

FILED
UNION COUNTY
CRYSTAL CRUMP
REGISTER OF DEEDS

FILED Apr 16, 2008
AT 04:00 pm
BOOK 04869
START PAGE 0105
END PAGE 0167
INSTRUMENT # 14653
EXCISE TAX (None)

DECLARATION OF
MIDDLETON PLACE CONDOMINIUMS

THIS DECLARATION, made this 15 day of April, 2008, by Middleton Partners, LLC, a North Carolina Limited Liability Company ("Declarant"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes ("Act").

WITNESSETH

WHEREAS, Declarant is the owner in fee simple of certain real estate situated in or near the City of Monroe, County of Union, and State of North Carolina, more particularly described on Exhibit A attached hereto and made a part hereof, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belongs to or in any way pertaining to said real estate; and

WHEREAS, Declarant desires to submit all of said property to the act.

NOW, THEREFORE, Declarant, as the owner of said property, hereby declares as follows:

ARTICLE I.

Definitions. As used herein, the following words and terms shall have the following meanings:

- 1.1 Act. The North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.
- 1.2 Association. Middleton Place Condominium Association of Monroe, Inc., a nonprofit corporation organized under Section 47C-3-101, North Carolina General Statutes. The Articles of Incorporation of the Association are attached hereto as Exhibit D.
- 1.3 Board. The Executive Board of the Association.
- 1.4 Bylaws. The Bylaws of the Association which are incorporated herein and made a part hereof by the reference, and attached as Exhibit E.
- 1.5 Common Elements. All portions of the Condominiums except the Units. Limited Common Elements are Common Elements.

1.6 Common Expenses. Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

1.7 Condominiums. The condominiums created by this Declaration.

1.8 Declarant. Middleton Partners, LLC, a North Carolina Limited Liability Company and (i) any other owner who has executed this Declaration, or who hereafter executes an amendment to this Declaration to add Additional Real Estate, except First Mortgages and except persons whose interests in the Property will not be conveyed to Unit Owners and (ii) any person who succeeds to any Special Declarant Rights as defined in Section 47C-1-103-(23) of the Act.

1.9 Declarant Control Period. The period commencing on the date hereof and continuing until the earlier of (i) the date two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, or (ii) the date upon which Declarant surrenders control of the Condominiums, or (iii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the maximum number of Units which Declarant may create on Phase I Property and on the Additional Real Estate to Unit Owners other than a Declarant, or (iv) the date two (2) years after any development right to add New Units was last exercised by Declarant.

1.10 First Mortgage and First Mortgagee. A First Mortgage is a mortgage or deed of trust which has been recorded so as to give constructive notice thereof, and which is a first lien on the Unit or Units described therein. A First Mortgagee is the holder, from time to time, of a First Mortgage as shown by the records of the Office of the Register of Deeds for Union County, North Carolina, in which the First Mortgage is recorded, including the Federal National Mortgage Association and including a purchaser at foreclosure sale upon foreclosure of a First Mortgage until expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgagee for all purposes under this Declaration and the Bylaws.

1.11 Limited Common Elements. Those portions of the Common Elements allocated by this Declaration, the Plans or by operation of Section 47C-2-102(2) or (4) of the Act for the exclusive use of one but fewer than all of the Units including, but not limited to, any patio, driveway or sidewalk appurtenant to a Unit and any attic storage areas appurtenant to a Unit. That portion of the property upon which heating and air conditioning equipment serving a Unit is located shall constitute a Limited Common Element allocated specifically to the Unit served by such equipment.

1.12 Occupant. Any person or persons in possession of a Unit, including Unit Owners, the family members, lessees, guests and invitees of such person or persons, and family members, guests and invitees of such lessees.

- 1.13 Person. A natural person, corporation, partnership, trust or other legal or commercial entity, or any combination thereof.
- 1.14 Plans. The plans of the Condominiums, recorded in Plat Cabinet ____ and Page ____ in the Office of the Register of Deeds for Union County, North Carolina, and by the Act made a part of this Declaration.
- 1.15 Plat. The survey plat depicting the Condominiums and the location of the buildings on the property, recorded in Plat Cabinet ____ and Page ____ in the Office of the Register of Deeds for Union County, North Carolina, and by the act made a part of this Declaration.
- 1.16 Property. The real estate described on Exhibit A, and the real estate described on Exhibit A-1, if added by Declarant pursuant hereto, together with all building and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.
- 1.17 Rules and Regulations. The rules and regulations of the Condominiums promulgated by the executive Board from time to time.
- 1.18 Special Declarant Rights. The rights as defined in Section 47C-1-103(23) of the Act for the benefit of a Declarant, including but not limited to the following: to complete the improvements indicated on the Plans; to maintain sales offices, management offices, models and signs advertising the Condominiums; to exercise any development right as defined in Section 47C-2-110 of the Act; to use easements through the Common Elements; to elect, appoint or remove members of the Board during the Declarant Control period; to withdraw any portion of the Property from the Condominiums; and to add Additional Real Estate. Declarant shall have no right to subdivide or convert Units owned by Declarant.
- 1.19 Unit. A portion of the Condominiums, whether or not contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth of Exhibit B. Each Unit is designated and delineated on the Plans.
- 1.20 Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Plans, are the undecorated surfaces of the perimeter walls, exterior doors and exterior windows facing the interior of the Unit, the undecorated surfaces of the ceiling facing the interior of the Unit, and the topmost surfaces of the subflooring, and include the decoration on all such interior and topmost surfaces, including, without limitation, all paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the decorated surfaces thereof, and also includes all spaces, interior partitions and other fixtures and improvements within such boundaries. Also included as a part of the Unit shall be those portions of the heating and air conditioning

portions of the heating and air conditioning system located in the Common Elements, wherever located.

- 1.21 Unit Owner. The person or persons, including the Declarant, owning a Unit if fee simple.
- 1.22 Additional Real Estate. The real estate described in Exhibit A-1, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.
- 1.23 Clubhouse or Community Center. The building and/or pool area to be located on the Common Elements for the use and enjoyment of Unit Owners.
- 1.24 Wetlands. That portion of the Property, if any, designated "Wetlands Preserve" by the Corps of Engineers.
- 1.25 Stormwater Detention Basin. That portion of the Property used for drainage retention and designated "Detention Basin #1" and Detention Basin #2" on any plat of the Property.

ARTICLE II.

Submission of Property to Act

- 2.1 Submission. Declarant hereby submits the Property to the Act.
- 2.2 Name. The property shall hereafter be known as Middleton Place Condominiums.
- 2.3 Division of Property into Separately Owned Units. Declarant, pursuant to the Act, and to establish a plan of condominium ownership for the Condominiums, does hereby divided the property into one phase (Phase I) containing three (3) buildings with Buildings #1 and #3 being hereby divided into eight (8) Units and Building #2 divided into five (5) Units for a total of twenty one (21) Units in Phase I and does hereby designate all such Units for separate ownership, subject however, to the provisions of Section 2.4 hereof.
- 2.4 Alterations of Units. Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Section 47C-2-111 and 47C-2-112 of the Act.
- 2.5 Limited Common Elements. The Limited Common elements serving or designed to serve each Unit are hereby allocated solely and exclusively to each such Unit.
- 2.6 Unit Allocations. The allocations to each Unit of a percentage of undivided interest in the Common Elements and of a percentage of the Common Expenses are as stated on Exhibit B. The allocation of undivided interest in the Common Elements and of the Common

Expenses has been determined by a ratio formulated upon the relation that the square foot area of each Unit bears to the then aggregate square foot area of all Units. The votes are equally allocated to all Units with each Unit Owner having one (1) vote for each Unit owned.

2.7 Encumbrances. The liens, defects and encumbrances affecting the Property to which the rights of Unit Owner and Occupants are hereby made subject are set out on Exhibit C.

2.8 Condominium Ordinances. The Condominiums are not subject to any code, real estate use law, ordinance, charter provisions, or regulation (i) prohibiting the condominium form of ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon physically similar developments under a different form of ownership. This statement is made pursuant to Section 47C-1-106 of the Act for the purpose of providing marketable title to the Units in the Condominiums.

2.9 Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights, as defined in Article 1.18.

ARTICLE III

Easements

3.1 Encroachments. In the event that, by reason of the construction, reconstruction, rehabilitation, alteration or improvement of the buildings or improvements comprising a part of the Property, any part of the Common Elements now or hereafter encroaches upon any part of any Unit, or any part of the Common Elements, or upon any part of another Unit, an easement for the Continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Units so encroached upon.

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

3.3 Easements to Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the Bylaws or the Act, a Unit Owner, the Association, the Board or any other person, is authorized to enter upon a Unit or the Common Elements to inspect, repair, maintain, restore or reconstruct all or any part of a Unit or the Common elements, such easements as are necessary for such entry and such repair, maintenance, restoration

or reconstruction are hereby declared and granted.

3.4

Easements for Utilities. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant (until Declarant shall have satisfied all of its obligations under the Declaration and Bylaws and all commitments in favor of any Unit Owner and the Association), the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements provided for by this Section 4.4 shall include, without limitation, rights of Declarant, the Association, any providing utility, any service company, and any governmental agency or authority and any of them to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television and equipment facilities (cable or otherwise), electrical wires, conduits and equipment and ducts and vents and any other appropriate equipment and facilities over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 4.4, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant to a grantee other than the Declarant, or so as not to materially interfere with the use of occupancy of the Unit by its Owners.

3.5

Declarant's Easement.

- (a) Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations, exercising Special Declarant Rights, and completing the development and construction of the Condominiums, which easements shall exist as long as reasonably necessary for such purpose.

- (b) Declarant, and its successors and assigns owning the Additional Real Estate, or any portion thereof and Declarant's mortgagees, shall have and does hereby reserve a perpetual nonexclusive right and easement of use of those portions of the Common Elements of the Condominiums used as streets or driveways and of use of any and all water lines; sewer lines; storm water detention ponds; drainage easements; storm drains; electric, telephone, or cable television wires or conduits; gas lines; or similar utilities facilities that are a part of the Common Elements; to the extent reasonably necessary for Declarant, or such other owner of the Additional Real Estate, or a portion thereof, to have ingress and egress to and from the Additional Real Estate over the Common Elements, and to provide drainage facilities and utility services including sewer lines and the use of the storm water detention ponds, drainage easements, storm drains and other drainage facilities to the Additional Real Estate. Provided, however, the owner of the

Additional Real Estate exercising such rights and easements shall contribute a reasonable pro rate share of the costs of the operation and maintenance of the utility facilities and other portions of the Common Elements so utilized. These easements and rights may not be changed without the prior written consent of all parties entitled to the exercise of such easements and rights. Any easements rights of Declarant's mortgages shall terminate upon satisfaction and cancellation of the mortgagee's deed of trust.

3.6

Easements to Run With Land. All easements and rights described in this Article IV are appurtenant easement running with the land, and except as otherwise expressly provided in this Article IV shall be perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, its successors and assigns owning the Additional Real Estate, or any portion thereof, Declarant's mortgagees, the Association, Unit Owners, Occupants, First Mortgagees and any other person having any interest in the Condominiums or any part thereof. The Condominiums and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article IV, whether or not specifically mentioned in any such conveyance or encumbrance.

