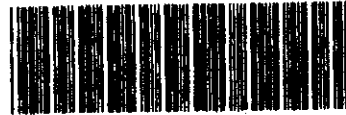


BOOK3374 - PAGE524

FOR REGISTRATION REGISTER OF DEEDS
Judy D. Martin
Moore County, NC
February 25, 2008 12:15:01
Book 3374 Page 524-593
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INSTRUMENT # 2008003026

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INSTRUMENT # 2008003026

DECLARATION OF

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Filed for Record FEBRUARY 25th, 20008 and Recorded in Book 3374
, Pages 524-593 through _____
In the Office of the Register of Deeds for
Moore County, North Carolina

Consisting of 70 Numbered Pages including
Attached Exhibits A, B, C, D, E, F and G

Prepared by and after recording mail to:

Jim Holshouser

DECLARATION

This is the Declaration of CAMDEN VILLAS AT MID SOUTH CONDOMINIUM made by CAMDEN MID SOUTH LLC, an Ohio limited liability company ("Declarant") on or as of the 12th day of February, 2008, pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the North Carolina Condominium Act ("Condominium Act").

Recitals

Declarant is the owner in fee simple of all of the Condominium Property hereinafter described and the improvements thereon and appurtenances thereto. The Declarant desires to create on this property a site of individually owned units, and commonly owned areas and facilities, and to these ends to submit this property to condominium ownership under the Condominium Act.

Definitions

The terms used in this document shall have these meanings, unless the context requires otherwise:

1. "Additional Property" means the land and improvements thereon, that may, at a subsequent time, be added to the Condominium Property and become a part of the Condominium. The Additional Property is described at Exhibit G.
2. "Articles" and "Articles of Incorporation" mean the articles, filed with the Secretary of State of North Carolina, incorporating Camden Villas at Mid South Unit Owners Association, Inc. as a nonprofit corporation under the provisions of Chapter 55A of the North Carolina General Statutes (the State of North Carolina's enabling Nonprofit Corporation Act).
3. "Association" and "Camden Villas at Mid South Unit Owners Association, Inc. " mean the nonprofit corporation created by the filing of the Articles and is also one and the same as the association created for the Condominium under the Condominium Act.
4. "Board" and "Board of Directors " mean those persons who, as a group, serve as the Board of Directors of the Association and are also one and the same as the executive board of the Condominium established for the Condominium under the

Condominium Act.

5. "Bylaws" mean the bylaws of the Association, created under and pursuant to the provisions of the Condominium Act for the Condominium. A true copy of the Bylaws is attached hereto as Exhibit E and made a part hereof.

6. "Common Elements " means all of the Condominium Property, except that portion described in this Declaration as constituting a Unit or Units, and is that portion of the Condominium Property constituting "common elements" of the Condominium under the Condominium Act.

7. "Common Expenses" means expenditures made by or financial liabilities of the association, together with any allocations to reserves, held in an account designated as the account for common expenses.

8. "Condominium" and "Camden Villas at Mid South Club Condominium" mean the condominium regime for the Condominium Property created under and pursuant to the Condominium Act.

9. "Condominium Act" means Chapter 47C of the North Carolina General Statutes.

10. "Condominium instruments" means this Declaration, the Articles, the Bylaws, and the Plat and Plans.

11. "Condominium Organizational Documents" means the Articles, the Bylaws, the Plat and Plans, and this Declaration.

12. "Condominium Property" means the tract of land hereinafter described as being submitted to the Condominium Act, all buildings, structures and improvements situated thereon, and all easements, rights and appurtenances belonging thereto.

13. "Declarant" means whoever is designated in the recitals of this Declaration as creating the Condominium, and Declarant's successors and assigns, provided the rights specifically reserved to Declarant under the Condominium organizational documents shall accrue only to such successors and assigns as are designated in writing by Declarant as successors and assigns of such rights.

14. "Declaration" means this instrument, by which the Condominium Property is hereby submitted to the provisions of the Condominium Act.

15. "Director" and "Directors" mean that person or those persons serving, at the time pertinent, as a trustee or trustees of the Association, and mean that same person or those persons serving in the capacity of a member of the board of directors of the Association.

16. "Eligible Mortgagees" means the holders of valid first mortgages on Units who have given written notice to the Association stating their names, addresses and Units subject to their mortgages.

17. "Limited Common Elements" means the Common Elements serving exclusively one Unit or more than one but less than all Units, the enjoyment, benefit or use of which are reserved to the lawful occupants of that Unit or Units.

18. "Occupant" means a person lawfully residing in a Unit, regardless whether or not that person is a Unit owner.

19. "Person" means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.

20. "Plat and Plans" means the drawings for the Condominium, prescribed by Section 47C-2-109 of the Condominium Act. A set thereof is attached hereto, but the same may be detached and filed separately herefrom by the Register of Deeds for Moore County, North Carolina.

21. "Unit" and "Units" mean that portion or portions of the Condominium Property designated for separate ownership or occupancy, whether or nor contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit C. Each Unit is designated and delineated on the Plat and Plans of the Condominium under the provisions of the Condominium Act.

22. "Unit owner," "Unit owners," "Owner," and "Owners " mean that person or those persons owning a fee simple interest in a Unit or Units, each of whom is also a "member" of the Association. A Person having an interest in a Unit solely as security for an obligation shall not be considered a Unit Owner.

NOW, THEREFORE, Declarant hereby makes and establishes the following plan for condominium ownership of the below-described property under and pursuant to the provisions of the Condominium

Act:

ARTICLE I

THE LAND

A legal description of the land included in the Condominium Property, located in the Town of Southern Pines, Moore County, North Carolina, is attached hereto and marked "Exhibit A". The liens, defects and encumbrances affecting the Condominium Property to which the rights of Unit Owners are made subject are set out at Exhibit F.

ARTICLE II

NAME

The name by which the Condominium shall be known is "Camden Villas at Mid South Condominium".

ARTICLE III

PURPOSES: RESTRICTIONS

Section 1. Purposes. This Declaration is being made to establish separate individual Units from the Condominium Property to which fee simple interests may be conveyed; to create restrictions, covenants and easements providing for, promoting, and preserving the values of Units and the Common Elements and the well being of Unit owners and occupants; and to establish a Unit owners' association to administer the Condominium and the Condominium Property, to administer and enforce the covenants, easements, charges and restrictions hereinafter set forth, and to raise funds through assessments to accomplish these purposes.

Section 2. Restrictions. The Condominium and the Condominium Property shall be benefited by and subject to the following restrictions:

- (a) Unit Uses. Except as otherwise specifically provided in this Declaration, no Unit shall be used for any purpose other than that of a residence for individuals living together as a single housekeeping unit, and uses customarily incidental thereto, provided, however, that no Unit may be used as a rooming house, group home, commercial foster home, fraternity or sorority house, or any similar type of lodging, care

or treatment facility.

Notwithstanding the foregoing: (i) an Occupant maintaining a personal or professional library, keeping personal business or professional records or accounts, conducting personal business (provided that such use does not involve customers, employees, licensees or invitees coming to the Unit), making professional telephone calls or corresponding, in or from a Unit, is engaging in a use expressly declared customarily incidental to residential use and is not in violation of these restrictions; (ii) it shall be permissible for the Declarant to maintain, during the period of its sale or rental of Units, but for no longer than a five year period of time from the time of the closing of the first sale of a Unit to a bona fide purchaser, one or more Units as sales and rental models and offices, and for storage and maintenance purposes, provided, that Declarant may maintain and utilize one or more of the Units in property added to the Condominium for such purposes for a five year period of time from the time of the closing of the first sale of a Unit in the property so added; and (iii) one or more Units may be maintained for the use of the Association in fulfilling its responsibilities.

(b) Common Elements Uses . The Common Elements (except the Limited Common Elements) shall be used in common by Unit owners and occupants and their agents, servants, customers, invitees and licensees, in accordance with the purposes for which they are intended, reasonably suited and capable, and as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of Units. Unless expressly provided otherwise herein, no Common Elements shall be used for any purpose other than the health, safety, welfare, convenience, comfort, recreation, or enjoyment of Unit owners and occupants. The Association may establish rules and regulations as to the use of the Common Areas.

(c) Limited Common Elements Uses . Those portions of the Common Elements described herein or shown on the Plat and Plans as Limited Common Elements shall be used and possessed exclusively by the Unit owners and occupants of the Unit or Units served by the same, as specified in this Declaration, and shall be used only for the purposes intended. The Association may establish rules and regulations as to the use and maintenance of the

Limited Common Areas.

- (d) Visible Areas . Nothing shall be caused or permitted to be hung or displayed on the outside or inside of windows (except interior inoffensive drapes, curtains, or louvered blinds which, from exterior observation, must be white, beige or gray, or as otherwise authorized by the Board) or placed on the outside walls of a building or otherwise outside of a Unit, or any part thereof. Subject only to such federal, state and local laws and ordinances as may lawfully impose limitations on this provision, no awning, canopy, shutter or television or citizens' band or other radio antenna or transmitter, or any other device or ornament, shall be affixed to or placed upon an exterior wall or roof or any part thereof, or the exterior of any door or window, or in, on, or over a patio, porch or balcony, visible to the exterior, unless authorized by the Board.
- (e) Offensive Activities . No noxious or offensive activity shall be carried on in any Unit, or upon the Common or Limited Common Elements, nor shall any be used in any way or for any purpose which may endanger the health of or unreasonably disturb any occupant.
- (f) Vehicles. The Board may promulgate rules and regulations restricting or prohibiting the parking of automobiles, vans, buses, inoperable vehicles, trucks, trailers, boats and recreational vehicles on the Common Elements, or parts thereof, and may enforce such regulations or restrictions by levying enforcement charges, having such vehicles towed away, or taking such other lawful actions as it, in its sole discretion, deems appropriate.
- (g) Renting and Leasing . No Unit or part thereof shall be rented or used for transient or hotel purposes, which such rental or use is defined as: (i) rental or use under which occupants are provided customary hotel services such as room service for food and beverages, maid service, the furnishing of laundry and linen, busboy service, and similar services; or (ii) rental to roomers or boarders, that is, rental to one or more persons of a portion of a Unit only. No lease may be of less than an entire Unit. Any lease agreement shall be in writing, shall provide that the lease shall be subject in all respects to the provisions

hereof, and to the rules and regulations promulgated from time to time by the Board, and shall provide that the failure by the tenant to comply with the terms of the Condominium Organizational Documents and lawful rules and regulations shall be a default under the lease. Prior to the commencement of the term of a lease the Unit owner shall notify the Board, in writing, the name or names of the tenant or tenants and the time during which the lease term shall be in effect. No lease shall be for a term of less than thirty days.

