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FOR REGISTRATION REGISTER OF DEEDS
Judy D. Martin
Moore County, NC
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STATE OF NORTH CAROLINA

COUNTY OF MOORE

**AMENDMENT AND RESTATEMENT OF DECLARATION OF CONDOMINIUM
OF LAKEVIEW CONDOMINIUM**

THIS AMENDMENT TO THE DECLARATION OF CONDOMINIUM OF LAKEVIEW CONDOMINIUM, made this 16 day of January, 2013/2014.

WITNESSETH

WHEREAS, on the 4th day of December, 1974, Pinehurst, Incorporated executed and saw to the recording of a certain Declaration of Intention to Submit Property to the Provision of Chapter 47 of the North Carolina General Statutes concerning Lakeview Condominium ("Declaration") at Deed Book 391, Page 48, Moore County Public Registry;

WHEREAS, the Declaration and it accompanying Bylaws have been amended from time to time as evidenced in Deed Book 473, Page 871 and Deed Book 593, Page 140 and Deed Book 1097, Page 38, all of the Moore County Public Registry; and,

WHEREAS, the Declaration and accompanying Bylaws are in need of further amendment and the requisite votes for amendments have been achieved.

NOW, THEREFORE, the undersigned President of the Lakeview Condominium Association does hereby cause the execution of this Amendment in order to amend the Declaration and/or Bylaws recorded at Deed Book 391, Page 48 and amended by Amendment recorded at Deed Book 473, Page 871 and amended by Amendment recorded at Deed Book 593, Page 140 and amended by Amendment recorded at Deed Book 1097, Page 38, all of the Moore County Public Registry, as follows:

- A. For the Declaration by omitting the second paragraph of Item 2 its entirety, so that Item 2 reads as follows:

“2. **Description of Buildings.** The Declarant has constructed upon the above described property, thirty-one buildings to be used for residential purposes only. A plat of survey of the property dated September 1974 by Mont B. Gilmore, Registered Land Surveyor, showing the location of said buildings thereon is included in Exhibit B as recorded and made a part hereof. Said buildings are more particularly described in the plans and specifications of said buildings, a copy of which plans and specifications are attached hereto and made a part hereof as Exhibit B, showing all particulars of the buildings, including the layout locations, ceiling and floor elevations, unit numbers and dimensions of the units, and location of the common areas, limited common areas and facilities affording access to each unit. Such plans bear the verified statement of Arthur Manns Harden, A. I. A., Registered Architect certifying that said plans are an accurate copy of the plans and said buildings.”

B. For the Declaration, by omitting in its entirety, Paragraph 5 and inserting the following as a new Paragraph 5:

5. **Limited Common Areas and Facilities; Maintenance by Unit Owner; Maintenance by Association.** Limited common areas and facilities shall mean and include these common areas and facilities designated in this Declaration and Exhibit B as reserved for use by a certain unit to the exclusion of other units and shall mean all balconies adjacent to or associated with one particular unit. Each building in which units are located have balconies which are associated with each particular unit in such buildings and which (i) are limited to the exclusive use of the unit to which they are adjacent, and (ii) are for the purposes of this Declaration limited common areas and facilities.

Every Unit Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, every Unit Owner being expressly responsible for the damages and liability which is failure to do so engender. The Unit Owner of such Condominium Unit shall be liable and responsible for the maintenance, repair and replacement of all heating and air conditioning equipment regardless of where located, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Condominium Unit. Such Unit Owner shall further be responsible and liable for the maintenance, repair, and replacement of the exterior surfaces of any and all walls, ceilings and floors within his Condominium Unit, including painting, decorating and furnishing, and all other accessories which such Unit Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair or replacement of any item for which Unit Owner is obligated to maintain, replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purposes of making such maintenance, repair or replacement except that the Unit Owner of such Condominium Unit shall be, in said instance,

required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Unit Owner of a Condominium Unit who has exclusive use of any Limited Common Area shall maintain such at his own expense. All doors, window frames, panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Condominium Units.

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property; including those portions thereof which contribute to the support of the buildings and all conduits, ducts, plumbing, wiring and other facilities located in the Common Property for the furnishing of utility, heating and other services to the Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Property, the Association shall, at its expense, repair such incidental damage: Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his immediate family, guests, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, or by reason of any deductibility provision of such insurance, or by reason of any deductibility provision of such insurance proceeds, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

C. For the Declaration, by omitting in its entirety, Paragraph 13 subparagraph (b) and inserting the following as a new Paragraph 13 subparagraph (b) (the underlined part being that which is new):

13 (b) **Coverage.** All buildings and improvements upon the land and personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
- (2) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land except flood damage which shall be insured by individual Unit Owners at their discretion.

(3) said policies shall contain clauses providing for waiver of subrogation. Public liability insurance shall be secured by the Board in such amount and with coverage as shall be deemed necessary by the Board, including, but not limited to, an endorsement to cover liability of the Unit Owners as a group to a single Unit Owner. There shall also be obtained such other insurance coverage as the Board shall determine from time to time to be desirable and necessary.