ARTICLE IV.

Restrictions, Conditions and Covenants.

4.1

Compliance with Declaration, Bylaws and Rules and Regulations. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, and the Rules and Regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner, or any person adversely affected, for recovery of damages, injunction, or other relief.

4.2

Administration of Condominiums. The Condominiums shall be administered in accordance with the provisions of the act, this Declaration and the Bylaws.

4.3

Use Restricted: Use by Declarant.

- (a) Except as may be otherwise expressly provided in this Declaration, each unit shall be used for residential purposes only and shall be occupied by no more than three (3) unrelated persons or six (6) related persons on a permanent basis. No trade or business of any kind may be conducted. Lease or rental of a unit for residential purposes shall not be considered to be a violation of this Covenant, so long as the lease is in compliance with the provisions of this Declaration, the Bylaws and reasonable Rules and Regulations adopted by the Board.

- (b) No Unit Owner other than the Declarant may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements without prior written permission on the Board; except for a "For Sale" or "For Rent" or other similar type sign not more than five (5) feet in front of his Unit for a reasonable time not to exceed 3 feet by 2 feet in size. Except as reserved by Declarant, no billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property subject to this Declaration.

- (c) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant shall have an easement to maintain sales offices and models for sales of Units throughout the Condominiums, including the Clubhouse, if constructed by Declarant pursuant to the provisions of Article III hereof. Declarant shall have the right to relocate, from time to time, and to discontinue and reestablish, from time to time, within the Condominiums, until all of the Units have been conveyed to a Unit Owner other than a Declarant, any one or more of such offices or models. Declarant also shall have the right to change the use or combination of uses of such offices or models, provided that such offices or models shall be used only for sales offices or models. The total number of such offices or models maintained at any time by a Declarant shall not exceed four (4), and the size of any such relocated or re-established office or model shall not exceed the size of the largest Unit in the Condominiums.

- (d) Declarant shall also have an easement to maintain signs on the Common Elements advertising the Condominiums until all of the Units have been conveyed to Unit Owners other than Declarant. Declarant shall remove all such signs not later than thirty (30) days after all of the Units have been conveyed to Unit Owners other than Declarant and shall repair or pay for the repair of all damage done by removal of such signs.

- (e) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, the Association may maintain an office in the Community Center, if constructed by Declarant pursuant to the provisions of Article III hereof, for management of the Condominiums.

4.4

Hazardous Use and Waste. Nothing shall be done to or kept in any Unit or the Common Elements that will increase any rate of insurance maintained with respect to the Condominiums without the prior written consent of the Board. No Unit Owner or Occupant shall permit anything to be done to or kept in his Unit or the Common Elements that will result in the cancellation of insurance maintained with respect to the Condominiums, or that would be in violation of any law, or that will result in the commitment of waste (damage, abuse, or destruction) to or in his Unit or the Common Elements.

4.5 Alterations of Common Elements. No Unit Owner or Occupant, except Declarant during the Declarant Control Period, shall alter, construct anything upon, or remove anything from, the Common Elements, or paint, decorate, landscape or adorn any portion of the Common Elements, without the prior written consent of the Board.

4.6 Prohibition of Renting for Transient or Hotel Purposes. No Unit Owner shall rent his Unit for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than one hundred eighty (180) days or any rental if the lessee of the Unit is provided customary hotel services. Each lease shall be submitted to the Board for approval 30 days prior to the effective date and must be approved by the Board. The permitted lease shall be in writing and shall be subject to this Declaration, the Bylaws, and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. No unit owner for units located in Building #2 shall have the right to lease all or any portion of his Unit unless he has received prior written approval from the Board. Only two (2) units in Building #1 and two (2) units in Building #3 can be rented at any one time. If a unit owner in either of these buildings wishes to lease all or any portion of his unit during a period in which two (2) units are already leased within the specific building, the unit owner must receive prior written approval/authorization from the Board in order to exempt the Unit Owner from the limitation.

4.7 Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements except that dogs, cats or other household pets may be kept in any Unit subject to the rules and regulations adopted by the Board. In addition, such pets may not be kept or bred for any commercial purpose and shall be maintained so as not to be obnoxious or offensive on account of noise, odor, or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept within any Unit, or by any Owners of a Unit on or in the Common Elements without written permission of the Executive Board. No pets may be permitted to run loose upon the Common Elements, and any Owner who causes any animal to be brought or kept upon the Property shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Property, whether or not the Association has given its permission therefor.

4.8 Rules and Regulations. In addition to the foregoing restrictions, conditions and covenants concerning the use of the Condominiums, reasonable rules and regulations not in conflict therewith and supplementary thereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the Bylaws.

4.9 Restrictions, Conditions and Covenants to Run With Land. Each Unit Owner and Occupant shall be subject to all restrictions, conditions and covenants of this Declaration, and all such restrictions, conditions and covenants shall be deemed to be covenants running with the land, and shall bind every person having any interest in the Property, and

shall inure to the benefit of every Unit Owner.

4.10

Storage and Parking of Vehicles. No motor vehicle (other than private passenger vehicles including motorcycles, conversion vans and pick-up and small trucks which shall be currently licensed and inspected) including commercial vehicle, truck (other than pick-up and small truck), tractor, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other water craft, boat trailer, or any other transportation device of any kind, shall be parked or stored in or upon the Common Elements except in any area provided by the Association for such storage and subject to rules, regulations and fees charged by the Association, or parked or stored within any street right-of-way. No Unit Owner or Occupant shall repair or restore any vehicle of any kind upon the Property, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility. Notwithstanding the above, temporary parking of vehicles involved in deliveries to a Unit or the Community Center shall be allowed.

4.11

Exterior and Visible Interior Improvements.

- (a) No awnings, shades, screens or other item shall be attached to, hung or used on the exterior of any window or door of a unit or on the exterior of any building without the prior written consent of the Board of Directors. All shades, blinds, drapery linings and other window treatments visible from the exterior of a unit on any window or door shall be white or off-white. Outside clothes lines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed or maintained on any portion of the Condominium, nor shall any clothing, rugs, or any other item be hung on any railing or fence enclosing any patio or upstairs windows.

- (b) No Unit Owner shall install any electrical or telephone wire, television antenna, satellite dish, air conditioning unit, or other machine anywhere on the Condominium in such a fashion that it is visible anywhere outside of a Unit without prior written consent of the Board of Directors.

4.12

Prohibitions of Use of Common Elements. Except with the specific written approval of the Board, the Common Elements, including Limited Common Elements, shall not be used for temporary or permanent storage of supplies, personal property, trash or refuse of any kind, other than in common trash receptacles placed at the discretion of the Board, nor shall such areas be used in any way for the drying or airing of clothing, rugs or other fabrics. Entrances, sidewalks, yards, driveways, parking areas and stairways shall not be obstructed in any way, other than normal usage by a Unit Owner. No activities shall be carried on nor condition maintained by any Unit Owner, either in his Unit or upon the Common Elements, if such activities should despoil, or tend to despoil, the appearance of the Property. No "garage sales", "attic sales" or "yard sales" shall be permitted outside of a Unit. It is expressly acknowledged and agreed by all parties concerned this section is

for the mutual benefit of all Unit Owners of the Property and is necessary for the protection of the Unit Owners and is enforceable by the Board or by any one or more Unit Owners through the Board of Directors. The provisions of this section shall not prevent the temporary placement on Common Elements of closed sanitary containers approved by the City of Monroe or the Board on garbage collection days.

- 4.13 Nuisances. No nuisances shall be allowed upon the Property and no person shall engage in any use, practice or activity upon the Property which is noxious, offensive or a source of annoyance to Unit Owners or their tenants or which unreasonably interferes with the peaceful possession and proper use of the Condominium Property by any Unit Owner and/or tenants. NO exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on the Property. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist. Any Unit Owner who shall dump or place (or permit his family, tenants, guests or agent to do so) any trash or debris upon any portion of the Property shall be liable to the Association for the actual cost of removal thereof or the sum of \$100.00, whichever is greater, and the same shall be added to and become a part of the assessment next coming due to which the Unit Owner of his Unit is subject. No Unit Owner shall permit any use of a Unit or of the Common Elements which will increase the rate of insurance upon the Property. The Association and its Agent shall have the right to remove any item or items left outside a Unit on the Common Elements or hanging on a patio fence or from an upstairs window.

- 4.14 Lawful Use. No immoral, improper or unlawful use shall be made of the Condominium Property or any part thereof. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

- 4.15 Access to Units. The Association and its agent shall have access to each Unit from time to time during reasonable working hours, upon oral or written notice to its Unit Owner or occupant of the Unit, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association and its agents shall have access to each Unit at all times without notice, as may be necessary to make emergency repairs to prevent damage to the Common Elements.

- 4.16 Stormwater Detention Basins. The portion of the Common Elements that may be designated as Detention Basins shall be developed and maintained pursuant to the engineering plans for the Property.

ARTICLE V

Assessments

5.1

Assessment Liens. The Board has the power to levy assessments against the Units for Common Expenses. Such assessments, together with interest at the rate of two (2%) percent above the prime rate of interest, as it changes from time to time, per annum, costs and reasonable attorney's fees shall be a lien on the Units against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Unit sold, or a money judgment obtained against the persons liable therefore, all as set forth in the Bylaws.

5.2

Personal Liability of Transferees, Statement, Liability of First Mortgage.

- (a) The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the transferee of said Unit unless said delinquent assessment are expressly assumed by said transferee.
- (b) Any transferee referred to in (a) above shall be entitled to a statement from the Board, pursuant to Section 6.2 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessment against such Unit in excess of the amount therein set forth.
- (c) Where a First Mortgagee, or other person claiming through such First Mortgagee, pursuant to the remedies provided in a mortgage or deed of trust, or by foreclosure, or by deed, or assignment, in lieu of foreclosure, obtains title to a Unit, the liability of such First Mortgagee or such other person for assessments shall be only for the assessments, or installments thereof, that would become delinquent, if not paid, after acquisition of title. For purposes hereof, title to a Unit shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.
- (d) Without releasing the transferor from any liability therefore, any unpaid portion of assessments which is not a lien under (b) above, or, resulting, as provided in © above, from the exercise of remedies in a mortgage or deed of trust, or by foreclosure thereof or by deed, or assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Unit Owners, including the transferee under (b) above and the First Mortgagee of such other person under © above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

5.3

Prohibition of Exemption from Liability for Contribution Toward Common Expenses. No Unit Owner may exempt himself from liability for his share of the Common Expenses assessed by the Association by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit or otherwise. Assessments are not subject to credit or set off for any reason without prior written approval.

5.4

Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Unit on the day of the closing of a Unit by a buyer from Declarant, with the monthly assessment for the month of the closing being prorated and the assessment for the remainder of the month of the closing being collected from the Unit Owner at closing. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The initial monthly assessment for the first calendar (fiscal) year shall not exceed \$90.00 per month with the Board reserving the right to charge a lesser amount for the first fiscal year. The Board reserves the right to increase or decrease this amount in subsequent years.