- (h) Signs. No sign of any kind shall be displayed to the public view on the Condominium Property except: (a) on the Common Elements, signs regarding and regulating the use of the Common Elements, provided they are approved by the Board; (b) on the interior side of the window of a Unit, one professionally prepared sign not in excess of nine square feet in size, advertising the Unit for sale or rent; and (c) on the Common Elements and model Units, signs advertising the sale and/or rental of Units by the Declarant during the period of its initial sale and rental of Units, provided, if these limitations on use of signs, or any part thereof, are determined to be unlawful, only the signs described in subitem (a), above, shall be permitted after Declarant's period of initial sales and rental of Units.
- (i) Replacements. Any building erected to replace an existing building containing Units shall be of new construction, be of comparable structure type, size, design and construction to that replaced, and shall contain a like number of Units of comparable size to the Units in the building replaced.
- (j) Structural Integrity. Nothing shall be done in any Unit, or in, on or to the Common or limited Common Elements, which may impair the structural integrity of any improvement.
- (k) Construction in Easements. No structure, planting or other material shall be placed or permitted to remain within the easements for the installation and maintenance of utilities and drainage facilities which may damage or interfere with the installation and maintenance of utility lines or which may change the

direction of the flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easement areas. The utility facilities within the easement areas shall be subject to the right of the Association to maintain the same, and its right to delegate that right to a public authority or utility.

- (1) Animals. Except as hereinafter provided, no animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or on the Common Elements. Notwithstanding the foregoing, household domestic pets, not bred or maintained for commercial purposes, may be maintained in a Unit, provided that: (i) no more than one pet may be maintained in any Unit, except that, if a Unit owner, prior to the commencement of occupancy of a Unit, requests the Board, in writing, for permission to maintain two pets in a Unit, the Board, in its discretion, may, in writing, authorize two pets, provided the two pets are either dogs of a miniature breed or cats who have or will have a combined mature weight not in excess of fifty (50) pounds, the pets shall be house pets only and not permitted in Common Elements, those pets are owned by the Unit owner at the time of commencement of occupancy of a Unit, and the Unit owner shall not be permitted to replace the first of those two pets who dies; (ii) the maintaining of animals shall be subject to such rules and regulations as the Board may from time to time promulgate, including, without limitation, the right to prohibit pets entirely, to place limitations on the size, number and type of such pets, and the right to levy enforcement charges against persons who do not clean up after their pets; and (iii) the right of an occupant to maintain an animal in a Unit shall be subject to termination if the Board, in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Condominium or other Units or occupants.
- (m) Conveyances. Each Unit shall be conveyed or transferred (voluntarily or involuntarily) as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof. The undivided interest of a Unit in the Common Elements shall be deemed to be conveyed or

encumbered with the Unit even though that interest is not expressly mentioned or described in the deed, mortgage or other instrument of conveyance or encumbrance. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred to the same transferee. In any instrument of conveyance or creating an encumbrance, or in any other document legally describing a Unit, it shall be sufficient to lawfully describe a Unit and its interest in the Common Area by referring to the Unit designation of the Unit and the appropriate recording references of the initial page of this Declaration and the appropriate Unit file number of the Plat and Plans. The right of a Unit owner to sell, transfer or otherwise convey that owner's Unit is not subject to any right of first refusal, and any Unit owner may transfer that owner's Unit free of any such limitation. To enable the Association to maintain accurate records of the names and addresses of Unit owners, each Unit owner agrees to notify the Association, in writing, within five days after an interest in that Unit owner's Unit has been transferred to another person. In addition, each Unit owner agrees to provide to a purchaser of that owner's Unit a copy of the Condominium organizational documents and all effective rules and regulations.

- (n) Discrimination/Handicapped Accommodation . No action shall at any time be taken by the Association or its Board which in any manner would discriminate against any Unit owner in favor of another. In addition, notwithstanding any provision hereof, or any rule or regulation, the Board shall make reasonable accommodation if necessary to afford a handicapped person equal opportunity to use and enjoy the Condominium Property, provided, that nothing contained herein shall be construed to mean or imply that any such accommodation be at the cost of the Association.
- (o) Architectural Control. No building, fence, wall, sign or other structure or improvement shall be commenced, erected or maintained upon the Condominium Property, or any part thereof, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind,

shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Board or its designated representative or representatives, in its or their sole and unfettered discretion. Nothing visible to the exterior shall be permitted to be hung, placed, displayed or maintained in Limited Common Elements unless approved, in writing, by the Board or its designated representative or representatives, in its or their sole and unfettered discretion, or unless the same is authorized by existing rule or regulation adopted by the Board.

- (p) Rules and Regulations. In addition to adopting and enforcing rules and regulations in the instances specifically hereinbefore mentioned, the Board may, from time to time, adopt and enforce such further reasonable rules and regulations as it deems necessary or desirable to promote harmony, to serve the best interests of the Unit Owners, as a whole, and the Association, and to protect and preserve the nature of the Condominium and the Condominium Property. A copy of all rules and regulations shall be furnished by the Board to the owners of each Unit prior to the time when the same shall become effective.

ARTICLE IV

IMPROVEMENT DESCRIPTIONS

Section 1. Residential Buildings. There are five residential buildings in Phase I of the Condominium. The residential buildings are of traditional architectural style with a combination of single story ranch type and two story condominium units. Most of the buildings in Phase I have quadraplex layouts so that each dwelling unit in a building faces in a different direction and so that the garage spaces in each building adjoin at the center of the building. Buildings with a duplex layout or other attached configuration may be used in later phases. If the Additional Property is developed, there will be a maximum total of 58 units in all phases of the Condominium. These buildings are of wood frame construction on concrete slabs with brick or cultured stone and wood siding and fiberglass shingle roofs. The principal materials of which these buildings are constructed are wood, glass, concrete, brick, fiberglass, shingle, and drywall. The residential buildings are located as shown on the Plat and Plans.

Section 2. Other. Each dwelling unit has a private exterior entrance and an exterior parking area immediately in front of the attached garage, which parking area is a Limited Common Element appurtenant to that dwelling unit. Some Units have a screened veranda or porch, while others have an exterior fenced-in patio. The Condominium may also contain a community building built of similar architectural style and similar materials as the residential buildings. The community building may contain an office, two restrooms, a large lounge meeting room, a mechanical room, and an exercise room. There will be no other recreation facilities as a part of the Condominium.

ARTICLE V

UNITS

Section 1. Unit Designations. Each of the dwelling units, each of which is called "a Unit", is designated, for Declarant's internal working purposes, by a number (1-58). For conveyance purposes, a Unit's Identifying Number shall be identical with the assigned street address. The location and designation of each Unit is also shown on the Plat and Plans attached hereto as "Exhibit B". Information concerning the Units, with a listing of proper Unit designations and Identifying Numbers for conveyance purposes, is shown on the attached "Exhibit C".

Section 2. Composition of Units .

(a) Unit Composition. Each Unit constitutes a single freehold estate and consists of the space in the building designated by that Unit's designation on the Plat and Plans that is bounded by the undecorated interior surfaces of the perimeter walls, the unfinished surface of the floors, and the unfinished interior surface of the ceilings, all projected, if necessary by reason of structural divisions such as interior walls and partitions, to constitute complete enclosures of space, and all improvements within that space. Without limiting the generality of the foregoing, or, as appropriate, in addition, each Unit shall include:

(1) the decorated surfaces, including paint, lacquer, varnish, wall covering, tile and other finishing material applied to floors, ceilings, and interior and perimeter walls, carpeting, if any, and also the floors and ceilings themselves, and the drywall, paneling and other finishing wall material;

(2) all windows, skylights, if any, and screens and doors, including storm doors and windows, if any, and the frames, sashes and jambs, and the hardware therefor;

(3) all fixtures and appliances installed for the exclusive use of that Unit, commencing at the point of disconnection from the structural body of the building and from utility pipes, lines or systems serving the entire building or more than one Unit thereof, including, without limiting the generality hereof, built-in cabinets, dishwashers, garbage disposal units, refrigerators, stoves and hoods, television antennas and cables, furnaces, hot water heaters, heat pumps, air conditioning units (even though located outside the bounds of a Unit), and components of the foregoing, if any;

(4) all plumbing, electric, heating, cooling and other utility or service lines, pipes, wires, ducts, conduits and apparatus, wherever located, which serve only that Unit;

(5) all control knobs, switches, thermostats and electrical outlets and connections affixed to or projecting from the walls, floors and ceilings which service either the Unit or the fixtures located therein;

(6) all interior walls that are not necessary for support of the structure, and all components thereof and all space encompassed thereby;

(7) the portion of fireplaces actually within the interior of a Unit, and fireplace vents or chases;

(8) the space in the attached garage;

(9) in the case of a Unit with an attached porch or veranda, the space in that attached porch or veranda; and

(10) the attic space or storage space above a Unit, and the crawl space below a Unit, if any, to which the Unit has direct and exclusive access;

Excluding therefrom, however, all of the following items, whether or not located within the bounds of that Unit

(1) any supporting element of the building contained in interior walls;

(2) all plumbing, electric, heating, cooling and

other utility or service lines, pipes, sump pumps and accessories thereto, wires, ducts and conduits which serve any other Unit; and

(3) fireplace brick chimneys.

(b) Unit Types, Sizes, Locations and Components. All Units are of the types described on the attached "Exhibit D", which also sets forth the size and composition of each type of Unit. The size of Units of each type is described in terms of "gross interior square feet", which means the area of space that constitutes a Unit, and is measured from the interior surfaces of exterior walls inward, and includes space occupied by interior partitions, space in the porch or veranda, and space in the attached garage. The type of each Unit is also set forth on Exhibit C and is shown on the Plat and Plans. Each Unit has its own gas furnace, hot water heater, and a fireplace. The location and composition of each Unit are also shown on the Plat and Plans.

ARTICLE VI

COMMON AND LIMITED COMMON ELEMENTS

Section 1. Common Elements - Description. All of the Condominium Property, including all of the land and all improvements thereon and appurtenances thereto, except those portions labeled or described herein or on the Plat and Plans as a part of a Unit, are Common Elements.

Section 2. Limited Common Elements - Description. Those portions of the Common Elements that are labeled or designated "limited common elements" on the Plat and Plans or herein are Limited Common Elements. In the case of each Unit these Limited Common Elements consist of a ten foot square exterior parking area immediately in front of the garage serving that Unit, and, in the case of some Units, as shown on the Plat and Plans, a contiguous fenced-in patio, and other improvements within that patio. Each such Limited Common Elements is reserved for the exclusive use of the owners and occupants of the Unit it is designed or designated to serve.

Section 3. Undivided Interest. The undivided interest in the Common Elements of each Unit is shown on the attached Exhibit C. No Unit owner may waive or release any rights in the Common Elements. Further, the undivided interest in the Common

Elements of a Unit shall not be separated from the Unit to which it appertains.