D. For the Declaration, by omitting in its entirety, Paragraph 12 (b).

E. For the Bylaws, as follows:

ARTICLE II - UNIT OWNERS, SECTION 2, is omitted in its entirety and substituted therefore is the following:

Section 2. Annual Meetings. An annual meeting of the Unit Owners shall be held on a date and at a time following the close of the Condominium's fiscal year, as determined by the Board, 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.

ARTICLE II - UNIT OWNERS, SECTION 3, is omitted in its entirety and NOTHING is substituted in its place.

ARTICLE II - UNIT OWNERS, SECTION 6, is omitted in its entirety and substituted therefore is the following:

Section 6. Quorum. The presence in person or by proxy at any meeting of the voting members (as defined in this Article) having 10% of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Unit Owners at which a quorum is present upon the affirmative vote of the meeting. 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.

ARTICLE III - BOARD OF ADMINISTRATORS, SECTION 1, is omitted in its entirety and substituted therefore is the following:

Section 1. Number. The business and property of the Condominium shall be managed and directed by the Board composed of five (5) persons or by such Executive Committees as the Board may establish pursuant to these By-Laws. The Board or such Executive Committee may appoint up to two Unit Owners to serve as non-voting advisors.

ARTICLE III - BOARD OF ADMINISTRATORS, SECTION 7 subparagraph (m), is omitted in its entirety and substituted therefore is the following:

SECTION 7. (m) Obtaining of insurance for the Property, including the units, pursuant to the applicable provisions of the Declaration. Negotiation of claim settlements with insurers and negligent persons.

ARTICLE V – OFFICERS, SECTION 1, is omitted in its entirety and substituted therefore is the following:

Section 1. Number. The principal officers of the Condominium shall consist of a Chairperson (“Chairman”) of the Board who will also serve as President, a Secretary, a Treasurer, and such Vice Chairmen, Assistant Secretaries, 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.

ARTICLE V – SECTION 8, is omitted in its entirety and substituted therefore is the following:

Section 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 Condominium 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 of 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 30th day of the fourth month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each Unit Owner annually on or before April 30 covering the preceding calendar year. 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 or by the Board.

ARTICLE VII- RECORDS AND AUDITS, is omitted in its entirety and substituted therefore is the following:

The Board or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, 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 of the common charges and penalties against such unit, the date when due, the amounts paid thereof, and the balance remaining unpaid. The financial record and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. An independent audit of the books and records shall be secured by the Board at least once every five years and made available to the Unit Owners on the same basis as the financial records and books of account. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all unit Owners and to all mortgagees of units who have requested the same, promptly after the end of each fiscal year.

In all other respects, the Declaration of Lakeview Condominium and the Bylaws of Lakeview Condominium as recorded in the Office of the Register of Deeds of Moore County are hereby ratified and confirmed. Pinehurst, LLC, successor in title and interest to Pinehurst, Incorporated, joins in the execution of this amendment to the Declaration and Bylaw Amendment as required by paragraph 18 of the Declaration referred to hereinabove. However, this joinder by Pinehurst, LLC shall not imply and does not imply that Pinehurst, LLC has approved the legal sufficiency of this amendment.

IN WITNESS WHEREOF, the undersigned President of the Lakeview Condominium Association executes this document, and by doing so attests that a vote of at least 66&2/3 in common interest of all unit owners, cast in person or by proxy at a meeting duly held in accordance with the provision of the By-laws, was achieved with respect to the aforesaid amendments.

Lakeview Condominium Association, a non profit association

By: Neil R. Hartwick
Neil R. Hartwick President
Name of officer

STATE OF North Carolina
COUNTY OF Moore

I, Barbara Collins, a Notary Public of the County and State aforesaid, certify that Neil R Hartwick [Name of officer], either being personally known to me or proven by satisfactory evidence (said evidence being drivers license), personally appeared before me this day and acknowledged that (s)he is President of Lakeview Condominium Association, a non profit association and that (s)he, as President being authorized to do so, voluntarily executed the foregoing on behalf of the non profit association for the purposes stated therein.

WITNESS my hand and official stamp or seal, this 16 day of Jan, 2013. 2014

Barbara Collins
Notary Public Barbara Collins

My Commission Expires: Oct 18, 2014



For ease of reading, and in order to facilitate the governance of the Association, the Lakeview Condominium Association hereby publishes its Declaration and Bylaws with all prior amendments, including the above amendments, embedded within:

**RESTATEMENT OF THE
DECLARATION OF INTENTION TO SUBMIT PROPERTY
TO THE PROVISIONS OF CHAPTER 47
OF THE NORTH CAROLINA GENERAL STATUTES

LAKEVIEW CONDOMINIUM**

THIS DECLARATION, made [ORIGINALLY AS OF] this 4th day of December, 1974, by PINEHURST INCORPORATED, a North Carolina Corporation, hereinafter called the "Declarant", pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, entitled the "Unit Ownership Act," and amended on April 16, 1981.