5.5

Capitalization of Association (Working Capital). Upon acquisition of record title to a Unit, each Owner shall contribute to the working capital of the Association an amount equal to one-sixth (1/6) of the amount of the annual assessment for that Unit as determined by the Board. This amount shall be paid by the buyer at closing of the purchase of the Unit; shall be disbursed to the Association; shall not be considered as advance payments or regular assessments; and shall not be refunded to a Unit Owner upon the subsequent resale of a Unit. These funds shall not be used by Declarant to defray any of its construction or development expenses. There funds may be used by the Association for common expenses of the Association and for the purpose of purchasing common area furnishings, equipment and supplies and other approved Association expenditures.

ARTICLE VI

Management, Maintenance, Repairs
Replacements, Alterations, and Improvements

6.1

Common Elements

- (a) By the Association. The management, replacement, maintenance, repair, alteration, and improvement of the Common Elements shall be the responsibility of the Association, and subject to the provisions of section 7.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to section 7.1(b) hereof. In addition, the Association shall be responsible for providing and paying for water and sewer for all Units. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

- (b) By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason by his intentional or unintentional acts or the intentional or unintentional acts of any Occupant or Guest of his Unit. Such payment shall be made upon

demand made by the Association.

6.2 Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units.

- (a) Any Common Expenses associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred.

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

6.3

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

6.4

Waiver of Claims. Except only as provided in Section 7.5(a) and (b), the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the members of the Board, officers of the Association, or employees or agents or any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit of personal property therein, even if caused by the omission or neglect of any one or more of such person and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to intentional acts.

6.5

Right of Entry.

- (a) By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous conditions or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association,

and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's powers under the Act, this Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. Notwithstanding Section 7.4, the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

- (b) By Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives, to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of altering, maintaining, repairing or replacing the Unit, or performing the duties and obligation under the Act, this Declaration or the Bylaws, of the Unit Owner or Occupant making such entry, provided that request for entry are made in advance and that such entry is at a time convenient to the Unit Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section 7.4, the person making such entry shall be responsible for repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE VII

Insurance

7.1

Casualty Insurance. The Association shall maintain, to the extent available, casualty insurance upon the Common Elements in the name of, and the proceeds thereof shall be payable to, the Association as trustee for all Unit Owners and First Mortgages as their interest may appear, and be disbursed pursuant to the Act. Such insurance shall be in an amount equal to not less than one hundred percent (100%) of the full insurable value of the Property to the unfinished walls of a Unit on a replacement cost basis exclusive of land, excavations, foundations and other items normally excluded from property policies, and shall insure against such risks and contain such provisions as the Board from time to time shall determine, but at a minimum shall conform in all respects to the requirements of the Act, and shall provide that, notwithstanding any provision thereof that gives the insurer an election to restore damage in lieu of making a cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to Section 47D-3-113(n) of the Act.

7.2 Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants, the Association, the Board, the managing agent, if any, the Declarant, and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000.00) per occurrence for death, bodily injury and property damage. Said insurance shall comply in all respects with the requirement of the act and shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefitted parties against such liability arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the streets, sidewalks and public spaces adjoining the Condominiums; and insure the Association, the Board, the managing agent, if any, and their respective officers, directors, agents, and employees against such liability arising out of or in connection with the use or maintenance of the Units.

7.3 Fidelity Coverage. If available at reasonable cost, fidelity coverage shall be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association in the face amount of at least (i) one and one-half (1.5) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all Units plus the Association's reserve funds. Such bonds shall contain an appropriate endorsement to cover persons who serve without compensation. The premium of such bonds shall be a Common Expense.

7.4 Insurance Unavailable. If the insurance described in Sections 8.1, 8.2, or 8.3 is not reasonably available, the Association shall promptly cause notice of such fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners.

7.5 Other Insurance. The Association may procure such other insurance, including worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Unit Owners. If at least one Unit is subject to mortgage financing, the Association shall obtain and keep in force such insurance as such mortgagee shall reasonably require from time to time.

7.6 Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

7.7 Individual Policy for Unit Owners. Each Unit Owner is required to obtain insurance, at his own expense, affording personal property, additional living expense, condominium assessment, personal liability, and any other coverage obtainable, to the extent and in the

amount such Unit Owner deems necessary to protect his own interest; provided that such policy shall insure one hundred (100%) percent of the cost of the improvements and betterments of the Unit, including, but not limited to the wall coverings, paint, carpet, appliances, cabinets, plumbing fixtures and heating and air conditioning systems; and shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of the insurance purchased by a Unit Owner under this Section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the assigns the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE XIII

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced unless: (1) the Condominiums are terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Unit Owners elect not to rebuild or replace by a eighty percent (80%) vote, including ninety percent (90%) approval of owners of Units not to be rebuilt or owners assigned to limited Common Elements not to be rebuilt. All proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113(e) and (h) of the Act.

ARTICLE IX

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the awards paid on account thereof shall be applied in accordance with Section 47C-1-107 of the Act and Section 9.2 of the Bylaws.

ARTICLE X

Termination

The Condominiums may be terminated only in strict compliance with Section 47C-2-118 of the Act and Section 9.4 of the Bylaws.

ARTICLE XI

Amendment

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Sections 47C-2-105 and 47C-2-117 of the Act, except that no amendment altering or impairing Special Declarant Rights may be made without the written consent of Declarant.

ARTICLE XII

Rights of First Mortgagees: FNMA and FHLMC Provisions

The following provisions shall take precedence over all other provisions of this Declaration and Bylaws:

- 12.1 Amendments During Declarant Control Period. Any amendments to this Declaration or to the Bylaws during the Declarant Control Period shall be subject to the prior approval of all First Mortgagees, provided, however, that, if any First Mortgagee fails to respond to a written request for approval within thirty (30) days of said request, approval shall be deemed to have been given by such First Mortgagee.

- 12.2 Availability of Condominium Documents, Books, Records and Financial Statements. The Association shall, upon request and during normal business hours, make available for inspection by Unit Owners and the First Mortgagees and the insurers and guarantors of a First Mortgagee on any Unit, current copies of the Declaration, the Bylaws, other rules and regulations governing the Condominium and the books, records and financial statements of the Association. The Associations provide a financial statement for the preceding fiscal year if requested in writing by a First Mortgagee or insurer or guarantor of a First Mortgagee. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of Units, current copies of the Declaration, Bylaws, the Rules and Regulations governing the Condominiums, and the most recent annual financial statement.

- 12.3 Successor's Personal Obligation for Delinquent Assessment. The personal obligations for assessments which are delinquent at the time of transfer of a Unit shall not pass to the successors in title or interest to said Unit unless said delinquent assessments are expressly assumed by them.

- 12.4 Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners and any aggrieved Unit Owner shall have a right of action against the Association for failure to comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations, and decisions of the Association made pursuant to

authority granted to the Association in this Declaration and the Bylaws.

- 12.5 Management and Other Agreements. Any management agreement between the Declarant or the Association and a professional manager or any other agreement providing for services of the sponsor or Declarant shall be terminable by either party thereto without cause and without payment of a termination fee upon not more than thirty (30) days' prior written notice and shall not exceed a term of three (3) years, subject to renewal by the consent of both parties.

- 12.6 Right of First Refusal. The right of a Unit Owner to sell, transfer, mortgage or otherwise convey his interest in his Unit shall not be subject to any right of first refusal.

- 12.7 Consent of First Mortgages. This Section 12.7 shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing.

Any decision to terminate the Condominiums for reasons other than substantial destruction or condemnation of the property shall require the prior written consent of Eligible Mortgage Holders, as defined in Section 13.9 hereof, representing at least 67% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act.

Any amendment to the Declaration or Bylaws which materially changes any of the following shall require the prior written consent of Unit Owners holding at least 67% of the total votes in the Association and of Eligible Mortgage Holders representing at least 51% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act or hereunder:

- (a) voting rights;
- (b) assessments, assessment liens or subordination of such liens;
- (c) reserves for maintenance, repair and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interest in the Common Elements or Limited Common Elements or rights to their use, except as provided elsewhere;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or Common Elements into Units, except as provided elsewhere;

- (h) expansion of contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominiums, except as provided elsewhere;
- (i) insurance or fidelity bonds;
- (j) leasing of Units;
- (k) imposition of any restrictions on a Unit Owner's right to see, transfer or otherwise convey his Unit;
- (l) a decision by the Association to establish self-management when professional management had been required previously by and Eligible Mortgage Holder;
- (m) restoration or repair of the Condominiums (after damage or destruction or partial condemnation) in a manner other than that specified in this Declaration or the Bylaws;
- (n) any action to terminate the legal status of the Condominiums after substantial damage or destruction or condemnation; or
- (o) any provisions that expressly benefit First Mortgagees or insurers or guarantors of First Mortgages.

An addition or amendment to the Declaration or Bylaws shall not be considered material if it is for the purpose of correcting technical or typographical errors, or for clarification only.

12.8 Consent of First Mortgagees or Unit Owners. This Section 13.8 shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing.

Unless First Mortgagees holding at least 66 2/3% of the votes allocated to First Mortgagees except higher percentages as are required by law, of the First Mortgagees (based upon one vote for each First Mortgage owned) and Unit Owners (other than a Declarant) holding at least 66 2/3% of the total votes in the Association have given their prior written approval, or such greater requirements specified in the act or hereunder have been satisfied, the Association shall not be entitled to:

- (a) by act or omission, seek or abandon to terminate the Condominiums;
- (b) change the pro-rata interest or obligations of any Unit for the purpose of:
 - (i) Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

- (ii) determining the pro-rate share of ownership of each Unit in the Common Elements;
- (c) partition or subdivide any Unit;
- (d) except in the case of any addition of the Additional Real Estate pursuant to the provisions hereof, by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.

- (e) use hazard insurance proceeds for losses to any part of the Condominiums (whether to Units or to Common Elements) for other than repair, replacement, or reconstruction thereof subject to Article IX and Section 6.1 of Article VIII hereof.

12.9

Notice. Each first Mortgagee and each insurer or guarantor of a First Mortgage, upon written request stating its name and address and describing the Unit encumbered by the First Mortgage, held, insured, or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires consent of a specified percentage of First Mortgagees; (ii) any condemnation or casualty loss that affects either a material portion of the Condominiums or the Unit securing its First Mortgage; (iii) any 60 day delinquency in the payment of assessments or charges owed by the Unit Owner of the Unit on which the First Mortgagee held its First Mortgage or in the performance of any obligation under this Declaration or the Bylaws by said Unit Owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. Each First Mortgagee who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders shall be considered an "Eligible Mortgage Holder." With respect only to non-material amendments (which excludes items (a) to (o) of Section 13.7), such as for the correction of technical errors or for clarification, and First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve and addition or amendment to the Declaration or Bylaws who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

12.10

Assessments. Assessments shall be due and payable in monthly installments beginning on the day of closing. As provided in Article VI of the Bylaws and as legally required by Section 47C-1-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. As assessment shall be deemed levied against a Unit upon the giving of notice by the Board to a member of the Association who is a Unit Owner of the Unit. Unit Owners shall have no obligation to

pay monthly assessments until an assessment is levied.

