTION BY DIRECTORS: Action taken by a majority of the Directors without meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board, whether done before or after the action is so taken.

Article V

OFFICERS

Section 1. NUMBER: The Corporation shall have a Chairman, Secretary, Treasurer and such Vice-Chairman, Assistant Secretaries, Assistant Treasurers and other officers as the members may from time to time elect. Any two or more offices may be held by the same person, except the office of Chairman and Secretary. However, no officer may act in more than one capacity where the action of two (2) or more offices is required.

Section 2. ELECTION AND TERM: The officers of the Corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the membership. Each officer shall hold office for one (1) year, or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified, unless otherwise specified by the members. The members may fill any vacancy in any office occurring for whatever reason.

Section 3. REMOVAL: Any officer or agent elected or appointed by the members may be removed by the members with or without cause, except that in the case of the Chairman, he shall not be removed by less than a three-fourths (3/4) majority of the members.

Section 4. CHAIRMAN: The Chairman shall be the chief executive officer of the corporation and shall preside at all meetings of the members and the Board of Directors. Subject to the direction and control of the Board of Directors, he shall have general charge and authority over the business of the corporation. He shall make reports of the business of the corporation for the preceding fiscal year to the Directors at each annual meeting. He shall sign with any other proper officer any deeds, mortgages, bonds, contracts, or other instrument which may be lawfully executed on behalf of the corporation, except where the signing and execution thereof shall be delegated by the Board of Directors to some other office or agent. In general he shall perform all duties as may be prescribed by the Board of Directors from time to time, including the appointment of various committees from the membership in order to carry out the business of the corporation as approved by the Board of Directors.

Section 5. VICE-CHAIRMAN: The Vice-Chairman shall perform the duties of the Chairman in his absence or during his inability to act. The Vice-Chairman (or Vice-Chairmen) shall have such other duties and powers as may be assigned to or vested in them by the Board of Directors.

Section 6. SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and Directors. He shall give all notices required by law and by these by-laws. He shall have general charge of all corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall then sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the Chairman, the Executive Committee, or by the Board of Directors.

Section 7. TREASURER: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may appoint a custodian or a depository for any such funds and securities and may designate those persons upon whose signature or authority such fund and securities may be disbursed or transferred. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year within four (4) months after the end of such fiscal year. The Treasurer shall, in general, perform all duties incident to this office and such other duties as may be assigned to him from time to time by the Chairman, the Board of Directors, or the Executive Committee.

Section 8. ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chairman, Board of Directors, or Executive Committee.

Article VI

MEMBERS

Section 1. This corporation shall be a nonprofit corporation organized and existing under all Laws of the State of North Carolina, being governed by a Board of Directors as set forth in Article III of the By-laws, and shall be with voting members.

Section 2. Any person owning a lot in the subdivision known as **CLIFFS OF ROCKFISH**, will be a member of the corporation.

Section 3. ANNUAL MEETING: There shall be an annual meeting of the members of this corporation to hear the annual report of the corporation and to transact other business in accordance with the decision of the Board of Directors. Unless otherwise determined by the Board of Directors, the annual meeting of members shall be held in the first Thursday in May at a time and place designated by the Chairman of the corporation; provided, however, that should said day fall upon a legal holiday, then any such meeting shall be held at the same time and place to be determined by the Board of Directors. Notice of the annual meeting shall be given to all members of the Board of Directors and members of the corporation. The notice required by this Section shall in all respects

comply with the notice required by Article IV, Section 4 of these By-laws for notice to members of the Board of Directors in case of a special meeting of said Board.

Article VII

CONTRACTS, LOANS, DEPOSITS, AND MISCELLANEOUS PROVISIONS

Section 1. **CONTRACTS:** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. **LOANS:** No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the members. Such authorization may be general or confined to specific instances.

Section 3. **CHECKS AND DRAFTS:** All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. **DEPOSITS:** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

Section 5. **FISCAL YEAR:** Unless otherwise ordered by the Board of Trustees, the fiscal year of the corporation shall be from January 1 through December 31 of each calendar year.

Section 6. **AMENDMENTS:** Except as otherwise provided herein, these By-laws may be amended or repealed and new By-laws may be adopted by the affirmative vote of seventy-five percent (75%) of the entire membership.

Section 7. **SEAL:** The corporate seal of the corporation shall consist of two concentric circles between which in the name of the corporation and in the center of which is inscribed "Seal".

Article VIII

PROHIBITED ACTIVITIES

Other provisions of these By-laws notwithstanding, the corporation shall not engage in any act of self-dealing as defined in Section 4941, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal excise law; nor retain any excessive business holdings as defined in Section 4943, Subdivision (c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any taxable expenditures

as defined in Section 4945, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws.

The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or the corresponding provisions of any subsequent federal tax laws.

Article IX

501(c)(3) REQUIREMENTS

Section 1. EARNINGS: No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, Directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in the Articles hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of a candidate for public office.

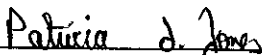
Section 2. EXEMPT FUNDS: Notwithstanding any other provisions of these Articles, this corporation shall not carry on any other activities not permitted to be carried on by (a) corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue law.

Section 3. DISSOLUTION: Upon the dissolution of the corporation, the Board of Directors shall, after paying and making provision for payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such asset not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

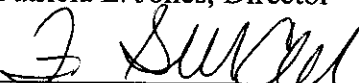
IN TESTIMONY WHEREOF, the undersigned have set their hands and seals this the 10
day of MAY, 2004.



Walter M. Jones, Director (Seal)



Patricia L. Jones, Director (Seal)



F. Stuart Clarke, Director (Seal)