ARTICLE VII

UNIT OWNERS' ASSOCIATION

Section 1. Establishment of Association. The Association has been formed to be and to serve as the Unit owners' association of the Condominium. The Declarant is presently the sole member of the Association.

Section 2. Membership. Membership in the Unit Owners' Association shall be limited to the Unit owners, and every person or entity who is or becomes a record owner of a fee or undivided fee simple interest in a Unit is a Unit owner and 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, and transfer of a Unit shall automatically transfer membership to the transferee.

Section 3. Voting Rights. Each Unit owner shall be entitled to one vote for each Unit owned in fee simple, and a proportionate part of a vote for ownership of an undivided fee simple interest in a Unit, provided, that unless timely challenged by an owner of a fee simple interest in a Unit, any owner of a fee simple interest in that Unit may cast the entire vote with respect to that Unit. The Board, from time to time, may suspend the right of a member to vote with respect to his, her, or its Unit for failure to pay assessments when due, or for failure to observe other of the terms hereof, the Bylaws, or rules and regulations of the Association, pursuant to rules and regulations duly adopted by the Board from time to time.

Section 4. Board of Directors. The Board initially shall be those three persons named as the initial Directors pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by Declarant. No later than the time that Units to which twenty-five percent (25%) of the undivided interests in the Common Elements appertain have been sold and conveyed by the Declarant, the Unit Owners shall meet, and the Unit owners other than the Declarant shall elect one Director at such meeting to replace whichever Director Declarant designates.

Within the earlier of (a) five years from the date of the establishment of the Association, or (b) thirty (30) days after the sale and conveyance, to purchasers in good faith and for value, of Units to which seventy-five percent (75%) of the undivided interests in the Common Elements appertain, the Association shall meet and all Unit owners, including the Declarant, shall elect six Directors to replace all of those Directors earlier elected or designated by the Unit owners or Declarant, respectively. The terms of the six Directors shall be staggered so that the terms of one-third of the Directors will expire and successors will be elected at each annual meeting of the Association. Thereafter, at such annual meetings, successors to the two Directors whose terms then expire shall be elected to serve three-year terms.

Notwithstanding the foregoing, the members, by the vote of members exercising not less than a majority of the voting power of members, may, from time to time, change the number and terms of Directors, provided, that in any such event the terms of not less than one-third of the Directors shall expire annually.

For purposes of computing undivided interests pursuant to the two immediately preceding paragraphs, those interests shall be computed by comparing the number of Units sold and conveyed to the maximum number of Units that may be in the Condominium.

Notwithstanding the foregoing, Declarant shall have the right at any time to waive its right to select one or more Directors or to vote in an election of Directors.

Section 5. Authority. The Board shall have all authority to manage, maintain, repair, replace, alter and improve the Common Elements and assess and collect funds for the payment thereof, and do all things, and exercise all rights provided by the Condominium Organizational Documents, or the Condominium Act, that are not specifically reserved to Unit owners.

Section 6. Delegation of Authority. Management Contracts
The Board may delegate all or any portion of its authority to discharge its responsibilities to a managing agent. This delegation of authority and responsibility to a managing agent may be evidenced by one or more management contracts which may provide for the payment of reasonable compensation to such managing agent as a common expense, provided, however, that any agreement for professional management shall be terminable by the Association for cause on thirty (30) days' written notice; shall be terminable by either party without cause and without penalty,

on not more than ninety (90) days' written notice; shall not exceed one year unless renewed by agreement of the parties for successive one-year periods; and shall be bona fide and commercially reasonable at the time entered into under the circumstances then prevailing, provided that, in the case of any professional management contract entered into before control of the Association is vested in Unit owners other than Declarant, the contract must give the Association the right to terminate it without cause and without penalty at any time after control of the Association has been transferred to or assumed by Unit owners other than Declarant. Subject to the foregoing, nothing contained herein shall preclude Declarant, or any other entity designated by Declarant, from being employed as managing agent. The managing agent, or the Board, if there is no managing agent, shall have the authority to enter into contracts with Declarant or an affiliate of Declarant, as defined by an institutional first mortgagee or an agency or organization which purchases or insures first mortgages, for goods, services, or for any other thing, including, without limiting the generality of the foregoing, contracts for the providing of maintenance and repair services, provided the same are bona fide and commercially reasonable to the Unit owners at the time entered into under the circumstances then prevailing. In any case, no agreement by the Association executed prior to the transfer to or assumption of the Association by Unit owners other than Declarant shall extend more than one year subsequent to that transfer or assumption of control unless renewed by vote of Unit owners pursuant to the provisions of the Bylaws.

ARTICLE VIII

AGENT FOR SERVICE

The name of the person to receive service of process for the Association, the Association's "Registered Agent", and that person's residence or place of business, which is in the State of North Carolina, is:

J. E. Holshouser, Jr.
100 Market Square
Pinehurst, NC 28374

ARTICLE IX

MAINTENANCE AND REPAIR

Section 1. Association Responsibility. The Association, to the extent and at such times as the Board, in its exercise of business judgment, determines to allocate funds therefore, shall maintain, repair and replace all improvements constituting a part of the Common Elements, including the Limited Common Elements, and including but not limited to utility facilities serving more than one Unit, utility lines in the Common Elements, lawns, shrubs, trees, walkways, drives, parking areas, fireplace brick chimneys, and the structural portions and exterior portions of all buildings and improvements which are a part of the Common Elements, including the Limited Common Elements, and that do not constitute part of a Unit, provided that the Association shall not be responsible for the cleaning and housekeeping of Limited Common Elements or components thereof. The Association shall maintain adequate reserve funds in the account for common expenses for the periodic maintenance, repair and replacement of improvements a part of the Common Elements, including the Limited Common Elements. Except to the extent, if any, that a loss is covered by insurance maintained by the Association, the Association shall not have responsibility to repair or maintain any Unit, or component thereof, or personal property within a Unit.

Section 2. Individual Responsibility. Each Unit owner shall repair and maintain the Unit or Units, and all components thereof, owned by that Unit owner, and perform cleaning and housekeeping with respect to Limited Common Elements appurtenant to that owner's Unit. Without limiting the generality of the foregoing, this repair and maintenance responsibility of a Unit owner shall include repair, maintenance, and replacement of all windows, screens, and doors, including the frames, sashes and jambs, and the hardware therefor. In the event a Unit owner shall fail to make a repair or perform maintenance required of that Unit owner, or in the event the need for maintenance or repair of any part of the Common Elements or Limited Common Elements is caused by the negligent or intentional act of any Unit owner or occupant or is as a result of the failure of any Unit owner or his, her or its predecessors in title to timely pursue to conclusion a claim under any warranty, express, implied, or imposed by law, the Association may perform the same, and if the cost of such repair or maintenance is not covered by insurance, whether because of a deductible or otherwise, the cost thereof shall constitute a special individual Unit assessment, as hereinafter defined, on the Unit owned by that Unit owner and on that Unit owner. The determination that such maintenance or repair is necessary, or has been so caused, shall be made by the Board.

ARTICLE X**UTILITY SERVICES**

Each Unit owner, by acceptance of a deed to a Unit, agrees to pay for utility services separately metered or separately charged by the utility company to that Unit, and to reimburse the Association for that owner's Unit's share of any utility cost that the Board reasonably determines is attributable to use by that owner's Unit. All other utility costs shall be common expenses and paid by the Association.

ARTICLE XI**INSURANCE: LOSSES**

Section 1. Fire and Extended Coverage Insurance. The Board shall have the authority to and shall obtain insurance for all buildings, structures, fixtures and equipment, and Common personal property and supplies now or at any time hereafter constituting a part of the Common Elements, the Limited Common Elements, or common property of the Association, against loss or damage by fire, lightning, and such other perils as are ordinarily insured against by standard extended coverage endorsements, and all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, issued in the locale of the Condominium Property, or, if the policy does not include an "all risks" endorsement, a policy that includes the "broad form" covered causes of loss, in amounts at all times sufficient to prevent the Unit owners from becoming co-insurers under the terms of any applicable coinsurance clause or provision and not less than one hundred percent (100%) of the current insurable replacement cost of such items (exclusive of land, foundations, footings, excavations, and other items normally excluded from coverage). This insurance shall also:

(a) provide coverage for built-in or installed improvements, fixtures and equipment that are part of a Unit, and shall provide for coverage of interior walls, windows and doors and the frames, sashes, jambs and hardware therefor, even though these improvements may be parts of Units;

(b) have (i) an agreed amount and inflation guard endorsement, when that can be obtained, (ii) building ordinance

or law endorsement, if any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, providing for contingent liability from the operation of building laws, demolition costs, and increased costs of construction; and, (iii) when applicable, a steam boiler and machinery coverage endorsement, which provides that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars or the insurable value of the building or buildings housing the boiler or machinery (or a separate stand-alone boiler and machinery coverage policy);

(c) provide that no assessment may be made against a first mortgage lender, or its insurer or guarantor, and that any assessment under such policy made against others may not become a lien on a Unit and its appurtenant interests superior to a first mortgage;

(d) be written in the name of the Association for the use and benefit of the Unit owners, or its authorized representative, including any insurance trustee with whom the Association has entered into an insurance trust agreement, or any successor to such trustee, for the use and benefit of the individual Unit owners;

(e) contain or have attached the standard mortgagee clause commonly accepted by institutional first mortgage holders, insurers, and guarantors, which (i) must provide that the carrier shall notify the named insured and each first mortgagee named in the mortgage clause at least thirty days in advance of the effective date of any reduction in, cancellation of, or substantial change in the policy, and (ii) must be endorsed to provide that any loss shall be paid to the Association (or its insurance trustee), as a trustee for each Unit owner and each such Unit owner's mortgagee, and, unless otherwise prohibited by a nationally recognized institutional first mortgage holder, insurer, or guarantor, to the holders of first mortgages on Units;

(f) have a deductible amount no greater than the lesser of ten thousand dollars or one percent of the policy face amount;

(g) be paid for by the Association, as a common expense;

(h) contain a waiver of subrogation of rights by the carrier as to the Association, its officers and Directors, and all Unit owners;

(i) provide that the insurance shall not be prejudiced by any acts or omissions of individual Unit owners who are not under the control of the Association; and

(j) be primary, even if a Unit owner has other insurance that covers the same loss.