- 12.11 Right of First Mortgage: Insurance Awards or Condemnation Awards. With respect to First Mortgages held by or for the benefit of First Mortgagees, no provision of this Declaration or the Bylaws shall be deemed to give a Unit Owner or any other party, priority over any rights of a First Mortgagee pursuant to its First Mortgage on said Unit Owner's Unit, in the case of a distribution to said Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

- 12.12 Additional Real Estate: Common Element Interests; Reallocation. If the Additional Real Estate is added, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated using the ratio formulated upon the relation that the square foot area of each Unit bears to the then-aggregate square foot area of all Units, and each Unit shall continue to have one vote. The effective date for said reallocation shall be the date of recordation of the amendment to this Declaration, which document shall comply with the provisions of the Act. The effective date for the assignment of assessments to the Units added to the Condominium shall be the date the Board levies an assessment against said Units. All improvements intended to be located within any portion of the Additional Real Estate added to the Condominium shall be substantially completed prior to the addition of said portion of the Additional Real Estate.

ARTICLE XIII

General Provisions

- 13.1 Conflict With the Act: Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

- 13.2 Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

- 13.3 Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

13.4 Exhibits. Exhibits A, A-1, B, C, D and E are attached hereto are hereby made a part hereof.

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

13.6 Waiver. No provision of this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violation or breaches which may occur.

13.7 Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, Declarant hereby executes this Declaration by and through its authorized representatives on the day and year first above written.

MIDDLETON PARTNER, LLC.

By:

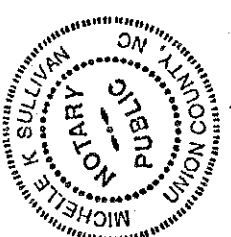

Member/Manager

STATE OF NORTH CAROLINA
COUNTY OF UNION

This 15 day of April, 2008, personally came before me, Clayton Ingram Walters, who being by me duly sworn, says that he is the member/manager of Middleton Partners, LLC, a North Carolina Limited Liability Company; and that said writing was signed and sealed by him on behalf of said corporation by authority duly given. And the said member/manager acknowledged the said writing to be the act and deed of said company.


Notary Public

My commission expires: 1/20/2013
(NOTARIAL SEAL)



Middleton Place Condominiums
Consent of Mortgagee

First Carolina State Bank being the Beneficiary under the certain Deed of Trust for Declarant to NC Real Property I, LLC, as trustee, conveying the property or portions thereof described in this Declaration and made a part hereof, and recorded in Book 4675 at Page 487 in the Union County Public Registry, does hereby consent to the recordation of this Declaration of Condominium and the imposing of the provisions thereof to said real property described in Exhibit A and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration of Condominium, including all exhibits, attachments, supplements and amendments thereto, shall be superior to the lien of said Deed of Trust on said Property. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 3 day of March, 2008.

TRUSTEE:

NC REAL PROPERTY I, LLC

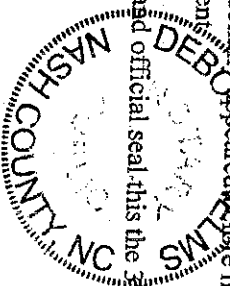
By: *Deborah Nelms*

On Behalf of its sole member

STATE OF NORTH CAROLINA
COUNTY OF NASH

I, Deborah Nelms, A Notary Public, for Nash County, North Carolina, do hereby certify that Reuben Harris personally appeared before me this day and acknowledge the due execution of the foregoing instrument.

Witness my hand and official seal this the 3rd day of March, 2008



Deborah Nelms

My Commission expires: 5-23-2012

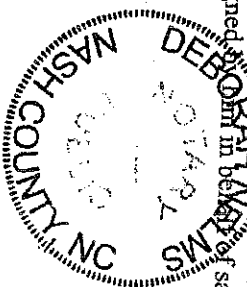
BENEFICIARY
FIRST CAROLINA STATE BANK

By: James R. Rose
Executive Vice President

STATE OF NORTH CAROLINA

COUNTY OF Nash

This 3 day of March, 2008, personally appeared before me James R Rose who being by me duly sworn says that he is the Executive Vice President of First Carolina State Bank and that said writing was signed and in behalf of said corporation by its authority duly given.



Deborah Williams
Notary Public

My Commission Expires: 3-23-2012

Exhibit "A"

BEGINNING at an old iron in the north boundary of the right of way of West Franklin Street, said iron being a corner of the property of Thomas L. Bingley (Book 330, Page 567, Union County Registry), and running from said beginning iron with the Bingley property line, North 00 degrees 07 minutes 10 seconds East 209.73 feet to an iron in the south boundary of the right of way of West Jefferson Street, thence with the south boundary of the right of way of West Jefferson Street, North 89 degrees 50 minutes East 220.00 feet to an iron, a corner of the property of Lucille H. Ragan (Will Book 10, Page 276, Office of the Clerk of Superior Court of Union County); thence with the Ragan property line, South 00 degrees 11 minutes 45 seconds West 209.74 feet to an old iron in the north boundary of the right of way of West Franklin Street; thence with the north boundary of the right of way of West Franklin Street; minutes West 219.72 feet to the BEGINNING old iron, and being the identical property conveyed by The Franklin Group to Alberto A. Roldan by deed dated June 1, 1987, and recorded in Book 421, Page 269, Union County Registry.

Exhibit "B"
to
DECLARATION OF
MIDDLETON PLACE CONDOMINIUMS

<u>Bldg. No.</u>	<u>Unit Designation On Plans</u>	<u>Unit Location</u>	<u>Percent Interest</u>
1	1	See Survey	4.545
1	2	See Survey	4.545
1	3	See Survey	4.545
1	4	See Survey	4.545
1	5	See Survey	4.545
1	6	See Survey	4.545
1	7	See Survey	4.545
1	8	See Survey	4.545
2	9	See Survey	4.545
2	10	See Survey	4.545
2	11	See Survey	9.091
2	12	See Survey	4.545
2	13	See Survey	4.545
3	14	See Survey	4.545
3	15	See Survey	4.545
3	16	See Survey	4.545
3	17	See Survey	4.545
3	18	See Survey	4.545
3	19	See Survey	4.545
3	20	See Survey	4.545
3	21	See Survey	4.545

Unit 11 is atypical in nature to the remaining units. It is larger and contains twice the square footage of the remaining 20 units.

Exhibit "C"



Chicago Title Insurance Company

Policy No. NC2057-46-T-43938-2008.72097-75297117

**Owner's
Information
Sheet**

Your Title Insurance Policy is a legal contract between you and Chicago Title Insurance Company.

It applies only to a one-to-four residential lot or condominium unit. If your land is not either of these, contact us immediately.

The Policy insures you against certain risks to your land title. These risks are listed on page one of the policy. The Policy is limited by:

- Exclusions on page 2
- Exceptions on Schedule B
- Conditions on pages 2 and 3

You should keep the Policy even if you transfer the title to your land.

If you want to make a claim, see Item 3 under Conditions on page 2.

You do not owe any more premiums for the Policy.

This sheet is not your insurance Policy. It is only a brief outline of some of the important Policy features.

The Policy explains in detail your rights and obligations and our rights and obligations. Since the Policy- and not this sheet - is the legal document, **YOU SHOULD READ THE POLICY VERY CAREFULLY.**

If you have any questions about your Policy, contact:

CHICAGO TITLE INSURANCE COMPANY

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4869
0133

SINUL WITH: 72107-75297113

CHICAGO TITLE INSURANCE COMPANY

SCHEDULE A

PRIOR POLICY AMOUNT: \$500,000.00
PRIOR POLICY DATE: December 29, 1995

File Number: T-43938

Amount of Insurance: \$ 890,000.00

Policy Number: 72097-75297117

Premium:

Date of Policy: August 31, 2007 at 04:30 PM

1. Name of Insured:
MIDDLETON PARTNERS, LLC.
2. The estate or interest in the Land that is insured by this policy is:
Fee Simple
3. Title is vested in:
MIDDLETON PARTNERS, LLC.
4. The insured mortgage and assignments thereof, if any, are described as follows:
Deed of Trust from MIDDLETON PARTNERS, LLC to NC REAL PROPERTY I, LLC, Trustee(s) for FIRST CAROLINA STATE BANK, dated August 30, 2007, filed for record on August 31, 2007 at 04:30 PM in the UNION County Registry, North Carolina, in Book 4675, Page 487 in the principal sum of \$1,323,200.00.
5. The Land referred to in this policy is described as follows:
SEE SCHEDULE C ATTACHED HERETO

CT

By: 

CAROLINA TITLE COMPANY, INC., AGENT

SCHEDULE B

File Number: T-43938
Policy Number: 72097-75297117

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes for the year 2008 and all subsequent years, not yet due and payable.
2. Title to that portion of land lying within the bounds of West Franklin Street and West Jefferson Street right(s) of way.
3. Public/private utility easements and road rights of way crossing the land.
4. Such state of facts as would be disclosed by an accurate survey and inspection of the premises.
5. Rights of parties in possession.
6. Assignment of Rents as recorded in Book 4675, Page 499.
7. No coverage is provided as to the exact amount of acreage or square footage of the land.

SCHEDULE C

File Number: T-43938

Policy Number: 72097-75297117

Lying and being situated in UNION County, North Carolina, and more particularly described as follows:

BEGINNING at an old iron in the north boundary of the right of way of West Franklin Street, said iron being a corner of Thomas L. Bingley (Book 330, Page 567, Union County Registry), and running from said beginning iron with the Bingley property line, North 00 degrees 07 minutes 10 seconds East 209.73 feet to an iron in the south boundary of the right of way of West Jefferson Street; thence with the south boundary of the right of way of West Jefferson Street, North 89 degrees 50 minutes East 220.00 feet to an iron, a corner of the property of Lucille H. Ragan (Will Book 10, Page 26, Office of the Clerk of Superior Court of Union County); thence with the Ragan property line, South 00 degrees 11 minutes 45 seconds West 209.74 feet to an old iron in the north boundary of the right of way of West Franklin Street; thence with the north boundary of the right of way of West Franklin Street, South 89 degrees 50 minutes West 219.72 feet to the BEGINNING.



Chicago Title Insurance Company
Security Union Title Insurance Company
(Members of the Fidelity National Financial, Inc. group of companies)

Fidelity National Financial Group of Companies' Privacy Statement

July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability To Correct Errors Or Request Changes Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
601 Riverside Avenue, 12th Floor
Jacksonville, FL 32204

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

Exhibit "D"

SOSID: 1030388
Date Filed: 2/28/2008 2:10:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C200805900357

ARTICLES OF INCORPORATION
OF
MIDDLETON PLACE CONDOMINIUM ASSOCIATION OF MONROE, INC.

ARTICLE I.

The name of the corporation shall be Middleton Place Condominium Association of Monroe, Inc.

ARTICLE II.

NON-PROFIT QUALIFICATIONS

This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for non-profit purposes. It is intended that this corporation qualify as an exempt organization under the provisions of Chapter 55A of the North Carolina General Statutes. No part of the net earnings of this corporation shall inure to the benefit of any private member or individual.

ARTICLE III.