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property in Moore County, State of North Carolina, and more particularly described in Exhibit A as recorded: and

WHEREAS, the Declarant is the owner of certain condominium type buildings and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and intention of the Declarant to divide the project into "condominium units" or "units" as those terms are defined under the provisions of the North Carolina unit Ownership Act, and to sell and convey the same to the various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the above described property and the buildings located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the North

page 7 omitted purposefully

Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes):

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described above and as described in Paragraph I below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following covenants, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. **Description of Property.** All that certain parcel of land with the buildings and improvements thereon erected and to be erected lying and being in Mineral Springs and Sandhill Townships, County of Moore, State of North Carolina, and more particularly described in Exhibit "A" as recorded and made a part hereof.

2. **Description of Buildings.** The Declarant has constructed upon the above described property, thirty-one buildings to be used for residential purposes only. A plat of survey of the property dated September 1974 by Mont B. Gilmore, Registered Land Surveyor, showing the location of said buildings thereon is included in Exhibit B as recorded and made a part hereof. Said buildings are more particularly described in the plans and specifications of said buildings, a copy of which plans and specifications are attached hereto and made a part hereof as Exhibit B, showing all particulars of the buildings, including the layout locations, ceiling and floor elevations, unit numbers and dimensions of the units, and location of the common areas, limited common areas and facilities affording access to each unit. Such plans bear the verified statement of Arthur Manns Harden, A. 1. A., Registered Architect certifying that said plans are an accurate copy of the plans and said buildings.

3. **Unit Designations.** The unit designation of each condominium unit, approximate area, number of rooms, and other data concerning its proper identification are set forth in Exhibit C contained herein and made a part hereof Each unit is bounded both as to horizontal and vertical boundaries by its walls, floors, and ceilings which are shown on said plans. To the-

extent that interior walls, floors and ceilings are designated as the boundaries of the units, all doors, screens, and windows therein, and all wall board, paneling tiles, paint, finished flooring including floorboards and any other materials constituting any part of the finished surfaces thereof, shall be deemed a part of the unit.

If any ducts, conduits, wires, pipes or any other apparatus lies partially within and partially outside of the designated boundaries of a unit, any portions thereof serving only that unit shall be deemed a part of that unit, while any portions thereof serving more than one unit or any portion of the common areas shall be deemed a part of the common areas.

Subject to the previous paragraph, all space, interior partitions and other fixtures within the boundaries of a unit shall be deemed a part of that unit.

Any doorsteps, balconies, stairs, stair landings, designed to serve a single unit, but located outside the boundaries thereof shall be deemed a limited common area appertaining to that unit exclusively. Any additions made by owners to such areas will be deemed a part of the unit.

4. Common Areas and Facilities. The common areas and facilities consist of all Parts of the buildings situated on property described hereinabove other than the individual dwelling units therein and described in Paragraph 3 above, including without limitation, the following (except such portions of the following as may be included within an individual unit):

(a) The land on which the buildings are erected and all land surrounding the buildings as is more fully described in Paragraph 1 above.

(b) All foundations, columns, girders, beams, supports, and other structural members.

(c) The yards, roads, driveways and parking areas.

(d) All roofs, exterior walls, interior walls (subject to paragraph 3) except those partitioned walls wholly owned within a unit.

(e) All central and appurtenant installations for services such as power, light, water, conduits, sewer pipes whether located in common areas or in units, when serving more than one unit.

- (f) All exterior walkways.
- (g) All exterior space covered by overhanging upper levels of a condominium unit.
- (h) All exposed wood trusses.
- (i) All other parts of the property and all apparatus and installations existing upon the common property for use or necessary or convenient to the existence, maintenance or safety of the property.

The undivided interest of each Unit Owner in such common areas and facilities is set forth in Exhibit C contained herein and made a part hereof.

No guest, owner, or renter may park his pickup truck, truck, commercial van, motorcycle or trailer overnight on Lakeview Condominium common property. Recreational vehicles not exceeding 24' are permitted in parking bays for one week per year provided they are not lived in.

5. Limited Common Areas and Facilities; Maintenance by Unit Owner; Maintenance by Association. Limited common areas and facilities shall mean and include these common areas and facilities designated in this Declaration and Exhibit B as reserved for use by a certain unit to the exclusion of other units and shall mean all balconies adjacent to or associated with one particular unit. Each building in which units are located have balconies which are associated with each particular unit in such buildings and which (i) are limited to the exclusive use of the unit to which they are adjacent, and (ii) are for the purposes of this Declaration limited common areas and facilities.