Section 2. Liability Insurance. The Association shall obtain and maintain, at the Association's cost and as a common expense, a commercial policy of general liability insurance covering all of the Common Elements, public ways and any other areas under the Association's supervision, and Units, if any, owned by the Association, even if leased to others, insuring the Association, the Directors, and the Unit owners and occupants, with such limits as the Board may determine, but no less than the greater of (a) the amounts generally required by institutional first mortgage holders, insurers, and guarantors for projects similar in construction, location and use, and (b) one million dollars, for bodily injury, including deaths of persons, and property damage, arising out of a single occurrence. This insurance shall contain a "severability of interest" provision, or, if it does not, an endorsement which shall preclude the insurer from denying the claim of a Unit owner because of negligent acts of the Association, the Board, or other Unit owners, and shall include, without limitation, coverage for legal liability of the insured's for property damage, bodily injuries and deaths of persons resulting from the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Each such policy must provide that it may not be canceled or substantially modified, by any party, without at least thirty days' prior written notice to the Association and to each holder of a first mortgage on a Unit.

Section 3. Fidelity Coverage. The Board shall obtain and maintain, at the Association's cost and as a common expense, fidelity insurance providing coverage for the Association against dishonest acts on the part of directors, managers, employees, agents, and volunteers responsible for or 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 sufficient to provide protection, which is in no event less than the greater of (a) an amount equal to the Association's reserve funds plus three months' assessments on all Units, or (b) the maximum amount that

will be in the custody of the Association or its managing agent at any time while the policy is in force. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The policy shall provide that it shall not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty days' prior written notice to the Association, and any insurance trustee, and any servicer on behalf of any holder, guarantor, or insurer of any mortgage on a Unit who requires such rights.

Any management agent who handles funds of the Association shall maintain a policy of fidelity insurance providing coverage no less than that required of the Association, which bond or insurance policy names the Association as an additional insured.

Section 4. Hazard Insurance Carrier. Each policy of hazard insurance obtained pursuant hereto shall be obtained from an insurance company authorized to write such insurance in the State of North Carolina which has a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports-International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability rating in Standard and Poor's *International Confidential Rating Service*. Insurance issued by a carrier that does not meet the foregoing rating requirements will be acceptable if the carrier is covered by reinsurance with a company that meets either one of the A.M. Best general policyholder's ratings or one of the Standard and Poor's claims-paying ability ratings mentioned above.

Section 5. Other Association Insurance. In addition, the Board may purchase and maintain, at the Association's cost and as a common expense, contractual liability insurance, directors' and officers' liability insurance, and such other insurance as the Board may determine.

Section 6. Insurance Representative. Power of Attorney. There may be named, under any policy obtained by the Association, as an insured on behalf of the Association, its authorized representative, including any trustee with whom the

Association may enter into any insurance trust agreement (but the Association shall be deemed to be the insurance trustee in the absence of any such agreement), or any successor to such trustee, who shall have exclusive authority to negotiate losses under any such policy. Each Unit owner, by acceptance of a deed to a Unit, irrevocably appoints the Association or such designated representative, or such successor, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or such designated representative, or such successor, shall receive, hold, or otherwise properly dispose of any proceeds of insurance, in trust, for Unit owners and their first mortgage holders, as their interests may appear. This power is for the benefit of each and every Unit owner, and their respective first mortgage holders, and the Association, and the Condominium, runs with the land, and is coupled with an interest.

Section 7. Unit Owners' Insurance. Any Unit owner or occupant may carry such insurance in addition to that provided by the Association pursuant hereto as that Unit owner or occupant may determine, subject to the provisions hereof, and provided that no Unit owner or occupant may at any time purchase individual policies of insurance against loss by fire or other casualty covered by the insurance carried pursuant hereto by the Association. In the event any Unit owner or occupant violates this provision, any diminution in insurance proceeds resulting from the existence of such other insurance shall be chargeable to the Unit owner who acquired or whose occupant acquired such other insurance, who shall be liable to the Association to the extent of any diminution and/or loss of proceeds. Without limiting the foregoing, a Unit owner or occupant may obtain insurance against liability for events occurring within a Unit, losses with respect to personal property and furnishings, and losses to improvements owned by the Unit owner or occupant, provided that if the Association obtains insurance for permanent improvements and built-in fixtures and equipment, then the insurance obtained by the Unit owner with respect to improvements within the Unit shall be limited to the type and nature of coverage commonly referred to as "tenants' improvements and betterments." All such insurance separately carried shall contain a waiver of subrogation rights by the carrier as to the Association, its officers and Directors, and all other Unit owners and occupants.

Section 8. Sufficient Insurance. In the event the improvements forming a part of the Common Elements or any portion thereof shall suffer damage or destruction from any cause or peril insured against and the proceeds of any policy or policies insuring against such loss or damage and payable by reason thereof shall be sufficient to pay the cost of repair or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken by the Association and the insurance proceeds shall be used in payment therefore; provided, however, that in the event that within sixty (60) days after such damage or destruction the Unit owners and eligible mortgagees, if they are entitled to do so pursuant to the provisions of this Declaration, shall elect to terminate the Condominium, then such repair, restoration or reconstruction shall not be undertaken.

Section 9. Insufficient Insurance. In the event the improvements forming a part of the Common Elements or any portion thereof shall suffer damage or destruction from any cause or peril which is not insured against, or, if insured against, the insurance proceeds from which shall not be sufficient to pay the cost of repair, restoration or reconstruction, then, unless the Unit owners and eligible mortgagees if they are entitled to do so pursuant to the provisions of this Declaration, shall elect within sixty (60) days after such damage or destruction not to make such repair, restoration or reconstruction, the Association shall make repairs, restoration or reconstruction of the Common Elements so damaged or destroyed at the expense (to the extent not covered by insurance) of all Unit owners in proportion to their respective undivided interests in the Common Elements. Should any Unit owner refuse or fail after reasonable notice to pay that Unit owner's share of such cost in excess of available insurance proceeds, the amount so advanced by the Association shall be assessed against the Unit of such Unit owner and that assessment shall have the same force and effect, and, if not paid, may be enforced in the same manner as herein provided for the nonpayment of assessments.

Section 10. Lender Requirements. Notwithstanding the foregoing provisions of this Article, the Association shall at all times maintain hazard insurance, liability insurance, and fidelity insurance coverage conforming with the requirements then governing the making of a first mortgage loan, or the purchase, guaranty, or insurance of first mortgages, by national institutional lenders, guarantors or insurers of first mortgage

loans on condominium units, including the requirements of the Federal National Mortgage Association.

ARTICLE XII

DAMAGE: RESTORATION: REHABILITATION AND RENEWAL: TERMINATION

Section 1. Restoration of Substantial Damage or Destruction. In the event of substantial damage to or destruction of all Units in a residential building, or the taking of one or more Units in any condemnation or eminent domain proceedings, the Association shall promptly restore or replace the same, unless an election is made not to do so, as hereinafter provided.

Section 2. Election Not to Restore; Termination. The Association may, with the consent of Unit owners entitled to exercise not less than eighty percent (80%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided, both given within sixty (60) days after damage or destruction, determine not to repair or restore the damage or destruction, and to terminate the Condominium. In any such an event, all of the Condominium Property shall be sold as upon partition. In the event of such an election not to repair or restore substantial damage or destruction or reconstruct such Unit or Units, the net proceeds of insurance paid by reason of such damage or destruction, or the net amount of any award or proceeds of settlement arising from such proceedings, together with the proceeds received from the sale as upon partition, or in the case of an election otherwise to terminate the Condominium, the net proceeds from the partition sale, shall be distributed among the owners of the Units, and the holders of their respective first mortgage liens, (as their interests may appear), in the proportions of their undivided interests in the Common Elements.

Section 3. Rehabilitation and Renewal. The Association, with the consent of Unit owners entitled to exercise not less than seventy-five percent (75%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided, may determine that the Condominium is obsolete in whole or in part and elect to have the same renewed and rehabilitated. The Board shall thereupon proceed with such renewal and rehabilitation, and the cost thereof shall be a common expense.

ARTICLE XIII

CONDEMNATION

Section 1. Standing. Except as hereinafter provided, the Association, or its designated representative, or authorized successor, as trustee, shall represent the Unit owners in any condemnation or eminent domain proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or any part of the Condominium Property, and shall have the sole and exclusive right to settle losses with the condemning authority and to receive the award or proceeds of settlement, for the use and benefit of the Unit owners and their mortgagees as their interests may appear. Notwithstanding the foregoing, in the event that a Unit owner may lawfully separately pursue and realize upon a claim for incidental and consequential losses or damage to that Unit owner resulting from a taking under the power of eminent domain, such as for relocation and moving expenses, loss of favorable mortgage terms, and other such individual incidental or consequential losses, that Unit owner may, at his, her or its election, separately pursue such claim, provided, that the pursuing of the same, or the realization of an award thereof, neither jeopardizes, in any way, an action by the Association to recoup the losses incurred by it, or any other Unit owner, or the direct loss with respect to the Unit itself, or with regard to the usability thereof, nor diminishes any award for any such loss.

Section 2. Use of Proceeds. The award or proceeds of settlement in any actual or threatened condemnation or eminent domain proceedings, after reduction of the costs, if any, incurred in obtaining the same, shall be applied first to the cost of restoring or replacing all damaged or taken improvements on the remaining Condominium Property in accordance with the Plat and Plans, or in accordance with any new plans and specifications therefore approved by Unit owners exercising no less than seventy-five percent (75%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided.

Section 3. Insufficient Proceeds. If the award or proceeds are insufficient for such purpose, the excess cost shall be paid by the Association and, to the extent funds of the Association are insufficient therefore, in the judgment of the Board, such excess cost shall be a common expense and assessed among the Units in the same manner as special assessments for capital improvements are assessed. Except as hereinafter provided, the balance of any such award or proceeds of

settlement, if there is an excess, shall be allocated and disbursed to the Unit owners, and their first mortgagees, as their interests may appear, in proportion to the relative undivided interests of the Units in the Common Elements.

Section 4. Non-Restorable Unit. Notwithstanding the foregoing, in the event that as a result of any such taking, and consequent restoration or replacement, any Unit could not reasonably be restored to a condition comparable to that which existed prior to the taking, or could not be replaced, prior to the allocation and disbursement of any sum to any other Unit owner or his, her or its mortgagee, there shall be allocated and disbursed from such award or proceeds, to each Unit owner whose Unit cannot be so restored or replaced, and his, her or its respective first mortgagee, as their interests may appear, such amount as is equal to the then fair market value of the Unit that cannot be so restored or replaced. Thereupon, such Unit or Units, and the owners thereof, shall be immediately and automatically divested of any interest in the Condominium, the Condominium property, and the Association, including, without limiting the generality of the foregoing, divestment of an undivided interest, vote, membership in the Association, and liability for common expenses. All such rights and interests shall be reallocated among all other Units and Unit owners in the same relative proportions as those rights and interests were prior to such taking. To illustrate, upon a Unit being divested from the Condominium, (a) the voting right of that Unit will be equally allocated among all other Units, since each Unit prior thereto had an equal vote, and (b) the undivided interest of that Unit will be reallocated among all other Units in the proportions of their relative undivided interests prior to such taking.