PURPOSES AND POWERS

The purposes for which this corporation is organized are:

- (A) To provide for the management, maintenance, preservation, administration and operation of Middleton Place Condominiums, condominiums organized pursuant to Chapter 47C of the North Carolina General Statutes, the North Carolina Condominium Act, as set forth in the Declaration of Condominiums to be recorded in the Office of the Register of Deeds in Union County, North Carolina (the "Declaration").
- (B) To promote the health, safety and welfare of the "Owners" (as defined in the Declaration) and residents within the jurisdiction of the corporation.
- (C) To engage in any and all lawful activities incidental to the foregoing purposes, except as restricted herein.

In order to carry out the purposes the Corporation has been formed, the Corporation shall have all of the powers set forth in Chapter 55A of the North Carolina General Statutes, including, but not by way of limitation, the power:

- (a) to exercise all of the powers and privileges and to perform all of the duties and obligations of this corporation as set forth in the Declaration and Bylaws;

- (b) to fix, levy, collect and enforce payment by any lawful means of charges and assessments to the terms of the Declaration and Chapter 47C of the North Carolina General Statutes, the North Carolina Condominium Act,;
- (c) to pay all expenses of the business of this corporation, including all license and permit fees, taxes and other governmental charges levied or imposed against this corporation or the property of this corporation;
- (d) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of this corporation;
- (e) to borrow money, and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (f) to compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities in favor of the corporation and the owners, or on behalf of the corporation and owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the Units or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the common area of the development or part thereof, and to make and receive all payment or other consideration necessary therefor or in connection therewith;
- (g) to dedicate, sell or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members of the corporation as provided in the Declaration and Bylaws; and
- (h) to have and to exercise any and all powers, rights and privileges which a corporation organized under the North Carolina Nonprofit Corporation Act by law may now or hereafter have or exercise.

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or of otherwise attempting to influence legislation, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

Any capitalized terms not otherwise defined in these Articles shall have the meaning set forth in the Declaration.

ARTICLE IV.

FINANCE

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE V.

REGISTERED AGENT AND REGISTERED/PRINCIPAL OFFICE

The name of the corporation's registered agent for service of process is Middleton Partners, LLC. The street address of both the registered agent and the corporation's initial registered/principal office is 2500 West Roosevelt Boulevard, Monroe, North Carolina 28110. The initial registered/principal office is in Union County.

ARTICLE VI.

BOARD OF DIRECTORS

The affairs of the corporation shall be managed by an initial board of three (3) directors appointed by Declarant, and directors shall thereafter be elected as provided in the bylaws of the corporation. Each of the initial directors shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Directors need not be members of the Association.

The names and addresses of the persons who are to act in the capacity of the initial directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Clayton Ingram Walters	2500 West Roosevelt Boulevard, Monroe, North Carolina 28110
James M. Kerr	804 West Franklin Street, Monroe, North Carolina 28110
Dana Kerr	804 West Franklin Street, Monroe, North Carolina 28110

ARTICLE VII.

MEMBERSHIP, VOTING RIGHTS AND ASSESSMENTS

The corporation shall be a membership corporation without certificates or shares of stock. The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting rights and privileges of members, the liability of members for assessments, and the method of collection thereof shall be as set forth in the Declaration and in Bylaws to be adopted by the directors of this corporation.

ARTICLE VIII.

BYLAWS

The first directors of this corporation shall have the power to adopt bylaws for this corporation.

ARTICLE IX.

DURATION

The term of existence of this corporation shall be perpetual.

ARTICLE X.

DISSOLUTION

This Corporation may be dissolved only upon the signed written consent of the members entitled to not less than three fourths (3/4) of the votes. Upon dissolution of the Corporation, other than incident to merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XI.

AMENDMENTS

Amendments of these Articles shall require the assent of the members entitled to at least three-fourths (3/4) of the entire vote of the Membership.


ARTICLE XII.

INCORPORATOR

The name and address of the incorporator is Robert Gray Austin III, Austin, Austin & Pope, LLP., 305-A Post Office Drive, Indian Trail, North Carolina, 28079.

(The remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, I have hereunto set my hand, this 26th day of February, 2008.


Robert Gray Austin III.

STATE OF NORTH CAROLINA
COUNTY OF UNION

I, the undersigned a Notary Public for said County and State, do hereby certify that Robert Gray Austin III personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this the 26th day of February, 2008.


Tina B. Pope

My Commission expires:

6/24/11

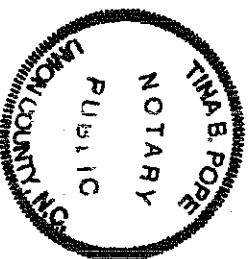


Exhibit "E"

BYLAWS OF

MIDDLETON PLACE CONDOMINIUM ASSOCIATION OF MONROE, INC.

ARTICLE I.

Name, Membership, Applicability and Definitions

- 1.1 Name. The name of the Association shall be Middleton Place Condominium Association of Monroe, Inc. (hereinafter sometimes referred to as the "Association").
- 1.2 Membership. All Unit Owners, as that term is defined in the Declaration of Middleton Place Condominiums, shall be members of the Association and the terms of the above referenced Declaration which pertain to membership are specifically incorporated herein by reference.
- 1.3 Definitions. The words used in these Bylaws shall have the same meaning as set forth in said Declaration, unless the context shall prohibit.

ARTICLE II.

Association, Meetings, Quorum, Voting, Proxies

- 2.1 Place of Meetings. Meeting of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board either in Middleton Place or as convenient thereto as possible and practical.
- 2.2 Annual Meeting. An annual meeting of the Unit Owners shall be held at 7:00 o'clock p.m. on the second Wednesday of March of each year (beginning in 2009), if not a legal holiday, and if a legal holiday, then at the same time on the next business day following the legal holiday for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting.
- 2.3 Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- 2.4 Special Meetings. Special meetings of the Unit Owners may be called at any time by the Board, the chairman or upon the written request of the Unit Owners owning at least fifty percent (50%) in common interest in the Common Elements other than those Units held by the Declaration.

2.5

Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting shall be delivered or mailed not less than ten (10) day nor more than fifty (50) days prior to the date thereof, either personally or by postage prepaid mail, at the direction of the Board, the chairman or Unit Owners calling the meeting, to each person entitled to vote at such meeting, and, to all Eligible Mortgage Holders so requesting under the provisions of Section 13.9 of the Declaration, who may request to attend the meeting of Unit Owners.

The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, and budget changes, and any proposal to remove the Board members or officers.

When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting, other than by announcement at the meeting at which the adjournment is effective.

2.6

Quorum. The presence is person or by proxy at any meeting of the Voting members (as defined in Section 2.7 of this Article) having forty percent (40%) or more of the total votes shall constitute a quorum. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the Voting Members present, either in person or by proxy, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

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

2.7

Voting Rights. The shall be one person with respect to each Unit ownership who shall be entitled to vote at any meeting of the Unit Owners (the "Voting Member"). The Voting Member may be the Owner, or one of a group composed of all of the Owners of a Unit, or may be some other person designated by such Owner(s) to act as proxy on his or her behalf, and who need not be an Owners. Each Owner or group of Owners (including the Board, if the Board or its designee shall then hold title to one or more Units) shall be entitled to one (1) vote for each Unit owned.

2.8

Majority Vote. The vote of a majority of the Voting Members present at meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by the Declaration, these Bylaws or by law.

2.9

Proxies. The Voting Members may vote either in person or by agents duly authorized by

written proxy executed by such Unit Owner or his duly authorized attorney-in-fact. A proxy shall be valid only for the particular meeting designated therein, unless the person executing it specifies therein the length of time for which it is to continue in force, which time shall not extend beyond eleven months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the secretary or duly acting secretary of the Association, either during or prior to the meeting in question.

2.10

Waiver of Notice. Any Voting Member may, at any time, waive notice of any meeting of the Association in writing, and such waiver shall be deemed to be equivalent to the giving of such notice. Attendance by a Voting Member at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof, except where a Voting Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Voting Member are present at any meeting of the Unit Owners, no notice shall be required, and any business may be transacted at said meeting.

2.11

Informal Action by Unit Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Voting Members and filed with the secretary of the Association to be kept in the Association's minute book.

ARTICLE III.

Executive Board

3.1

Number. The business and property of the Condominium shall be managed and directed by the Executive Board (the "Board"), composed of three (3) persons, or by such executive committees as the board may establish pursuant to the Bylaws; provided, however, that the initial Board shall be composed of three person.

3.2

Initial Members. The initial members of the Board (referred to as "directors" herein) shall be selected by the Declarant, and not be Unit Owners. Such initial directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Union County Public Registry, until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board from the date upon which the Declaration is recorded in the Union County Public Registry until such time as their successors are duly elected and qualified, are as follows:

Clayton Ingram Walters
James M. Kerr

Dana Kerr

3.3 Election. Except as provided herein, the directors shall be elected at the annual meeting of the Association, and those persons who receive the highest number of votes shall be deemed to have been elected. Notwithstanding anything herein to the contrary, the Board shall consist of three (3) directors during the period that Declarant is entitled to appoint a majority of the directors. The Declarant shall have the right to appoint all of the directors until the earlier of the following four dates: (a) within 120 days after the date by which 75% of the maximum number of Units which Declarant may create on the Phase I Property and on the Additional Real Estate, (which may include the New Additional Real Estate) have been conveyed to the Unit Purchasers, or (b) the date upon which Declarant surrenders control of the Condominiums to the Unit Owners, or (c) two (2) years after all Declarants have ceased to offer Units for sale in the ordinary course of business, or (d) two (2) years after exercise of Declarant of any development right to add Additional Units under the Act was last exercised.

The Declarant may turn over control of the Association to such Unit Owners other than the Declarant prior to such dates in its sole discretion by causing all or part of its appointed directors to resign, whereupon it shall be the affirmative obligation of Unit Owners other than the Declarant to elect directors and assume control of the Association. Provided at least thirty (30) days' notice of Declarant's decision to cause its appointees to resign is given to Unit Owners, neither the Declarant, nor such appointees, shall be liable in any manner in connection with such resignations even if the Unit Owners other than the Declarant refuse or fail to assume control.

Within sixty (60) days after conveyance of twenty-five percent (25%) of the maximum number of Units which Declarant may create on the Phase I Property and on the Additional Real Estate to Unit Owners other than the Declarant, at least one director and not less than twenty-five percent (25%) of the directors of the Board shall be elected by Unit Owners other than the Declarant. Within sixty (60) days after conveyance of fifty percent (50%) of said maximum number of Units to Unit Owners other than the Declarant, not less than thirty-three percent (33%) of the directors of the Board shall be elected by Unit Owners other than the Declarant.

Within sixty (60) days after the Unit Owners other than the Declarant are entitled to elect such director or directors, or sooner if the Declarant has elected to accelerate such event as aforesaid, the Association shall call, and give not less than ten (10) days' nor more than fifty (50) days' notice of a meeting of the Unit Owners to elect such director or directors of the Board. The meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

The size of the Board may be increased or decreased from time to time upon the affirmative vote of three-fourths (3/4) of all Unit Owners, provided that said Board shall

no be less than three (3) in number.