Every Unit Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Unit Owners, every Unit Owner being expressly responsible for the damages and liability which is failure to do so engender. The Unit Owner of such Condominium Unit shall be liable and responsible for the maintenance, repair and replacement of all heating and air conditioning equipment regardless of where located, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Condominium Unit. Such Unit Owner shall further be responsible and liable for the maintenance, repair, and replacement of the exterior surfaces of any and all walls, ceilings and floors within his

Condominium Unit, including painting, decorating and furnishing, and all other accessories which such Unit Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair or replacement of any item for which Unit Owner is obligated to maintain, replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purposes of making such maintenance, repair or replacement except that the Unit Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Unit Owner of a Condominium Unit who has exclusive use of any Limited Common Area shall maintain such at his own expense. All doors, window frames, panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Condominium Units.

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property; including those portions thereof which contribute to the support of the buildings and all conduits, ducts, plumbing, wiring and other facilities located in the Common Property for the furnishing of utility, heating and other services to the Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Property, the Association shall, at its expense, repair such incidental damage: Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his immediate family, guests, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, or by reason of any deductibility provision of such insurance proceeds, exceed the amount of

the insurance proceeds applicable to such maintenance, repair or replacement.

6. **Use.** The buildings and each of the units shall be used for residential purposes only. The storing or use of business records in a portion of a unit and use of such space for sedentary purposes, such as professional writing, and which does not entail public traffic, shall not be considered a violation of this restriction.

7. **Persons to Receive Service of Process.** The Chairman of the Board of Administrators is hereby designated to receive service of process in any action which may be brought against or in relation to the condominium.

8. **Easements.** Each Unit Owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Administrators, hereafter called the Board, shall have the right of access to each unit to inspect the same, to remove violations wherefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the buildings.

The Board may hereafter grant easements for utility purposes for the benefit of the property including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits, and wires over, under, along, and on any portion of the common areas; and each Unit Owner hereby grants the Board an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

9. **Partitioning.** The common areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entireties, jointly, or in common or in any other form by law permitted.

10. **Liens.** While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any

nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interest under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanics' lien or other similar lien by reason of labor performed or materials furnished is waived.

11. Nature of Interest in Units. Every condominium unit, together with its undivided common interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real property and the Unit Owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant hereto and as may be contained herein and in the accompanying by-laws and in the minutes of the Board.

12. Assessments.

(a) **Taxes.** Every condominium unit, together with its undivided common interest in the common areas and facilities, shall constitute a separate parcel of real property and shall be separately assessed and taxed by each assessing unit for all types of taxes authorized by law. Each unit owner shall be liable solely for the amount taxed against his individual unit.

13. Insurance. Insurance coverage on the property shall be governed by the following provisions.

(a) **Ownership of Policies.** All insurance policies upon the condominium property shall be purchased by the Board for the benefit of the Board and the Unit Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of the Unit Owners. Unit Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (1)** loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
- (2)** such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land except flood damage which shall be insured by individual Unit Owners at their discretion.
- (3)** said policies shall contain clauses providing for waiver of subrogation. Public liability insurance shall be secured by the Board in such amount and with coverage as shall be deemed necessary by the Board, including, but not limited to, an endorsement to cover liability of the Unit Owners as a group to a single Unit Owner. There shall also be obtained such other insurance coverage as the Board shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums upon insurance policies purchased by the Board shall be paid by the Board as a common expense.

14. Settlement of Claims and Distribution of Proceeds. All claims under condominium policies shall be negotiated by the Board. From the proceeds of such claims, the costs incurred, if any, by the Board relating to claim settlements shall first be deducted and the balance of the proceeds shall be used to pay the cost (as determined by the Board) of repairs to or replacement of damaged insured property. Any deficiency shall be assessed to all Unit Owners proportionate to their individual undivided interest in the common areas as set forth in Exhibit C contained herein.

15. Repair or Replacement of Damaged Property. Shall be in accordance with the original plans and specifications in Exhibit B, as

recorded, or according to plans and specifications approved by the Board.

16. Transfer of Units In the event that any person, firm or corporation who owns a unit shall desire to sell such unit, the said unit which such owner shall desire to sell shall first be offered for sale to the Board at the same price and on the same terms under which the highest acceptable bonafide offer has been made to the owner of the said unit. The owner desiring to sell a unit shall give the Board written notice by registered mail, return receipt requested, of the owner's desire to sell such unit and shall further advise the Board in said offer of the name and address of the person, firm or corporation making said highest acceptable bonafide offer as well as the amount and terms of such offer. The Board shall have a period of thirty days after receipt of said written notice within which to exercise its option to purchase such unit at the same price and on the same terms as the highest acceptable bonafide offer and shall have an additional period of not less than thirty days within which to close the said transaction. The Board may elect to purchase such unit on behalf of the remaining Unit Owners as a group, or, if the remaining Unit Owners as a group do not wish to purchase such unit, then on behalf of any one or more individual Unit owners. In the event the Board shall elect to purchase a unit offered for sale on behalf of the remaining Unit Owners, the cost thereof shall be shared by the Unit Owners in the same proportion as common area expenses, adjusted, however, to reflect the exclusion of the unit purchased; and any profit or loss realized upon the sale by the Board of a unit so acquired shall likewise be shared by the remaining Unit Owners. In the event the Board shall elect to purchase a unit offered for sale on behalf of any one or more individual Unit Owners, then the cost thereof shall be shared by such Unit Owners in such proportions as they shall agree upon.