Section 5. Power of Attorney. Each Unit owner, by acceptance of a deed to a Unit, appoints the Association, or its designated representative, as his, her or its attorney-in-fact to represent that Unit owner, settle losses, receive and utilize the award or proceeds of settlement, and do all things necessary or desirable for such attorney-in-fact to exercise the rights and fulfill the responsibilities of the Association set forth in this Article with respect to condemnation or eminent domain proceedings. This power is for the benefit of each and every Unit owner, each holder of a first mortgage on a Unit, the Association, and the real estate to which it is applicable, runs with land, is coupled with an interest and is irrevocable.

ARTICLE XIV

GRANTS AND RESERVATIONS OF RIGHTS AND EASEMENTS

Section 1. Easements of Enjoyment; Limitations. Every Unit owner shall have a right and easement of enjoyment in, over and upon the Common Elements and an unrestricted right of access to and from his, her or its Unit, which rights and easements shall be appurtenant to and shall pass with the title to a Unit, subject to the right of the Board to make reasonable rules and regulations concerning the use and management of the Common Elements and the Limited Common Elements, provided that no such rule or regulation shall limit or prohibit the right of ingress and egress to a Unit, or any part thereof, or to that Unit's parking facilities. Each Unit owner shall be deemed to have delegated that Unit owner's right of enjoyment to the Common Elements and to ingress and egress to the occupants of that owner's Unit.

Section 2. Right of Entry for Repair; Maintenance and Restoration. The Association shall have a right of entry and access to, over, upon and through all of the Condominium Property, including each Unit and the Limited Common Elements, to enable the Association to perform its obligations, rights and duties pursuant hereto with regard to maintenance, repair, restoration and/or servicing of any items, things or areas of or in the Condominium Property. In the event of an emergency, the Association's right of entry to a Unit and its appurtenant Limited Common Elements may be exercised without notice; otherwise, the Association shall give the owners or occupants of a Unit no less than twenty-four hours advance notice prior to entering a Unit or its appurtenant Limited Common Elements.

Section 3. Easements for Encroachments. Each Unit and the Common Elements and Limited Common Elements shall be subject to and benefited by easements for encroachments on or by any other Unit and upon the Common Elements and Limited Common Elements created or arising by reason of overhangs; or by reason of deviations in construction, reconstruction, repair, shifting, settlement, or other movement of any portion of the improvements; or by reason of errors on the Plat and Plans. Valid easements for these encroachments and for the maintenance of same, as long as the physical boundaries of the Units after the construction, reconstruction, repairs, etc. will be in substantial accord with the description of those boundaries that appears herein or on the Plat and Plans, shall and do exist so long as the encroachments remain.

Section 4. Easement for Support. Every portion of a building or utility line or any improvement on any portion of the Condominium Property contributing to the support of another building, utility line or improvement on another portion of the Condominium Property shall be burdened with an easement of support for the benefit of all other such buildings, utility lines, improvement and other portions of the Condominium Property.

Section 5. Easements for Proper Operations. Easements to the Association shall exist upon, over and under all of the Condominium Property for ingress to and egress from, and the installation, replacing, repairing and maintaining of, all utilities, including, but not limited to water, sewer, gas, telephone, electricity, security systems, master television antennas and cable television, and the road system and all walkways, and for all other purposes necessary for the proper operation of the Condominium Property. By these easements it shall be expressly permissible for the Association to grant to the appropriate public authorities and/or the providing companies and contractors permission to construct and maintain the necessary appurtenances and improvements on, above, across and under the Condominium Property, so long as such appurtenances and improvements do not unreasonably interfere with the use and enjoyment of the Condominium Property. Should any public authority or other company furnishing a service request a specific easement, permit, or license, the Board shall have the right to grant such easement, permit, or license without conflicting with the terms hereof. In addition, in the event the Board determines that the grant of easement rights to others is in the best interests of the Association, the Association shall have the right to grant the same, provided that use of the same would not, in the sole judgment of the Board, unreasonably interfere with the use and enjoyment of the Condominium Property by owners and occupants.

Section 6. Easement for Services. Non-exclusive easements are hereby granted to all police, fire fighters, ambulance operators, mail carriers, delivery personnel, garbage and trash removal personnel, and all similar persons, and to the local governmental authorities and the Association, but not to the public in general, to enter upon the Common Elements in the performance of their duties, subject to such reasonable rules and regulations as the Board may establish, from time to time.

Section 7. Easements Reserved to Declarant. Non-exclusive easements are hereby reserved to Declarant, its successors and

assigns, over and upon the Common Elements and Limited Common Elements (a) for a one year period of time from the date of the closing by Declarant of the first sale of a Unit to a bona fide purchaser, for access to and for the purpose of completing improvements for which provision is made in this Declaration, provided that such right of access shall be to the extent, but only to the extent, that access thereto is not otherwise reasonably available, (b) for the periods provided for warranties hereunder or by law, for purposes of making repairs required pursuant to those warranties or pursuant to contracts of sale made with Unit purchasers, and (c) for the initial sales and rental period, but for no longer than two years from the time of the closing of the first sale of a Unit to a bona fide purchaser, to maintain and utilize one or more Units and appurtenances thereto, for sales and management offices and for storage and maintenance, and model Units, parking areas for sales and rental purposes, and advertising signs.

In addition, a non-exclusive perpetual easement is hereby reserved to Declarant, its successors and assigns, for their benefit and the benefit of future owners and occupants of the area into which the Condominium may be expanded (the Additional Property) for pedestrian and vehicular access over the streets and walkways that may from time to time be a part of the Condominium Property, for ingress to and egress from the Additional Property, and each part thereof, and a public street, and to extend the same onto the Additional Property. The Association, at all times, shall maintain an unimpeded route of vehicular and pedestrian ingress and egress over and upon the Condominium Property to and from the Additional Property and a public street. Additionally, Declarant, for itself and its successors and assigns, reserves the right so long as it or its successors control the Condominium Property or the Association, to extend utility lines from the Common Elements onto the Additional Property, and thereafter to service and maintain the same.

All rights and easements reserved to Declarant, its successors and assigns, pursuant to this section, shall be exercised and utilized, as the case may be, in a reasonable manner, and in such way as not to unreasonably interfere with the operation of the Association and the rights of owners and occupants of Units.

Section 8. Power of Attorney. Each Unit owner, by acceptance of a deed to a Unit, appoints the Association or its designated representative, as his, her or its attorney-in-fact,

to execute, deliver, acknowledge and record, for and in the name of such Unit owner, such deeds of easement, licenses, permits, and other instruments as may be necessary or desirable, in the sole discretion of the Board, or its authorized representative, to further establish or effectuate the foregoing easements and rights. This power is for the benefit of each and every Unit owner, the Association, and the real estate to which it is applicable, runs with the land, is coupled with an interest, and is irrevocable.

Section 9. General. The easements and grants provided here in shall in no way affect any other recorded grant or easement. Failure to refer specifically to any or all of the easements and/or rights described in this Declaration in any deed of conveyance or in any mortgage or other evidence of obligation shall not defeat or fail to reserve said rights or easements but the same shall be deemed conveyed or encumbered, as the case may be, along with the Unit.

ARTICLE XV

ASSESSMENTS AND ASSESSMENT LIENS: RESERVE FUNDS

Section 1. Types of Assessments. The Declarant for each Unit within the Condominium hereby covenants and agrees, and each Unit owner by acceptance of a deed to a Unit (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to pay to the Association (a) annual operating assessments, (b) special assessments for capital improvements, and (c) special individual Unit assessments, all of such assessments to be established and collected as hereinafter provided, and maintained in an account designated as the account for common expenses.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote and provide for the health, safety, and welfare of Unit owners and occupants and the best interests of the Condominium Property.

Section 3. Elements; Apportionment; Due Dates.

(a) Annual Operating Assessments.

(1) Prior to the time any Unit owner is to be charged assessments by the Association, and in any event within sixty (60) days after the first closing of the sale of a Unit by Declarant and prior to the beginning of each fiscal

year of the Association after the period for which the assessments are first levied, the Board shall estimate, and prorate among all Units and their owners on the basis of the undivided interest of each Unit in the Common Elements, common expenses of the Association, consisting of the following:

(a) the estimated next fiscal year's cost of the maintenance, repair, and other services to be provided or paid for by the Association;

(b) the estimated next fiscal year's costs for insurance premiums to be provided and paid for by the Association;

(c) the estimated next fiscal year's costs for utility services not separately metered or charged to Unit owners;

(d) the estimated amount required to be collected to maintain sufficient working capital reserve fund, to assure availability of funds for normal operations of the Association, in an amount deemed adequate by the Board, but in no event less than an amount equal to two months' currently estimated assessments on all Units;

(e) an amount deemed adequate by the Board to maintain sufficient reserve funds for the cost of unexpected repairs and replacements of capital improvements and for the repair and replacement of major improvements for which cash reserves over a period of time in excess of one year ought to be maintained; and

(f) the estimated next fiscal year's costs for the operation, management and administration of the Association, including, but not limited to, fees for property management, fees for legal and accounting services, costs of mailing, postage, supplies and materials for operating the Association, and the salaries, wages, payroll charges and other costs to perform these services, and any other costs constituting common expenses not otherwise herein specifically included.

(2) The Board shall thereupon allocate to each Unit that Unit's share of all of these items, prorated in accordance with each respective Unit's undivided interest in the Common Elements, and thereby establish the annual

operating assessment for each separate Unit. For administrative convenience, any such assessment may be rounded so that monthly installments will be in whole dollars.

(3) The annual operating assessment shall be payable in advance, in equal monthly installments, provided that nothing contained herein shall prohibit any Unit owner from prepaying assessments in annual, semiannual, or quarterly increments. The due dates of any such installments shall be established by the Board, or, if it fails to do so, an equal monthly pro rata share of the annual operating assessment for a Unit shall be due the first day of each month.

(4) If the amounts so collected are, at any time, insufficient to meet all obligations for which those funds are to be used, the deficiency shall be assessed by the Board among the Units on the same basis as heretofore set forth, provided, that if common expenses are incurred by the Association prior to the time the Association commences to levy assessments against Units, Declarant shall pay the same (subject to its right, if any, to reimbursement from Unit purchasers contained in individual contracts for the sale of a Unit or Units).

(5) If assessments collected during any fiscal year are in excess of the funds necessary to meet the anticipated expenses for which the same have been collected, the excess shall be retained as reserves, or as reductions in future assessments, as determined by the Board, in its sole discretion, and shall in no event be deemed profits nor available, except on dissolution of the Association, for distribution to Unit owners.