3.4

Term and Qualification. Each director shall hold office for the term for which he was elected, until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the meeting of the Association in which the Unit Owners are entitled to elect a majority of the directors, the directors of the Board shall be divided into three (3) classes, with each class consisting of one (1) director. The director of the first class shall initially hold office for a term of three (3) years; the director of the second class shall initially hold office for a term of two (2) years; and the director of the third class shall initially hold office for a term of one (1) year. At all annual elections thereafter, one director shall be elected by the voting members to succeed the director whose term then expires. Each such director shall serve for a three (3) year term. So long as Declarant shall one (1) or more Units, the director of the Board which Declarant has be construed to prevent the election of a director to succeed himself. Notwithstanding Sections 3.1 and 3.2, Spouses cannot serve on the Board at the same time. Each director, except those selected by the Declarant pursuant to the Bylaws, shall be one of the Unit Owners or co-owners, or a spouse of a Unit Owner or co-owner provided, however, that in the event a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner or such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a director.

3.5

Removal. Directors may be removed from office with or without cause by the affirmative vote of at least sixty-seven (67%) of the Voting Members. If any directors are so removed, new Board members may be elected at the same meeting; provided, however, that the person(s) selected by Declarant cannot be removed without the prior written consent of Declarant.

3.6

Vacancies. A vacancy occurring in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director, but a vacancy created by an increase in the authorized number of directors shall be filled only be election at an annual meeting or a special meeting of Unit Owners called for that purpose. The Voting Members may elect a director at any time to fill any vacancy not filled by the Board.

In the event that Declarant, in accordance with the rights herein established, selects any person to serve on any Executive Board of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board. Replacement of any person designated by Declarant to serve on the Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board.

The removal of any such Board member and the designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

- 3.7 Compensation. The Board Members shall receive no compensation for the services unless expressly allowed by the Board at the direction of the Unit Owners other than the Declarant having two-thirds (2/3) of the total votes.

- 3.8 Executive Committees. The Board may, by resolution adopted by a majority of the number of directors fixed by these Bylaws, designate two or more of its members to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the Condominiums.

The Board may, in like manner, created such other committees as it deems necessary and appropriate in aiding the Board to carry out its duties and responsibilities with respect to the management of the Condominiums.

- 3.9 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Condominiums, and may do all such acts and things, except such acts as by 1a or the Declaration or by these Bylaws may not be delegated to the Board. Such powers and duties of the Board shall include, but shall not be limited to, the following:

- (a) Determining the Common Expenses required for the affairs of the Condominiums, including, without limitation, the operation and maintenance of the Property.
- (b) Collecting the Common Expenses from the Unit Owners.
- (c) Supervising the operation, care, upkeep and maintenance of the Common Elements.
- (d) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Adopting and amending such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations.
- (f) Opening bank accounts on behalf of the Condominiums and designating the

signatories required therefor.

- (g) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.
- (h) Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the Common Elements, or any other portion of the Property, and a Unit Owner has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Unit Owner, provided, that the Board shall levy a specific assessment against such Unit Owner for the costs of said maintenance or repair, including a reasonable amount of supervision.
- (i) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, that except in the event of emergencies, such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practice, and any damage caused thereby shall be repaired by the Board, with such expenses being treated as a Common Expense.
- (j) Signing all agreements, contracts, deeds and vouchers for the payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. However, any contracts or leases executed on behalf of the Association prior to the passage of control of the Board to the Association must be terminable by the Association without penalty or not more than ninety (90) days written notice. In the absence of such determination by the Board, such document shall be signed by the treasurer and countersigned by the President.
- (k) Obtaining insurance for the Property, including the Units, pursuant to the applicable provisions of the Declaration.
- (l) Making or contracting for repairs, additions and improvements to or alterations or restoration of the property in accordance with the other provisions of these bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding.
- (m) Contracting for all goods, services and insurance, payment for which is to be made from the Common Expense fund.

- (n) Instituting, defending, or intervening in litigation or administrative proceedings in the name of or on behalf of the Association or two or more Unit Owners on matters affecting the Condominiums.
- (o) Borrowing money on behalf of the Condominiums when required in connection with the operation, care, upkeep and maintenance of the Common Elements or the acquisition of property, and granting mortgages on and/or security interest in Association owned property; provided, however, that the consent of the Unit Owners of at least two-thirds (2/3rds) of the Units represented at a meeting at which a quorum has been attained in accordance with the provisions of these Bylaws shall be required for the accumulative borrowing of any sum in excess of \$10,000.00.
- (p) Imposing charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, the Bylaws, or rules and regulations established by the Association, all in accordance with Sections 47C-3-107 and 47C-3-107A of the Act.
- (q) At its discretion, authorizing Unit Owners or other persons to use portions of the Common Elements for private parties and gatherings and imposing reasonable charges for such private use.
- (r) Exercising (i) all powers specifically set forth in the Declaration, the Articles of Incorporation, these Bylaws and in the Act, (ii) all powers incidental thereof, and (iii) all other powers of a non-profit North Carolina corporation.
- (s) Suspending the right of any Unit Owner to vote as long as said Unit Owner is delinquent in the payment of Common Expenses or is otherwise in violation of the Declaration or any exhibits thereto or applicable rules and regulations.

3.10

Managing Agent. The Board may engage the services of any person, firm, or corporation to act as managing agent at a compensation established by the Board, to perform such duties and services as the Board shall authorize, other than the powers set forth in subdivisions (a), (e), (g), (h), (i), (p), and (q) of Section 3.9 of this Article III. Any management agreement for the Condominiums shall be terminable by either party without cause and without payment of a termination fee or penalty upon 90 days or less written notice thereof and terms of such agreement may not exceed one year renewable by agreement of the parties for successive one year periods. Any management agreement shall be terminable by either party for cause upon the giving of not more than thirty (30) days written notice. When professional management has been previously required, any decision to establish self-management by the Association shall require the prior consent of sixty-seven (67%) of the Unit Owners, and in addition, when professional management has been previously required by any Eligible Mortgage Holder the decision to establish

self-management by the Association shall require the approval of fifty-one percent (51%) of the Eligible Mortgage Holders, counting one vote for each first mortgage owned.

3.11

Duties of Declarant. Within a reasonable time after Unit Owners, other than the Declarant, elect a majority of the members of the Board (but not more than sixty (60) days after such event), the Declarant shall deliver control of the Association and shall deliver to the Association all property [noted in Subsection (a) through (o)] of the Unit Owners and of the Association held or controlled by the Declarant, including, if applicable:

- (a) The original or a photocopy of the recorded Declaration of Condominiums, and all amendments thereto. If a photocopy is provided, the Declarant must certify by affidavit that it is a complete copy of the actual recorded Declaration.
- (b) A copy of the Articles of Incorporation of the Association.
- (c) A copy of the Bylaws of the Association.
- (d) The minute books, including all minutes, and other books and records of the Association.
- (e) Any rule and regulations which have been adopted.
- (f) Resignations of resigning officers and Board members.
- (g) Association funds or the control thereof.
- (h) A copy of the plans and specifications utilized in the construction or remodeling of improvements on the Property and the supplying of equipment; and for the construction and installation of all mechanical components servicing the improvements and the Condominiums, with a certificate, in affidavit form, of an officer of the Declarant or an architect or engineer authorized to practice in North Carolina, that such plans and specifications utilized in the construction or improvement of the Condominiums and the construction or installation of the mechanical components servicing the Improvements and the Condominiums.
- (i) Insurance policies.
- (j) Copies of any Certificates of Occupancy which may have been issued for the Condominiums.
- (k) Any other permits issued by governmental bodies applicable to the Condominiums in force or issued within one (1) year prior to the date the Unit

Owners take control of the Association.

- (l) All written warranties of contractors, subcontractors, suppliers and manufacturers, if any, that are still effective.
- (m) A roster of Unit Owners and their addresses and telephone numbers, if known, as shown on the Declarant's records.
- (n) Employment contracts or service contracts in which the Association is one of the contracting parties, or service contracts in which the Association or Unit Owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person or persons performing the service.
- (o) All other contracts to which the Association is a party.

ARTICLE IV.

Meetings of Directors

- 4.1 Organizational Meeting. The first meeting of the initial Board designated in these Bylaws shall be held at such time as the Declarant shall determine, but in no event later than one year from the date of incorporation of the Association. The first meeting of a newly elected Board shall be held within fifteen (15) days following the meeting of the Unit Owners at which the Board was elected. No notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, providing that a quorum is present.

- 4.2 Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as, the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board may provide by resolution the time and place, either within or without the State of North Carolina, for the holding of a regular meeting of the Board, with such meeting to be held as decided by the Board during each fiscal year.

- 4.3 Special Meetings. Special meetings of the Board may be called by or with the request of the chairman, or by any two (2) directors. Such meetings may be held either within or without the State of North Carolina.

- 4.4 Notice of Meetings. Regular meeting of the Board may be held without notice. The person(s) who called a special meeting of the directors shall, at least two (2) days prior to said meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Attendance by a director at a meeting shall constitute a waiver of notice of such meeting

except where a member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. Meetings of the Board shall be open to all Unit Owners and notices of meeting shall be posted conspicuously for the attention of Unit Owners in advance of the meeting, except for regular meetings of the Board, which may be held without notice.

- 4.5 Waiver of Notice. Any member of the Board may at any time waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

- 4.6 Quorum. A majority of the number of directors fixed by these Bylaws shall be required for and constitute a quorum for the transaction of business at any meeting of the Board.

- 4.7 Manner of Acting. Except as otherwise provided in this section, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. A vote of a majority of the number of directors fixed by these Bylaws shall be required to adopt a resolution constituting an executive committee. Vacancies in the Board may be filled as provided in Section 3.6 of these Bylaws.

- 4.8 Organization. Each meeting of the Board shall be presided over by the Chairman, and in the absence of the Chairman, by a person selected to preside by vote of the majority of the Board members present. The secretary, or in his absence, an assistant secretary, or in the absence of both the secretary and the assistant secretary, any person designated by the chairman of the meeting shall act as secretary of the meeting.

- 4.9 Informal Action of Board. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

- 4.10 Minutes. The Board shall keep minutes of its proceedings, which shall be available for inspection by the Unit Owners during reasonable business hours.

- 4.11 Liability of the Board and Officers. The directors and the officers provided for in Article IV hereof shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the directors and the officers against all contractual liability to others arising out of contracts made by the Board or the officers on behalf of the Condominiums, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that

the directors or any officer shall have no personal liability with respect to any contract made by them on behalf of the Condominiums, except to the extent that they are Unit Owners and have liability as such. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or the officers, or out of the aforesaid indemnity in favor of the directors of the officers, shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board, by the managing agent or by the officers on behalf of the Condominiums shall provide that the members of the Board, the managing agent or the officers, as the case may be, are acting only as agents for the Unit Owners, and shall have no personal liability thereunder.

ARTICLE V.

Officers

5.1 Number. The principal officers of the Condominiums shall consist of a Chairman of the Board, a secretary, a treasurer, and such vice chairmen, assistant secretary, assistant treasurers and other officers as the Board may from time to time elect. Any two or more offices may be held by the same person, except the offices of chairman and secretary.