A Unit Owner may lease or rent his unit subject to such rules and regulations as may be adopted from time to time by the Board. These rules and regulations shall be posted in every unit rented or leased.

The Board, upon request of a selling Unit Owner shall execute in recordable form an instrument indicating compliance with the terms and provisions of this Declaration by the selling owner.

Any sale, voluntary transfer, conveyance or lease which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be

voided by certificates of the Board duly recorded in the recording office where this Declaration is recorded.

The right of first refusal of the Board provided for in this Paragraph 16 shall not apply to transfers, sales or conveyances involving a foreclosure sale or other judicial sales or transfer to a mortgagee in lieu of foreclosure, any transfer by mortgagee following foreclosure or any proceeding or arrangement in lieu thereof.

17. Units Subject to Declaration, By-Laws, Rules and Regulations. All present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of this Declaration, the By-Laws and any Rules and Regulations as may be adopted in accordance with the By-Laws, as said Declaration. By-Laws, Rules and Regulations may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-Laws and any Rules and Regulations which may be adopted are accepted and ratified by such owner, tenant or occupancy and all of such provisions shall be deemed and taken to be the covenants running with the land and shall bind any person having at any time any interest or estate in such units as though such provisions were made a part of each and every deed or conveyance or lease.

18. Amendment to Declaration, This Declaration may be amended by the vote of at least 66 2/3% in common interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws. No such amendment shall be effective until recorded in the Office of the Register of Deeds, Moore County, North Carolina, (No amendment to this Declaration or the By-Laws shall be adopted or passed which shall impair or prejudice the rights and priorities of a first mortgagee as the holder and owner of a first lien mortgage or deed of trust encumbering any of the units in the condominium.)

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

20. Waiver. No provision contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the

same, irrespective of the number of violations or breaches which may occur.

21. **Captions.** The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

22. **Law Controlling.** This Declaration and the By-Laws attached hereto, both as amended-and recorded April 16, 1981, shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, Pinehurst, Incorporated has caused this amended Declaration to be executed by its duly authorized officers and its corporate Seal to be hereunto affixed, this 13th day of April, 1981.

**DECLARANT:
PINEHURST, INCORPORATED**

(CORPORATE SEAL)

J. Jerry Slade

President

ATTEST:

Assistant Secretary

STATE OF NORTH CAROLINA

COUNTY OF MOORE

This 13th day of April, 1981,

personally came before me J. Jerry Slade, who being by me duly sworn says that he is the President of PINEHURST, INCORPORATED and that the seal affixed to the foregoing instrument in writing is the Corporate Seal of the Company, and that said writing was signed and sealed by him, in behalf of said Corporation by its authority duly given. And the said J. Jerry Slade acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and notarial seal as of the 13th day of April, 1981.

Notary Public

My Commission Expires:

**EXHIBIT C
DECLARATION OF CONDOMINIUM
LAKEVIEW
PINEHURST, NORTH CAROLINA
UNIT DESIGNATIONS AND UNDIVIDED INTEREST**

Unit Number	Area Square Feet (not including balconies)	Number of Rooms	Undivided Common Interest
101	1,365	6	0.887
201	1,365	6	0.887
102	905	4	0.720
202	905	4	0.720
103	905	4	0.770
203	905	4	0.770
104	905	4	0.787
204	905	4	0.795
105	679	3	0.502
205	679	3	0.511
106	1,365	6	0.921
206	1,365	6	0.921
107	905	4	0.770
207	905	4	0.779
108	905	4	0.770
208	905	4	0.779
109	905	4	0.770
209	905	4	0.779
110	679	3	0.519
210	679	3	0.527
111	1,365	6	0.938
211	1,365	6	0.954
112	905	4	0.787
212	905	4	0.795
113	1,365	6	0.921
213	1,365	6	0.921
114	905	4	0.779
214	905	4	0.787
115	905	4	0.770
215	905	4	0.779
116	905	4	0.762
216	905	4	0.770
117	905	4	0.713
217	905	4	0.720

Unit Number	Area Square Feet (not including balconies)	Number of Rooms	Undivided Common Interest
118	1,365	6	0.837
218	1,365	6	0.854
119	905	4	0.713
219	905	4	0.720
120	905	4	0.713
220	905	4	0.720
121	1,365	6	0.837
221	1,365	6	0.837
122	905	4	0.686
222	905	4	0.695
123	905	4	0.713
223	905	4	0.720
124	1,365	6	0.846
224	1,365	6	0.846
125	679	3	0.527
225	679	3	0.511
126	1,365	6	0.938
226	1,365	6	0.946
127	905	4	0.770
227	905	4	0.779
128	679	3	0.511
228	679	3	0.527
129	1,365	6	0.887
229	1,365	6	0.896
130	905	4	0.703
230	905	4	0.713
131	679	3	0.511
231	679	3	0.527
135	679	3	0.511
235	679	3	0.527
136	905	4	0.754
236	905	4	0.762
137	905	4	0.754
237	905	4	0.762
138	905	4	0.770
238	905	4	0.779
139	905	4	0.787
239	905	4	0.795
140	1,391	6	0.938