(6) So long as the Declarant is in control of the Association, Declarant shall not use any funds from the account for common expenses to defray Declarant's expenses, reserve contributions or construction costs, or to make up any budget deficits, and shall maintain the account for common expenses in a segregated account and transfer control of the same to the Association at or prior to the time Unit owners other than Declarant control the Association. Each Unit's share of the working capital reserve fund shall be collected either at the time the sale of the Unit is closed or when control of the Association is vested in Unit owners other than Declarant, whichever is

earlier, without prejudice to Declarant's right to recover its contribution from purchasers of Units from Declarant subsequent to such vesting of control.

(b) Special Assessments for Capital Improvements.

(1) In addition to the annual operating assessments, the Board may levy at any time, special assessments to construct, reconstruct or replace capital improvements on the Common Elements to the extent that reserves therefore are insufficient, provided that new capital improvements not replacing existing improvements (except new capital improvements required to comply with applicable law or governmental regulation, or to correct any deficiency or defect creating a safety or health hazard to occupants) shall not be constructed nor funds assessed therefore, if the cost thereof in any fiscal year would exceed an amount equal to five percent (5%) or more of that fiscal year's budget, without the prior consent of Unit owners exercising not less than seventy-five percent (75%) of the voting power of Unit owners and the consent of eligible mortgagees hereinafter provided.

(2) Any such assessment shall be prorated among all Units in proportion to their respective undivided interests in the Common Element, and shall become due and payable on such date or dates as the Board determines following written notice to the Unit owners.

(c) Special Individual Unit Assessments. The Board shall levy assessments against an individual Unit, or Units, and the owner or owners thereof, to reimburse the Association for those costs incurred in connection with that Unit or Units properly chargeable by the terms hereof to a particular Unit (such as, but not limited to, the cost of making repairs the responsibility of a Unit owner, and a Unit owner's interest, late charge, enforcement, and arbitration charges). Any such assessment shall become due and payable on such date as the Board determines, and gives written notice to the Unit owners subject thereto. Additionally, during the first years of the Condominium's existence, and until such time as real estate taxes and assessments are split into separate tax bills for each Unit, the Association shall have the right to pay the real estate taxes and assessments attributable to the Condominium Property in the event the same have not been paid, when due, and assess each Unit owner for his, her or

its share of such real estate taxes and assessments as a special individual Unit assessment. The share of those taxes and assessments attributable to a Unit shall be computed by multiplying the total taxes and assessments for all of the Condominium Property by the undivided interest in Common Elements attributable to that Unit. The calculation by the Association of the Units' shares of taxes and assessments shall be binding upon all Unit owners.

Section 4. Effective Date of Assessment. Any assessment created pursuant hereto shall be effective, provided it is created as provided herein, if written notice of the amount thereof is sent by the Board to the Unit owner subject thereto at least ten (10) days prior to the due date thereof, or if to be paid in installments, the due date of the first installment thereof. Written notice mailed or delivered to a Unit owner's Unit shall constitute notice to that Unit owner, unless the Unit owner has delivered written notice to the Board of a different address for such notices, in which event the mailing of the same to that last designated address shall constitute notice to that Unit owner.

Section 5. Effect of Nonpayment of Assessment; Remedies of the Association.

(a) If any installment of an assessment is not paid within at least ten (10) days after the same is due, the entire unpaid balance of the assessment shall immediately become due and payable, without demand or notice, unless the Board, in its sole discretion, determines not to accelerate the installments.

(b) If any installment of an assessment is not paid within at least ten (10) days after the same is due, the Board, at its option, provided a 15 day notice of intent is provided to the unit owner, may (i) charge interest on the entire unpaid balance (including the accelerated portion thereof) at such rate as the Board, from time to time, establishes by rule; or if the Board fails to establish a rate by rule, at the rate of eight percent (8%) per annum, (ii) charge a reasonable, uniform, late fee, as established from time to time by the Board, by rule, and (iii) charge the cost of collection, including attorney fees and other out-of-pocket expenses.

(c) Annual operating and both types of special assessments, together with interest, late fees, and costs, including attorney fees, shall be a charge in favor of the

Association upon the Unit against which each such assessment is made.

(d) At any time after any assessment or an installment of an assessment levied pursuant hereto remains unpaid for thirty (30) or more days after the same has become due and payable, a certificate of lien for the unpaid balance of that assessment, including all future installments thereof, interest, late fees, and costs, including attorney fees, may be filed in the Office of the Clerk of Superior Court for Moore County, pursuant to authorization given by the Board. The certificate shall contain a description or other sufficient legal identification of the Unit against which the lien exists, the name or names of the record owner or owners thereof, and the amount of the unpaid portion of the assessments and charges, and shall be signed by the president or other chief officer of the Association.

(e) The lien provided for herein shall become effective from the time a certificate of lien or renewal certificate was duly filed therefore, and shall continue for a period of five (5) years unless sooner released or satisfied, or discharged by the final judgment or order of a court in an action brought to discharge the lien.

(f) Each such assessment together with interest, late fees, and costs, including attorney fees, shall also be the joint and several personal obligation of the Unit owners who owned the Unit at the time when the assessment fell due. The obligation for delinquent assessments, interest, late charges and costs shall not be the personal obligation of that owner or owners' successors in title unless expressly assumed by the successors, or required by applicable law, provided, however, that the right of the Association to a lien against that Unit, or to foreclose any lien thereon for these delinquent assessments, interest, late charges and costs, shall not be impaired or abridged by reason of the transfer, but shall continue unaffected thereby, except as provided in Section 6 of this Article.

(g) The Association, as authorized by the Board, may file a lien or liens to secure payment of delinquent assessments, interest, late fees, and costs, including attorney fees, bring or join in an action at law against the owner or owners personally obligated to pay the same, and an action to foreclose a lien, or anyone or more of these. Any foreclosure action involving a Unit or Units shall be entitled to become a purchaser at the foreclosure sale. In any such foreclosure

action, interest and costs of such action (including attorneys' fees) shall be added to the amount of any such assessment, to the extent permitted by North Carolina law.

(h) No claim of the Association for assessments and charges shall be subject to setoffs, off sets, or counterclaims.

(i) No owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Elements, or any part thereof, or by abandonment of his, her or its Unit.

(j) Assessments shall run with the land, are necessary to continue the care, repair and maintenance of Units and their undivided interests in the Condominium, and to continue to provide utility and security service, and, accordingly, assessments accruing or becoming due during the pendency of bankruptcy proceedings shall constitute administrative expenses of the bankrupt estate.

Section 6. Subordination of the Lien to First Mortgages. The lien of the assessments and charges provided for herein shall be subject and subordinate to the lien of any duly executed first mortgage on a Unit recorded prior to the date on which such lien of the Association was docketed in the Office of the Clerk of Superior Court, and any holder of such first mortgage which comes into possession of a Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid installments of assessments and charges against the mortgaged Unit which became due and payable prior, in the case of foreclosure, to the date of the sale, and, in all other cases, to the date legal title vested in the successor owner. The foregoing will not relieve any successor owner from the obligation for assessments accruing thereafter.

Section 7. Certificate Regarding Assessments. The Board shall, upon demand, for a reasonable charge, furnish a certificate signed by the president, treasurer, secretary or other designated representative of the Association, setting forth whether the assessments on a specified Unit have been paid. This certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE XVI

EXPANSIONS

Section 1. Reservation of Expansion Option. Declarant expressly reserves the option to expand the Condominium Property but only within the limitations and subject to the terms set forth in this article.

Section 2. Limitations on Option. Declarant has no limitations on its option to expand the Condominium Property except as provided in this article, or elsewhere in this Declaration, and except as otherwise so expressly limited, has the sole right, power, and authority to expand the Condominium Property.

Section 3. Maximum Expansion Time. Except as hereinafter provided, Declarant's option to expand the Condominium Property shall expire and terminate at the end of seven years from the date this Declaration is filed for record. Notwithstanding the foregoing, Declarant, with the consent of a majority of the Unit owners other than it, may extend its option to expand the Condominium Property for an additional seven years, if it exercises its right to so renew within six months prior to the expiration of that initial seven year period. Declarant shall have the right to waive its option to expand at any time. There are no other circumstances that will terminate the option prior to the expiration of the time limit.

Section 4. Legal Description. A legal description, by metes and bounds, of all of the land that, through exercise of Declarant's option, may be added to the Condominium Property by submission to the Condominium Act as part of this condominium, is attached hereto and marked "Exhibit G", and, together with any improvements placed thereon and added hereto, is referred to herein as "the Additional Property".

Section 5. Composition of Portions Added. Neither all nor any portion of the Additional Property must be added to the Condominium Property, nor, if any of the Additional Property is added, shall it be required that a particular portion of the Additional Property must be added, provided that portions added meet all other requirements set forth in this Article and provided, further, that all improvements in the Additional Property added to the Condominium Property shall be substantially completed prior to the addition. There are no limitations fixing the boundaries of portions added, or regulating the order in which portions are added.

Section 6. Time for Adding Portions. Portions of the Additional Property may be added to the Condominium Property from time to time, and at different times, within the time limits previously described.

Section 7. Improvement Location Limitations. There are no established or defined limitations as to the location of any improvements that may be made on any portion of the Additional Property added to the Condominium Property except such limitations as may then be in effect by reason of the laws and lawful rules and regulations of the appropriate governmental bodies and authorities having jurisdiction.

Section 8. Maximum Number of Units. The maximum total number of Units that may be created on the Additional Property and added to the Condominium Property is 42, provided, that the foregoing shall neither limit nor restrict nor be so construed as to limit or restrict the number of dwelling units or other improvements that may be constructed on all or any portion of the Additional Property that is not added to the Condominium Property. Subject to the foregoing total maximum of Units that may be added to the Condominium Property, there is no limit as to the maximum number of units per acre that may be created on any portion of the Additional Property added to the Condominium Property other than as may, from time to time, be imposed by law.

Section 9. Non-Residential Uses. No Units may be created on the Additional Property or portions thereof and added to the Condominium Property that are not restricted exclusively to residential use.

Section 10. Compatibility of Structures. All structures erected on all or any portion of the Additional Property and added to the Condominium Property will be consistent and compatible with structures then on the Condominium Property in terms of structure type, quality of construction, the principal materials to be used, and architectural style, and design. Comparable style and design shall be deemed to exist if the exterior appearance of the structures on the Additional Property is compatible and harmonious with those then on the Condominium Property. Design shall not be deemed to be incompatible or not comparable because of changes in the number of dwelling units in a building, variances in setbacks or locations of structures in relation to other improvements, or minor changes in design or finish detail.

Section 11. Improvements Other than Structures. If all or a portion of the Additional Property is added to the Condominium Property, drives, sidewalks, yard areas, and other improvements similar to those then on the Condominium Property shall be constructed on that Additional Property, and no other non-structural improvements. Improvements other than structures added to the Condominium Property shall not include improvements except of substantially the same kind, style, design, and quality as those improvements then on the Condominium Property.