5.2 Election and Term. The officers of the Condominiums shall be elected by the Board. The chairman, vice chairman, secretary, and treasurer shall be elected from among the Board and all other officers, if any, need only be a Unit Owner. The officers elected by the initial Board are not required to be Unit Owners. The election of officers may be held at the regular annual meeting of the Board.

Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies.

5.3 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board, with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5.4 Compensation. No officer shall receive any compensation from the Condominiums for acting as such.

5.5 Chairman of the Board. The Chairman of the Board shall be the principal executive officer of the Condominiums; and, subject to the control of the Board, shall supervise and control the management of the Condominiums. The chairman shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties incident to the office of chairman of the Board, and such other duties as may be prescribed from time to time by the Board.

5.6 Vice Chairman. The vice chairman, and if there be more than one, the vice chairman, designated by the Board, shall, in the absence or disability of the chairman, have the powers and perform the duties of said office. In addition, each vice chairman shall perform such other duties and have such other powers as shall be prescribed by the Chairman of the Board.

5.7 Secretary. The secretary shall keep accurate records of the acts and proceedings of all meeting of the Unit Owners and directors. He shall give, or cause to be given, all notice required by law and by these Bylaws. He shall have general charge of the minute books and records of both the Association and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of secretary, and such other duties as may be assigned from him from time to time by the chairman of the Board or by the Board.

5.8 Treasurer. The treasurer shall have custody of all Condominium funds and securities, and shall receive, deposit, or disburse the same under the direction of the Board. He shall keep full and accurate accounts of the finances of the Condominiums in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board on or before the 15th day of the second month following the close of each fiscal year. The statement so filed shall be kept available for inspection by an Unit Owner for a period of three (3) years. The treasurer shall also prepare and file all reports and returns required by federal, state or local law, and shall generally perform all other duties as may be assigned to him from time to time by the chairman of the Board.

5.9 Assistant Secretaries and Treasurers. The assistant secretaries and assistant treasurers, if any, shall, in the absence of the secretary and treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chairman of the Board or the Board.

ARTICLE VI.

Operation of the Property

6.1 Initial Assessment. At its organizational meeting the Board shall adopt a proposed budget for the Condominiums and shall levy assessments against the Units for Common Expenses based upon said budget, which assessments shall commence in accordance with the provisions of Section 6.4 of the Declaration. The assessments so levied shall remain in effect until future assessments are determined in accordance with the provision of Section 6.2 of these Bylaws.

6.2

Assessment and Determination of Common Expenses. The Board shall from time to time, and at least annually, prepare a budget for the Condominiums, for the purpose of determining the amount of the Annual Assessments to be collected from the Unit Owners in order to provide for the Common Expenses of the Condominiums, and allocate and assess such Common expenses amount to the Unit Owners, according to their Percentage of Interest in the Common Elements as set forth in the Declaration, taking into consideration any expected income and any surplus from the prior year's operation. The Common Expenses shall include, without limitation, the expenses, costs and charges incurred in connection with the administration, operation and management of the Condominium property; the costs of maintenance, repair, replacement and restoration of the Common Elements, or any part thereof; the cost of all insurance premiums on all policies of the insurance required to be or which have been obtained by the Board pursuant to the provisions of the Declaration; such amounts as the Board may deem proper for the convenience, comfort and well-being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation, an amount for working capital of the Condominiums, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year; in proper cases, the cost of administration and of maintenance and repair of the Limited Common Elements; and any other expenses lawfully agreed upon.

In establishing a reserve fund for replacements, the Board shall take into account the number and nature of replaceable assets, the expected life or each asset, and the expected repair or replacement cost. The Board shall then set the required capital contribution in an amount sufficient to permit meeting the projected capital needs of the Association in respect to both amount and timing by equal annual installments over the applicable period.

Within thirty (30) days after adoption by the Board of any proposed budget for the Condominiums, the Board shall provide a summary of the budget to all Unit Owners and shall give notice of a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary and notice. A quorum need not be present at the meeting. The budget is ratified unless at the meeting a majority of all the Unit Owners votes to reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. Provided, however, the requirements of this Section relation to budget adoption shall not be applicable to the adoption of the initial budget or the levy of the initial assessment by the Board at its organizational meeting as provided for in Section 6.1 hereof.

6.3

Payment of Assessments. All Unit Owners shall be obligated to pay (1) Annual Assessments to Common Expenses assessed by the Board pursuant to the provisions of this Article VI; (2) special assessments to be established and collected as provided herein,

and (3) specific assessments against any Unit which are established pursuant to the terms of these Bylaws. The original monthly assessment is an estimate and was derived from an estimated budget prepared by the Declarant. In addition, each buyer, at the closing of a Unit, shall contribute an amount equal to one-sixth (1/6th) of the amount of the annual assessment for that Unit to the working capital fund as provided in Section 6.5 of the Declaration. Annual Assessments shall be due and payable in monthly installments on the first day of every month. A later payment charge in an amount to be determined by the Board shall be assess for any installment not paid by the tenth of the month. Any installment not paid during the month in which is due shall be subject to the late payment charge and shall accrue interest as provided in Section 6.5, and shall constitute a lien on the Unit as provided in Section 6.6 of this Article VI.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common Elements. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Assessments assessed against such Unit prior to the acquisition by the purchaser of such Unit only in the purchaser expressly assumes such obligation in writing; provided, however, the lien be entitled to a statement from the Board setting forth the amount of the unpaid assessments in excess of the amount shown on the statement. Provided, however, that a First Mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit or a First Mortgagee who take a deed in lieu of foreclosure shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale or deed in lieu of foreclosure. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Unit Owners, including such purchaser, his successors or assigns.

6.4

Special Assessments. The Association may levy Special Assessments for Common Expenses not covered by the Annual Assessment, applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such Assessment shall have the assent of two thirds (2/3) of the Voting Members at a meeting duly called for this purpose. Such Special Assessments shall be charged to the Units according to their Percentage Interest in the Common Elements. In addition, the Board may levy Special Assessments against one or more, but less than all, of the Units to cover repairs or maintenance for which such Unit Owner or Owners are responsible and which they have failed to make, or for repairs or maintenance required of a Unit Owner or Unit Owners which impair the value of the Common Elements or the Unit or Units, or expenses which are incurred in the abatement of or as a result of a violation by a Unit Owner or Owners of the provisions of the Declaration, the Bylaws or the rules, regulation, or for fines levied

for said violations, or where the Board has purchased a Unit on behalf of one or more Unit Owners. The period of assessment and manner of payment of such assessment shall be determined by the Board.

6.5

Collection of Assessments. The Board shall determine Common Expenses against the Unit Owners from time to time, at least annually, and may, as the Board shall determine, take prompt action to collect any Assessments due from any Unit Owner which remain unpaid for more than thirty (3) days from their due date. Assessments are not subject to credit or set off for any reason without prior written approval of the Board.

The Board shall notify Eligible Mortgage Holders pursuant to the provisions of the Declaration for which any amount assessed pursuant to these Bylaws remains unpaid for more than sixty (60) days from their due date, and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any obligation hereunder for a period in excess of sixty (60) days.

6.6

Default in Payment of Assessment. In the event of default by any Unit Owner in paying to the Board any amounts assessed by the Board, such Unit Owner shall be obligated to pay a late payment charge of fifteen (\$15.00) dollars or such rate as established by the Board from time to time, and interest at the initial rate of ten percent (10%) per annum on such amounts from their due date or at a rate as established by the board, together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in collecting such unpaid sums. If a Unit Owner shall be in default in payment of an installment of an Assessment, including but not limited to, the monthly installment based on the annual budget, the Board may accelerate the remaining installments upon ten (10) days' written notice to such Unit Owner, whereupon the entire unpaid balance of such Assessment shall become due upon the date dated in such notice.

6.7

Lien and Personal Obligation. Each Assessment provided for in this Article, together with late payment charges, interest and expenses, including attorneys' fees (as permitted by law), shall be a charge on and a continuing lien upon the Unit against which the Assessment is made when a notice of such lien has been filed of record in the Office of the Clerk of Superior Court of Union County, North Carolina, in the manner provided by Article 8, Chapter 44, of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (3) days after the same shall become due. Said notice of lien shall also secure all Assessments against the Unit becoming due thereafter until the lien has been satisfied. Said lien may be foreclosed in the manner as a deed of trust on real property. In addition, each Unit Owner shall be personally liable for any Assessment against his Unit becoming due and payable while he is the Owner of such Unit.

6.8

Priority of Assessment Lien. The lien of the Assessments provided for in this Article shall be prior and superior to all other liens except (a) ad valorem taxes, and (b) all sums

unpaid of first lien deeds of trust, mortgages or other encumbrances against the Unit prior to the docketing of the Assessment lien. The sale or transfer of any Unit shall not affect the Assessment lien against such Unit. Provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by a superior lien holder or conveyance to First Mortgagee by deed in lieu of foreclosure shall extinguish the inferior Assessment lien against the subject Unit but no such sale or transfer shall relieve each Unit for liability for any Assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien holder, to the extent of its lien.

- 6.9 Foreclosure of Liens for Unpaid Assessments. Following the institution of any action by the Board to foreclose on a Unit because of unpaid Assessments, the Unit Owner shall pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the rental. The Board, acting on behalf of the Association, on behalf of any one or more individual Unit Owners, or so instructed, shall have the power to purchase such Unit, at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosing or waiver of the Assessment lien. Where a First Mortgagee or the purchaser of a Unit obtains title to the Unit as a result of foreclosure of the First Mortgage, such purchaser, its successors and assigns, shall not be liable for the share of the Common Expenses or Assessments by the Board chargeable to such Unit which become due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of Common Expenses or Assessments shall be deemed to be a Common Expense from all Unit Owners, including such purchaser, its successors and assigns.

- 6.10 Statement of Common Expenses. The Board shall promptly provide any Unit Owner so requesting the same in writing with a written statement of all unpaid charges due from such Unit Owner, for which it may institute a reasonable charge at its discretion.

- 6.11 Abatement and Enjoyment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board or the breach of any bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board, acting in good faith, the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists, and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition which may exist therein contrary to the intent and meaning of the provision hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or, (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner; ©) in any case of flagrant or repeated violation by a Unit Owner, to require such

Unit Owner to give sufficient sureties for his future compliance with such Condominium documents; or (d) after notice and an opportunity to be heard, to levy reasonable assessments and fines in accordance with Sections 47C-3-107 and 47C-3-107A of the Act for such violations. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

6.12 Maintenance and Repair:

- (a) Each Unit Owner shall maintain, repair and replace, at his sole cost and expense, all portions of his Unit which may become in need thereof, including all garages and patio areas, the components of the heating and air conditioning system within and appurtenant to each Unit, if any, all bathroom and kitchen fixtures and appliances, light fixture, interior, non-loadbearing walls, doors, floors, ceilings, carpeting, drapes and other items within the Unit, whether structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Elements not specifically set forth herein contained therein and not necessitated by the negligence, misuse or neglect of the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors). Each Unit Owner shall clean the Limited Common Elements appurtenant to his Unit and replace all light bulbs in fixtures (if any) located in such Limited Common Elements. Each Unit Owner shall be responsible for replacing all heating and air conditioning filters, if any, required in his Unit. Each Unit Owner shall further be responsible for all damages to any and all other Units and/or to the Common Elements which his failure to undertake his maintenance responsibility may engender. All damages to the Common Elements or other Units intentionally or negligently caused by the Unit Owner, his family, guests, agent, servants, lessees, employees or contractors shall be promptly repaired by the Unit Owner at his sole cost and expense; provided that there is excluded from the provisions contained in this section such repairs necessitated by casualties insured against by the Association to the extent the Association receives insurance proceeds for such repairs. In such event, the Unit Owner shall be required to pay such portion of the costs of such maintenance, repair and replacement as shall exceed the amount of the applicable insurance proceeds. If the Unit Owner does not make those repairs to be made by him within thirty (30) days from written demand by the Board, the same may be repaired by the Board, and the cost thereof shall be assessed against the Unit owned by the subject Unit Owner.