Unit Number	Area Square Feet (not including balconies)	Number of Rooms	Undivided Common Interest
240	1,391	6	0.946
141	679	3	0.787
241	679	3	0.795
142	905	4	0.787
242	905	4	0.795
143	905	4	0.804
243	905	4	0.812
144	1,365	6	0.971
244	1,365	6	0.971
145	905	4	0.787
245	905	4	0.795
146	1,365	6	0.954
246	1,365	6	0.963
147	905	4	0.787
247	905	4	0.795
148	905	4	0.787
248	905	4	0.795
149	905	4	0.787
249	905	4	0.795
150	1,365	6	0.954
250	1,365	6	0.963
151	905	4	0.737
251	905	4	0.745
152	1,365	6	0.887
252	1,365	6	0.896
153	905	4	0.720
253	905	4	0.728
154	905	4	0.737
254	905	4	0.745
155	905	4	0.720
255	905	4	0.728
156	1,365	6	0.887
256	1,365	6	0.896
157	1,365	6	0.837
257	1,365	6	0.846
158	905	4	0.720
258	905	4	0.728
159	905	4	0.737
259	905	4	0.745
160	1,365	6	0.887

Unit Number	Area Square Feet (not including balconies)	Number of Rooms	Undivided Common Interest
260	1,365	6	0.896
161	905	4	0.686
261	905	4	0.695
162	679	3	0.511
262	679	3	0.527
163	1,365	6	0.837
263	1,365	6	0.846
164	905	4	0.686
264	905	4	0.695
165	1,365	6	0.871
265	1,365	6	0.879
166	905	4	0.703
266	905	4	0.713
167	905	4	0.686
267	905	4	0.695
168	905	4	0.703
268	905	4	0.713

**BY LAWS
OF
LAKEVIEW CONDOMINIUM
ARTICLE I - PLAN OF UNIT OWNERSHIP**

SECTION 1.

Unit Ownership. The Property located in Moore County, State of North Carolina, and more particularly described in the Declaration as amended to which these By-Laws are attached has been submitted to the provisions of Chapter 47 A of the North Carolina General Statutes entitled "Unit Ownership Act" by the Declaration as amended recorded in the Office of the Register of Deeds of Moore County, State of North Carolina, simultaneously herewith, and shall hereinafter be known as "LAKEVIEW CONDOMINIUM" (hereinafter called the "Condominium").

SECTION 2.

Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and to use and occupancy thereof. The term "Property" as used herein shall include the land, the building and all other improvements thereon (including the units, the common areas and facilities and the limited: common areas and facilities), owned in fee simple absolute (subject only to easements of record), and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Chapter 47 A of the North Carolina General Statutes, entitled "Unit Ownership Act,"

SECTION 3.

Application. All present and future owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these By-Laws and Rules and Regulations made pursuant hereto and any amendment to these By-Laws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded.

ARTICLE II - UNIT OWNERS

SECTION 1.

Place of Meetings. All meetings of the association of Unit Owners (hereinafter referred to as "Unit Owners") of the Condominium shall be held at the Property or at such other place either within or without the State of North Carolina, as shall be designated in a notice of the meeting.

SECTION 2.

Annual Meetings. An annual meeting of the Unit Owners shall be held on a date and at a time following the close of the Condominium's fiscal year, as determined by the Board, 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.

SECTION 3.

INTENTIONALLY OMITTED.

SECTION 4.

Special Meetings. Special meetings of the Unit Owners may be called at any time by the Board or upon the written request of not less than 25% in common interest in the aggregate, of the Unit Owners.

SECTION 5.

Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof;, either personally or by mail at the direction of the Board or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of administrators on which the vote of Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act.

In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than for announcement at the meeting at which the adjournment is effective.

SECTION 6

Quorum. The presence in person or by proxy at any meeting of the voting members (as defined in this Article) having 10% of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Unit Owners at which a quorum is present upon the affirmative vote of the meeting. 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.

SECTION 7.

Voting Rights. There shall be one person with respect of each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member." Such voting member may be the owner or one of the group composed of all of the owners of a unit ownership or may be some other person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designations shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the owner or owners. The total number of votes shall be 100, and each owner's vote shall be the

same percentage of 100 as his percentage of Undivided Common Interest set forth in Exhibit C.

SECTION 8.

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

SECTION 9.

Informal Action by Unit Owners. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, (that is, the voting members) and filed with the Secretary of the Condominium to be kept in the Condominium Minute Book.

ARTICLE III - BOARD OF ADMINISTRATORS

SECTION 1.

Number. The business and property of the Condominium shall be managed and directed by the Board composed of five (5) persons or by such Executive Committees as the Board may establish pursuant to these By-Laws. The Board or such Executive Committee may appoint up to two Unit Owners to serve as non-voting advisors.