Section 12. Types of Units. All Units that are created on all or any portion of the Additional Property and added to the Condominium Property shall be of the same types as the types of Units then on the Condominium Property, or as otherwise described herein, provided, however, that any such Units shall be deemed of the same types, notwithstanding changes in interior layout, or minor changes in design or finish detail, or in size.

Section 13. Limited Common Elements. Declarant reserves the right with respect to all or any portion of the Additional Property added to the Condominium Property to create Limited Common Elements therein of substantially the same type and size as those areas now so designated as such in the Condominium Property. The precise size and number of such newly created Limited Common Elements cannot be ascertained precisely, because those facts will depend on how large each portion added may be, the size and location of the buildings and other improvements on each portion, and other factors presently undetermined.

Section 14. Supplementary Drawings. Attached hereto and marked "Exhibit B" is the Plat and Plans showing the location and dimensions of the presently completed Condominium Property. At such time as Declarant adds all or any portion of the Additional Property to the Condominium Property it shall file drawings with respect to the Additional Property as required by the Condominium Act.

Section 15. Procedures for Expansion. All or any portion of the Additional Property shall be added to the Condominium Property by the execution and filing for record by the Declarant, or its successor as owner of the portion added and as assignee of the right to expand the Condominium, in the manner provided by the Condominium Act, of an amendment to the Declaration that contains the information and drawings with respect to the Additional Property and improvements thereon added required by the Condominium Act.

Section 16. Effects of Expansion. Except as hereinafter specifically provided otherwise, upon the recording with the appropriate county recorder of an amendment to the Declaration adding all or any portion of the Additional Property to the Condominium Property:

- (a) the added portion shall thereafter be subject to and benefited by all of the terms and provisions hereof, to the same extent and with the same effect as if that added portion had been provided herein as constituting part of the Condominium Property, that is, the rights, easements, covenants, restrictions, and assessment plan set forth herein shall run with, bind, and benefit the added portion in the same manner, to the same extent, and with the same force and effect as the terms of this Declaration apply to the Condominium Property, provided, that non-exclusive easements are reserved to Declarant, its successors and assigns, over and upon the Common Elements and Limited Common Elements in property added to the Condominium (i) for a one year period of time from the date of the closing by Declarant of the first sale of a Unit in that property added to a bona fide purchaser, for access to and for the purpose of completing improvements in that portion added, (ii) for the periods provided for warranties, or by law, for purposes of making repairs required pursuant to warranties, and (iii) for the initial sales and rental period for Units in that property added, but for no longer than two years from the time of closing of the first sale of a Unit in that property added to a bona fide purchaser, to maintain and utilize one or more of those Units and appurtenances thereto, for sales and management offices and for storage and maintenance, and model Units, parking areas for sales and rental purposes, and advertising signs.
- (b) The owner or owners of a Unit or Units in the added portion shall thereupon become members, to the same extent, with the same effect, subject to the same obligations, and imbued with the same rights, as all other members, including, without limiting the generality of the foregoing, one vote for each Unit owned by that owner or owners;
- (c) the undivided interests of Units in the Common Elements, as so expanded, shall be reallocated on the

basis of par values for each type of Unit, as set forth on Exhibit D, so that the undivided interest of each Unit of each type added shall be the same as each other Unit of that type, and so that the undivided interest of a Unit of one type to one of another type is in the same ratio as those interests are with respect to the Units initially a part of the Condominium, subject to the right of Declarant to make adjustments, of thousandths of a percent, so that the total of all interests equals precisely 100%; and

- (d) in all other respects, all of the provisions of this Declaration shall include and apply to such additional portions, and to the owners, mortgagees, and lessees thereof, with equal meaning and of like force and effect.

Notwithstanding the foregoing, for administrative convenience, assessments with respect to Units added to the Condominium shall not commence until the calendar month next following the calendar month in which the amendment adding those Units is recorded in the Office of the Register of Deeds.

ARTICLE XVII

NOTICES TO AND VOTING RIGHTS OF LENDING INSTITUTIONS

Section 1. Notices. Any eligible mortgagee, upon written request to the Association (which request states the name and address of such eligible mortgagee and the Unit designation), shall be entitled to timely written notice by the Association of:

- (a) any proposed addition to, change in, or amendment of the Condominium organizational documents of a material nature, including any addition to, change in, or amendment of any provision establishing, providing for, governing, or regulating: (i) voting rights; (ii) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or priority of such liens; (iii) reductions in reserves for maintenance, repair, and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Elements (including the Limited Common Elements), or rights to their use; (vi) redefinition of boundaries of any

Unit; (vii) convertibility of Units into Common Elements or vice versa; (viii) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (ix) hazard or fidelity insurance requirements; (x) imposition of any restrictions on the leasing of Units, (xi) imposition of any restrictions on a Unit owner's right to sell or transfer that owner's Unit; (xii) if the Condominium consists of fifty (50) or more Units, a decision by the Association to establish self-management if professional management had been required previously by the Condominium instruments or by an eligible mortgagee; (xiii) restoration or repair of the Condominium Property after damage or partial condemnation in a manner other than specified in the Condominium instruments; (xiv) termination of the legal status of the Condominium after substantial destruction or condemnation occurs; or (xv) expressly benefiting mortgage holders, insurers, or guarantors. No addition to, change in, or amendment of the Condominium organizational documents shall be considered material if it is for the purpose of correcting technical errors, or for clarification only.

- (b) any proposed decision or action that: (i) terminates professional management and establishes self-management when professional management has been required previously by an eligible mortgagee; (ii) causes restoration or repair of the Condominium Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium organizational documents; (iii) substantial damage or destruction not be restored; (iv) the Condominium Property be renewed or rehabilitated; (v) significant new capital improvements not replacing existing improvements be constructed; or (vi) would, without addition to, change in, or amendment of the Condominium organizational documents, make any change with respect to the items described in subparagraph (a) of Section 1 of this Article.
- (c) (i) any condemnation or casualty loss that affects either a material portion of the Condominium Property or the Unit securing its mortgage; (ii) any

delinquency for sixty (60) days in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage; (iii) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action that requires the consent of a specified percentage of eligible mortgagees. A holder, insurer or guarantor of a first mortgage lien on a Unit which has sent a written request to the Association stating both its name and address and the Unit designation or address of the Unit on which it holds, insures or guarantees the mortgage shall be entitled to timely written notices of the events described in this subsection (c).

Section 2. Voting Rights. No action with respect to which eligible mortgagees are entitled to notice, as provided in subparagraphs (a) or (b) of Section 1 of this Article, may be taken without the consent of the eligible mortgagees of Units to which at least fifty-one percent (51%) of the votes of the Units subject to mortgages held by eligible mortgagees appertain; provided, further, that no action to terminate the Condominium or that would have that effect other than by reason of substantial destruction or condemnation of the Condominium property, shall be taken without the consent of eligible mortgagees of Units to which at least seventy-five percent (75%) of the votes of the Units subject to mortgages held by eligible mortgagees appertain.

ARTICLE XVIII

AMENDMENTS

Section 1. Power to Amend. Except as otherwise specifically provided herein, and except as may be allowed pursuant to Section 47C-2-117 of the Condominium Act, additions to, changes in, or amendment of this Declaration (or other Condominium Organizational Document) shall, in addition to the consents required of eligible mortgagees, if any, as hereinbefore provided, require the consent of Unit owners exercising not less than seventy-five percent (75%) of the voting power of Unit owners. Notwithstanding the foregoing:

(a) the consent of all Unit Owners shall be required for any amendment effecting a change in:

(i) the boundaries of any Unit;

(ii) the undivided interest in the Common Elements appertaining to a Unit or the liability for common expenses appertaining thereto;

(iii) the number of votes in the Association appertaining to any Unit; or

(iv) the fundamental purposes to which any Unit or the Common Elements are restricted;

(b) the consent of Unit owners exercising not less than eighty percent (80%) of the voting power of Unit owners shall be required to terminate the Condominium; and

(c) in any event, Declarant reserves the right and power, and each Unit owner by acceptance of a deed to a Unit is deemed to and does give and grant to Declarant a power of attorney, which right and power is coupled with an interest and runs with the title to a Unit and is irrevocable (except by Declarant), for a period of three (3) years from the date of the filing of the Declaration, to amend the Condominium Organizational Documents, to the extent necessary to (i) conform to the requirements then governing the making of a mortgage loan or the purchase, guaranty, or insurance of mortgages by an institutional lender or an institutional guarantor or insurer of a mortgage of a Unit, provided that the appropriate percentage (as described elsewhere herein) of eligible mortgagees is obtained (if required), or (ii) correct typographical errors or obvious factual errors or omissions the correction of which would not impair the interest of any Unit owner, mortgagee, insurer, or guarantor, provided, further, that if there is a Unit owner other than the Declarant, the Declaration shall not be amended to increase the scope or the period of control of the Declarant.

An eligible mortgagee of a Unit who received a written request to approve changes, additions, or amendments sent by certified or registered mail, return receipt requested, and who does not deliver or post to the requesting party a negative response within thirty (30) days after receipt of the same, shall be deemed to have approved such request.

Section 2. Method to Amend. An amendment to this Declaration (or the Plat and Plans or the Bylaws), adopted with the consents of Unit owners and eligible mortgagees hereinbefore required, shall be executed with the same formalities as to

execution as this Declaration by two officers of the Association and shall contain their certification that such amendment was duly adopted in accordance with the foregoing provisions. Any amendment adopted by the Declarant or a duly empowered successor Declarant pursuant to authority granted it pursuant to the Declaration shall be duly executed by it with the same formalities as to execution as this Declaration and shall contain the certification of such signor or signors that such amendment is made pursuant to authority vested in Declarant or any duly empowered successor Declarant by the Declaration. Any amendment duly adopted and executed in accordance with the foregoing provisions shall be effective upon the filing of the same in the Office of the Register of Deeds for Moore County, North Carolina.

ARTICLE XIX

GENERAL PROVISIONS

Section 1. Covenants Running With the Land. The covenants, conditions, restrictions, easements, reservations, liens and charges created hereunder or hereby shall run with and bind the land, and each part thereof, shall be binding upon and inure to the benefit of all parties having any right, title or interest in or to all or any part of the Condominium Property, and the Association, and their respective heirs, executors, administrators, successor and assigns.