- (b) The Association, through its Board, shall maintain, repair and replace all portions of the Common Elements and Limited Common Elements (except as provided in Section 6.12(a) above) which shall require same, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, his family, guests, agents, servants, lessees, employees or contractors, in

which case such expense shall be charged to such Unit Owner, or unless herein provided to the contrary, and the cost thereof shall be charged to all the Unit Owners as a Common Expense.

- 6.13 Restrictions on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness or the safety of the Condominium property, or reduces the value thereof. Each Unit Owner shall cause any work so performed or being performed on the Unit, which, in the sole opinion of the Board, violates the terms of this section, to be immediately corrected, and he shall refrain from recommencing or continuing any such work without written consent of the Board.

- 6.14 Duty to Report. Each Unit Owner shall promptly report to the Board or its agent any defect or need for repairs or replacement the responsibility for which is that of the Association.

- 6.15 Additions, Alterations or Improvements by the Association. Whenever in the judgment of the Board the Common Elements shall require additions, alterations or improvements, the Board shall proceed with such additions, alterations or improvements, and shall assess all Unit Owners for the costs thereof, as a Common Expense, subject, however, to the provisions of sections 6.2, 6.3 and 6.4 of this Article.

- 6.16 Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any addition, alteration or improvement in or to his Unit, which impairs the structural integrity or mechanical systems or lessens the support of any part of the Condominiums. No Unit Owner shall make any addition, alteration or improvement which affects the exterior portion or outward appearance of such Unit, without the prior written consent thereof of the Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in or to such Unit Owner's Unit with thirty (30) days after such request, and failure to do within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement.

- 6.17 Use of Common Elements and Facilities. A Unit Owner shall not interfere with the use of the Common Elements by the remaining Unit Owners and their guests.

- 6.18 Right of Access. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element; or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services of other Common Elements in his Unit or elsewhere in the building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided

that requests for entry are made in advance, and that any such entry is at a time reasonably convenient to the Unit Owner. In the case of emergency, such right of entry shall be immediate, whether or not the Unit Owner is present at the time such request for entry is made, or such entry is at a time reasonably convenient to the Unit Owner.

6.19

Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board. Such rules and regulations shall be equally applicable to all Unit Owners similarly situated and shall be uniform in their application and effect. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to their effective date.

6.20

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

6.21

Nonwaiver of Remedies.

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

(b) The failure of Declarant to enforce any rights, privilege, covenant or condition which may be granted to it by the Declaration or other above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provisions, covenant or condition in the future.

0 The failure of a First Mortgagee to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by the Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE VII.

Records and Audits

7.1 Reports. The Board shall keep detailed records of the actions of the Board and the managing agent, minutes of the meeting of the Board, minutes of the meetings of the

Association, and financing records and books of account of the Condominiums, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit, which, among other things, shall contain the amount of each Assessment against each Unit, the date when due, the amounts paid and the balance remaining unpaid. The financial records and books of account shall be available for and the balance remaining unpaid. The financial records and books of account shall be available for examination by all Unit Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and authorized agents, at convenient hours that shall be set and announced for general knowledge. A written annual summary of all receipts and expenditures of the Condominiums shall be rendered by the Board to all Unit Owners on or before the 15th day of the second month following the close of the fiscal year. In addition, an annual report of the receipts and expenditures of the Condominiums shall be rendered by the Board to all Unit Owners and to all Eligible Mortgage Holders who have requested the same, promptly after the end of each fiscal year.

7.2

Common Expense Funds. All sums collected by the Association, either as Assessments for the Common Expenses or Special Assessments may be commingled in a single fund, but they shall be held for the Owners for the purposes for which they are paid, and shall, subject to the right of withdrawal or refund provided herein, be credited to accounts from which shall be paid the charges for which the Assessments are made. Such accounts shall include the following, or such other and further accounts as the Board from time to time shall determine.

- (a) General Common Expense Account--to which shall be credited collection of that portion of the Common Expense Assessments received for defraying the costs of operating the Condominiums on a day-to-day basis, including normal maintenance and repairs, insurance and related charges.
- (b) Capital Reserve Account to which shall be credited all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Elements at a future date.

All sums collected by the Association, either as assessments of the Common Expenses or special assessments, during any fiscal year and allocated to the General Common Expense Account or to any other account from which non-capital expenditures may be made, in excess of expenditures during such fiscal year made from or chargeable to said account or accounts shall be deemed contributions to capital at the end of said fiscal year, and shall be transferred to the Capital Reserve Account. All amounts credited to said Capital Reserve Account shall be contributions to capital, and shall be held in trust by the Association for future expenditures of a capital nature, and shall serve to reduce the Assessments required for said capital expenditures. Individual Unit Owners shall not be entitled to a return of dues upon sale of a Unit.

- 7.3 Audits. All books of account and financial records shall be kept in accordance with generally accepted accounting practices. The Board shall have a review of the books of account and financial records of the Association made by an independent accountant immediately following the close of each fiscal year and the report of such accountant shall be received by the Board and made available for inspection upon request by all Units owners and all eligible Mortgage Holders on or before the 15th day of the third month following the close of each fiscal year.

ARTICLE VIII.

Amendments to Bylaws

- 8.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.
- 8.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the Board or by not less than one third (1/3) of the members of the Association. Directors and members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be by not less than a majority of the votes of all members of the Association represented at a meeting at which a quorum has been attained.
- 8.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to the Declarant or eligible Mortgage Holders without the consent of said Declarant and Eligible Mortgage Holders in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of the Association or Declaration without satisfaction of the requirements therein contained.
- 8.4 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted an amendment to the Declaration and bylaws, which certificate shall be executed by the Chairman or vice chairman and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed, or by the Declarant alone if the amendment has been adopted consistent with the provisions of the Declaration allowing such action by the Declarant. The amendment shall be effective when the certificate and a copy of the amendment is recorded in the Register of Deeds for Union County, North Carolina.

ARTICLE IX.

Condemnation

9.1

General. Whenever all or any part of the Condominium Property shall be taken by any authority having the power of condemnation or eminent domain, each Unit Owner and all Eligible Mortgage Holders shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association as provided in this Article IX.

9.2

Common Elements. If the taking is confined to the Common Elements (general or limited) on which improvements shall have been constructed, and at least seventy-five (75%) percent of the total vote of the members of the Association entitled to vote shall vote within sixty (60) days after such taking to replace the improvements, or any part thereof, on the remaining land included in the Common Elements (general or limited) and according to the plans therefor first approved by the Association, then the Board shall arrange for such replacement and the Association shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Elements (general or limited) is to be repaired or reconstructed as provided for herein; subject, however, to the right hereby reserved to the Association by a majority vote of the Voting Members, to provide for the disbursement incident to such replacement) to the Unit Owners or any one or more of them or to their First Mortgagees as their interest may appear in amounts disproportionate to their percentages of undivided interest in the Common Elements (general or limited) established herein, which disproportionate amounts shall correspond with the disproportionate damage sustained by the Unit Owners or any one or more of them as the Association may determine. If at least seventy-five (75%) percent of the Voting Members shall not decide within sixty (60) days after such taking to replace said improvements or if the taking is confined to the Common Elements (general or limited) on which no improvements shall have been constructed, then the Association shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to the replacement of improvements taken has been made, including the right reserved to the Association to provide for the disbursement of the remaining proceeds held by it to the Unit Owners in disproportionate amounts. All disbursement made under this Section 9.2 shall be in strict compliance with Section 47C-1-107 of the Act.

9.3

Units. If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Elements (limited or general), then the award shall be disbursed and all related matters shall be handled pursuant to and

in accordance with the consent of all Unit Owners and First Mortgagees affected and the Executive Board of the Association thereafter, expressed in a duly recorded Amendment to the Declaration of Condominiums, all in accordance with Section 47C-1-107 of the Act.

9.4

Termination. The Board shall call a meeting of a Unit Owners at least forty-five (45) days prior to any final taking by the condemning authority to determine the action to be taken pursuant to Sections 9.2 and 9.3 above. Except in the event of a taking of all the Units by eminent domain, in the vent the condemnation involves more than ten (10%) percent of the value of the Common Elements (limited or general) and/or more than fifteen (15%) percent of the total value of all Units, the Condominium may be terminated at such meeting by written approval of not less than seventy five (75%) percent of the Voting Member. Any termination agreement shall be in compliance with 47C-2-118 of the Act.

ARTICLE X.

Miscellaneous

10.1

Ad Valorem Taxes. Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of tax assessed against his Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Elements shall be listed for said taxes in the name of and paid by the Association. Each Unit Owner is also responsible for his pro rata share of taxes assessed on his portion of the Common Elements, if any.

10.2

Notification to Mortgagees. Any Owner who mortgages his Unit shall notify the Association of the name and address of the Mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums." In addition to any other notification provided for in the Declaration or these Bylaws, he Association, may, at the written request of a Mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall notify each Mortgagee appearing in said book the name of each company insuring the Condominium Property under the master policy and the amounts of the coverage thereunder.

10.3

Severability. Invalidation of any covenant, condition, restriction or other provision of the Declaration or these Bylaw shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

10.4

Successors Bound. The rights, privileges, duties and responsibilities set forth in the Declaration or these bylaws, as amended from time to time, shall run with the ownership

of the Condominium Property and shall be finding upon all persons who own or hereafter acquire any interest in the Condominium Property.

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

- 10.6 Principal Office-Registered Office. The initial principal office and registered office of the Association shall be located at 2500 West Roosevelt Boulevard, Monroe, North Carolina 28110.

- 10.7 Other Offices. The Association may have other offices at such other places within North Carolina as the Board may from time to time determine or as the affairs of the Association may require.

- 10.8 Seal. The seal of the Association shall contain the name of the Association, the word "Seal," the year of incorporation and such other words and figures as is desired by the Board of Directors. When obtained, the seal shall be impressed in the margin of this Section of the Bylaws.

- 10.9 Fiscal Year. The fiscal year of the Association shall be the calendar year.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Middleton Place Condominium Association of Monroe, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the initial Executive Board thereof held on the ___ day of April 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 16 day of April 2008.

Secretary