SECTION 2.

Election, Term and Qualifications. Except as provided in Section 4 of this Article, the Administrators shall be elected at the annual meeting of the Unit Owners and those persons who receive the highest number of votes shall be deemed to have been elected. The size of the Board may be increased or decreased to an uneven number from time to time upon the

affirmative vote of 2/3rds of the total of the Unit Owners provided that said Board shall not be less than three in number. Each Administrator shall hold office for a period of one year or until his death; resignation, retirement, removal, disqualification or his successor is elected and qualifies, Each member of the Board (after the first annual meeting of the association of Unit Owners and the election and qualification of the successors to the initial Board) shall be one of the owners or co-owners or a spouse of an owner or co-owner; provided, however, that in the event an owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director or such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

SECTION 3.

Removal. Administrators may be removed from office with or without cause by affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of administrators. However, unless the entire Board is removed an individual administrator may not be removed if the number of Unit Owners voting against the removal would be sufficient to elect an administrator if such Unit Owners voted at an annual election. If any administrators are so removed, new administrators may be elected at the same meeting.

SECTION 4.

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

SECTION 5.

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

SECTION 6.

Executive Committees. The Board may by resolution adopted by a majority of the number of Administrators fixed by these By-Laws, designate two or more Administrators 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 Condominium.

SECTION 7.

Powers and Duties. The Board shall have the power and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except such acts as by law or by the Declaration or by these By-Laws 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) Operation, care, upkeep, repair, maintenance and replacement of the common areas and facilities and payments thereof.

(b) Determination of the common expenses required for the affairs of the Condominium, including without limitation, the operation and maintenance of the Property.

(c) Collection of the common charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the common areas and facilities.

(e) The adoption and amendment of 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 owners and

occupants and the entire property shall at-all times be maintained subject to such rules and regulations.

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required thereof.

(g) Purchasing or leasing or otherwise acquiring in the name of the Board, or its designee, corporate or otherwise, on behalf of all Unit Owners, units offered for sale or lease or surrendered by their owners to the Board as provided by the Declaration.

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with units acquired by the Board 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.

(j) 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 areas and facilities or any other portion of the building and an Owner of any unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered or mailed by, the Board to said Owner, provided that the Board shall levy a special assessment against such owner for the costs of said maintenance or repair.

(k) Entering any unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a common expense,

(l) Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such resolutions by the Board, such documents shall be signed by the Treasurer and countersigned by the Chairman of the Board.

(m) Obtaining of insurance for the Property, including the units, pursuant to the applicable provisions of the Declaration. Negotiation of claim settlements with insurers and tortfeasors.

(m) Obtaining of insurance for the Property, including units, pursuant to the applicable provisions of the Declaration. Negotiation of claim settlements with insurers and negligent persons.

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

SECTION 8.

Managing Agent. The Board of Administrators for the Condominium 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 of Administrators, shall authorize including but not limited to the duties listed in subdivisions (a), (c), (d), j), (k), (m), and (n) of Section 7 of this Article III. The Board may delegate to the managing agent, all of the powers granted to the Board by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (i) of Section 7 of this Article III. No member of the Board may serve in this capacity.

ARTICLE IV - MEETINGS OF ADMINISTRATORS

SECTION 1.

Organization Meeting. 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 a quorum shall be present. In the period between the Annual

Meeting and the Organization Meeting the daily routine affairs to be handled by the outgoing Board.

SECTION 2.

Special Meetings. Special meetings of the Board may be called by or with the request of the Chairman or by any two administrators. Such meetings may be held either within or without the State of North Carolina.

SECTION 3.

Notice of Meetings. Regular meetings of the Board may be held without notice. The person or persons who called a special meeting of Administrators shall, at least two days before the meeting, give notice thereof by any usual means of communications. Such notice need not specify the purpose for which the meeting is called.

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

SECTION 4.

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 member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 5.

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

SECTION 6.

Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Administrators present at a meeting at which a quorum is present shall be the act of the Board.

SECTION 7.

Organization. Each meeting of the Board shall be presided over by the Chairman of the Board, and in the absence of the Chairman, by any person selected to preside by vote of the majority of the Administrators present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.

SECTION 8.

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

Fidelity Bonds. The Board may require all officers and employees of the Condominium handling or responsible for Condominium funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a common expense.

SECTION 9.

Minutes. The Board shall keep minutes of its proceedings.

SECTION 10.

Fidelity Bonds. The Board may require all officers and employees of the Condominium handling or responsible for Condominium funds to be covered by an adequate fidelity bond. The premium on such bonds shall constitute a common expense.

SECTION 11.

Liability of the Board. The members or the Board 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 members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws.

It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common areas and facilities bears to the interests of all the Unit Owners in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Condominium shall provide that the members of the Board, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the common areas and facilities bear to the interest of an Unit Owners in the common areas and facilities (Exhibit C).