Section 2. Actions. In addition to any other remedies provided in this Declaration, Declarant, (only with respect to those rights directly benefiting the Declarant), the Association, and each Unit owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, easements, reservations, liens and charges set forth herein or in the Bylaws or now or hereafter imposed by or through the Association's rules and regulations. Failure by Declarant, the Association or by any Unit owner to proceed with such enforcement shall in no event be deemed a waiver of the right to enforce at a later date the original violation or a subsequent violation, nor shall the doctrine of laches nor any statute of limitations bar the enforcement of any such restriction, condition, covenant, reservation, easement, lien or charge. Further, the Association and each Unit owner shall have rights of action against each other for failure to comply with the provisions of the Condominium Organizational Documents, rules and regulations, and applicable law, and with respect to decisions made pursuant to authority granted

thereunder, provided, the Association shall have the right to assess reasonable charges against a Unit owner who fails to comply with the same, including the right to assess charges for the costs of enforcement and arbitration, and provided, further, that neither the Association nor its directors, officers, or other representatives, shall be liable to any Unit owner, occupant or invitee, or for injury to such person, unless the damage or injury was proximately caused by the gross negligence or the intentional tortuous act of the Association or such director, officer or other representative or such director, officer or other representatives. Notwithstanding the foregoing, in the event of any dispute between them, no Unit owner or Unit Owners shall institute legal proceedings against the Association without first submitting the dispute to arbitration in accordance with and pursuant to the provisions of the arbitration law of the State of North Carolina by a single independent arbitrator selected by the Board. In addition to all other remedies available by law, the Association may use summary abatement or similar means to enforce any provisions hereof or restrictions against the Unit or its use, provided that judicial proceedings shall be instituted before any items of construction may be altered or demolished by summary means.

Section 3. Severability. Invalidation of any one or more of these covenants, conditions, restrictions or easements by judgment or court order shall in no way affect any other provisions, which provisions shall remain in full force and effect. In the event any language of this Declaration conflicts with mandatory provisions of the Condominium Act, the latter's requirements shall prevail and the conflicting language shall be deemed to be invalid and void, provided that such invalidity shall in no wise affect any other provision of this Declaration, which provisions remain in full force and effect.

Section 4. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporation, partnerships, men or women, shall in all cases be assumed as though in such case fully expressed.

Section 5. Captions. The captions of the various provision of this Declaration are not part of the context hereof, but are merely labels to assist in locating the various provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 12th day of February, 2008., ~~XXXX~~
~~XXXXXX~~

CAMDEN MID SOUTH LLC

By: Group 90 LLC
ITS: Manager

Name: [Signature]
Title: Member

STATE OF OHIO

COUNTY OF

I, Cindy L. Meeks, a Notary Public for Franklin County and said State, do hereby certify that Jeffrey Wilkins personally appeared before me this day and acknowledged that he is a Member of Group 90 LLC, the Manager of CAMDEN MID SOUTH LLC, ("Manager"), a Ohio limited liability company (the "Company") and further acknowledged the due execution by him of this instrument in his capacity as Member of the Manager on behalf of and as the act and deed of the said Company.

Witness my hand and official stamp or seal, this the 12 day of Feb, 2008.

[Notary Seal]

Cindy L. Meeks
Notary Public

My Commission Expires:

11/29/09



CINDY L. MEEKS
Notary Public, State of Ohio
My Commission Expires 11/29/2009


CONSENT OF MORTGAGEE

The Huntington National Bank, successor by merger to Sky Bank, being the Beneficiary under that certain Deed of Trust from - Camden Mid South LLC, to First American Title* Trustee, recorded in Book 3243, Page 489 in the Moore County Registry, does hereby consent to the recordation of this Declaration of Camden Villas at Mid South Club Condominium ("Declaration"), and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration shall be superior to the lien of said Deed of Trust on the property described therein. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

*Insurance Company

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 13th day of February, 2008.

Camden Mid South LLC, Trustee
BY: Group 90 LLC
ITS: Manager


BY: Jeffrey G. Wilkins
ITS: Member

The Huntington National Bank, successor
by merger to Sky Bank (SEAL)

By: 
ITS: Senior Vice President

STATE OF OHIO

COUNTY OF FRANKLIN

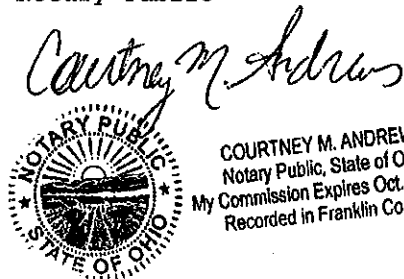
This 13th day of February, 2008 personally came before me JEFFREY G. WILKINS, Member of Camden Mid South LLC, Trustee, who, being by me duly sworn, acknowledged the due execution of the foregoing instrument.

(NOTARIAL SEAL)

My commission expires: OCT 1, 2011

STATE OF OHIO
COUNTY OF FRANKLIN

Notary Public



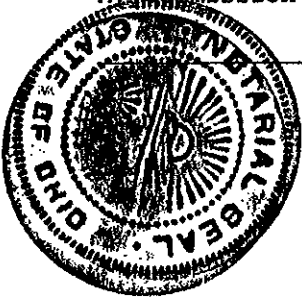
COURTNEY M. ANDREWS
Notary Public, State of Ohio
My Commission Expires Oct. 1, 2011
Recorded in Franklin County

This 13th day of February, personally came before me
DENNIS SHAFER, who being by me duly sworn, says that
he is a SENIOR VICE PRESIDENT of The Huntington National Bank,
successor by merger to Sky Bank, and that said writing was signed and
sealed by him, on behalf of said Company by its authority duly given.
And the said SENIOR VICE PRESIDENT acknowledged the said writing to
be the act and deed of said Company.

Notary Public

(NOTARIAL SEAL)

My commission expires: _____



Lisa E. Hefflinger

LISA E. HEFFLINGER
NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 2/28/2011

EXHIBIT A
DECLARATION OF CONDOMINIUM
CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM
LEGAL DESCRIPTION
CONDOMINIUM PROPERTY

PHASE 1 - CAMDEN VILLAS

Being a portion of the 13.01-acre tract of land lying and being within the Mid-South Golf Course, (west of golf holes 1 and 2 and east of golf hole 9), approximately 3900 feet south of Midland Road (NC Hwy. #2), being in the Town of Southern Pines, McNeill Township, Moore County, North Carolina. Bounded on the Northeast and South by Mid Tal Golf, LLC, on the North, West and Southeast by Group 90, LLC and being more particularly described as follows:

BEGINNING at a point in the eastern property line of the 13.01 acre tract within the Mid-South Golf Course and being located S 27°17'32" E 165.09 feet and S 34°04'40" E 117.28 feet from an existing iron rod (having N.C.G.S. NAD 83 coordinates of N=523,885.1831 feet and E=1,874,724.6932 feet) at the northernmost corner of the 13.01 acre tract of which this is a part; thence running as the eastern property line of the 13.01 acre tract, S 34°04'40" E 70.47 feet to an existing iron rod, the point of curvature of a curve running counter-clockwise to the left having a radius of 295.00 feet, an arc length of 153.85 feet, a chord bearing and distance of S 48°18'54" E 152.11 feet to an existing iron rod; thence S 63°13'32" E 127.12 feet to an existing iron rod; thence S 63°13'12" E 51.35 feet to an existing iron rod; thence S 63°15'26" E 42.71 feet to an existing iron rod, the point of curvature of a curve running counter-clockwise to the left having a radius of 295.00 feet, an arc length of 92.21 feet, a chord bearing and distance of S 72°08'53" E 91.84 feet to a point; thence as a new line, passing through the 13.01 acre tract, S 16°23'24" W 230.69 feet to a pointing the southern property line of the 13.01 acre tract; thence as a curve running clockwise to the right having a radius of 525.00 feet, an arc length of 134.46 feet, a chord bearing and distance of N 70°41'36" W 134.09 feet to an existing iron rod; thence N 63°21'22" W 73.81 feet to an existing iron rod; thence S 26°38'38" W 75.64 feet to an existing iron rod; thence S 89°35'42" W 87.81 feet to an existing iron rod; thence S 75°33'24" W 109.36 feet to a point; thence as a new line, N

06°29'50" W 210.27 feet to a point; thence as a new line, N 30°56'56" W 229.52 feet to a point; thence as a new line, N 57°24'03" E 224.46 feet to the **BEGINNING** containing 4.04 acres, more or less as computed by coordinates and being a portion of the 13.01 acre tract of land located within the Mid-South Golf Course as conveyed to ~~XXXXXXXXXX~~ by deed recorded in Deed Book 3243 Page 481, Moore County Registry. Bearings herein are to the North Meridian of Plat Cabinet 11 Slide 463, Moore County Registry and distances are horizontal ground.

*Camden Mid South LLC

EXHIBIT B

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM

The Plat of Survey for Camden Villas at Mid South Club Condominium dated February 14, 2008, prepared by Travis L. Nickens, entitled Survey of Phase One, Camden Villas at Mid South and the plans for the condominium prepared by Jester Jones Schifer, Architect, which were attached to this Declaration at the time it was filed for record are duly recorded in the Moore County Registry in 14, 166-185, and are incorporated herein by reference as though fully set out herein.

EXHIBIT C

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM

Unit Information Sheet

Building	Declarant Working Designation	Unit Type	Undivided Interest	Par Value
7	21	C-2	6.250%	1.0
	22	C-2	6.250%	1.0
	23	C-2	6.250%	1.0
	24	C-2	6.250%	1.0
14	39	C-2	6.250%	1.0
	40	C-2	6.250%	1.0
15	41	C-2	6.250%	1.0
	42	C-2	6.250%	1.0
16	43	Ch-2	6.250%	1.0
	44	Ch-3	6.250%	1.0
	45	Ch-2	6.250%	1.0
	46	Ch-3	6.250%	1.0
17	47	C-2	6.250%	1.0
	48	C-2	6.250%	1.0
	49	A-2	6.250%	1.0
	50	C-2	6.250%	1.0
			<u>100.00%</u>	

EXHIBIT D

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Unit Types

A-2 (Cathedral Abbey). Contains a kitchen, living room, dining room, two baths, two bedrooms, a finished veranda and a garage, all at ground level. Unit will have a 2-car garage.

C-2 (Cathedral Canterbury). Same as Cathedral Abbey except it has a den or optional third bedroom at ground level.

V-1, V-2 (Classic Villa). Contains a kitchen, living/dining room, two baths, two bedrooms or a bedroom and a den, and a garage, all at ground level. Unit will have a 2-car garage.

CH-2 (Classic Chateau). Contains same rooms as a Classic Villa except that it has one and one-half baths at the first floor level, and a partial second floor level with a bedroom and a full bath.

CH-3 (Classic Chateau II). Same as the Classic Chateau with a slight layout variation to the second floor of the unit.

Type	Approximate Gross Interior Square Feet	Par Value
A-2	1,718	1.00
C-2	1,889	1.00
V-1, V-2	1,329	1.00
CH-2	1,926	1.00
CH-3	1,910	1.00