ARTICLE V - OFFICERS

SECTION 1.

Number. The principal officers of the Condominium shall consist of a Chairperson ("Chairman") of the Board who will also serve as President, a Secretary, a Treasurer, and such Vice Chairmen, Assistant Secretaries, 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.

SECTION 2.

Election and Term. The officers of the Condominium shall be elected by and from among the Board. Such elections 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 his successor is elected and qualifies.

SECTION 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.

SECTION 4.

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

SECTION 5.

Chairman of the Board. The Chairman of the Board shall be the principal executive officer of the Condominium and, subject to the control of the Board, shall supervise and control the management of the Condominium. 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.

SECTION 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.

SECTION 7.

Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Administrators. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both the Unit Owners 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 him from time to time by the Chairman of the Board or by the Board.

SECTION 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 Condominium 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 of 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 30th day of the fourth month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each Unit Owner annually on or before April 30 covering the preceding calendar year. 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 or by the Board.

SECTION 9.

Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability 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

SECTION 1.

Determination of Common Expenses and Fixing of the Common Charges. The Board shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of the Condominium, and allocate and assess such common charges among the Unit Owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of the Declaration. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the property, including without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expense for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Board or its designees, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale. The Board shall advise all Unit Owners, promptly, in writing, of the amount of common charges payable by each of them, respectively, as determined by the Board, as aforesaid, and shall furnish copies of each budget on which such common charges are based to all Unit Owners and to their mortgagees.

SECTION 2.

Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the Board pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine.

No Unit Owner shall be liable for the payment of any part of the common charges 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 areas and facilities (and Limited Common Areas, if any) as defined in" the Declaration. A purchaser of a unit shall be jointly and severally liable with the seller for the payment of common charges assessed against such unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser thereof Provided that a mortgagee or other purchaser of a unit at a foreclosure sale of such unit shall not be liable for and such unit shall not be subjected to a lien for the payment of common charges assessed prior to the foreclosure sale. Provided further that a mortgagee or other purchaser who obtains title to a unit by deed in lieu of foreclosure of such unit, or by any other proceeding in lieu of foreclosure, shall not be liable for and such unit shall not be subjected to a lien for the payment of common charges assessed prior to the acquisition of title to such unit by the mortgagee or other purchaser. Such unpaid common charges shall be deemed to be common charges collectible from all of the unit Owners including such purchaser, his successor and assigns.

SECTION 3.

Collection of Assessments. The Board shall assess common charges against the Unit Owners from time to time and at least annually and shall take prompt action to collect any common charges due from any Unit Owner which remains unpaid for more than 30 days from the due date for payment thereof.

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

SECTION 4.

Default in Payment of Common Charges. In the event of default by a Unit Owner in paying to the Board, such Unit Owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof; together with all expenses, including attorney's fees (if permitted

by law), incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceedings, including attorney's fees (if permitted by Law) in an action to recover a money judgment for the same brought against such Unit Owner, or by foreclosure of the lien on such unit in like manner as a deed of trust or mortgage of real property.

SECTION 5.

Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board to foreclose on a unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of his unit and the plaintiff in such foreclosure actions shall be entitled to the appointment of receiver to collect the same. The Board, acting on behalf of all Unit Owners, or on behalf of anyone or more individual Unit Owners if 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 common charges shall be maintainable without foreclosing or waiving the lien securing the same.

SECTION 6.

Statement of Common Charges. 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.

SECTION 7.

Compliance with Declaration, By-Laws, Rules and Regulations, Damages, Injunctions. The violations of any rule or regulation adopted by the Board or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other set forth in these By-Laws:

(a) to enter the unit in which or as to which, such violation or breach and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein

contrary intent and meaning of the provisions hereof; and the Board shall not thereby be deemed guilty in any manner of trespass; or

(b) to enjoin, abate or remedy by appropriate action, including if necessary legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the Unit Owner concerned. First step in these actions will be a written warning by the Board or Managing Agent to the Owner, and his tenant, if any. If subsequent similar violations or breaches occur, by the Owner or his tenant, a fine can be levied at the discretion of the Board up to \$100.00 for violation. Such penalties to be levied against the Owner and shall be considered a part of the common charges to that Owner. Default in payment of this penalty shall be subject to the provisions of Section 4 of these By-Laws. Before the Board decides on a penalty, an opportunity shall be given to the Owner to defend his case before the Board in person. If violations continue legal action for injunctive relief will be taken at the discretion of the Board.

SECTION 8.

Maintenance and Repair. (a) All maintenance and any repairs to any unit, or to additions made by the Owner to common or limited common areas, shall be made by the Owner of such unit. Each Unit Owner shall be responsible for all damages to any and all other units and/or to the common and limited common areas and facilities that his failure to do so may engender. (b) All maintenance repairs and replacements to the common and limited common areas and their facilities, whether located inside or outside of the units, shall be made by the Board and be charged to all the Unit Owners as a common expense (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner.)

SECTION 9.

Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his unit, without the prior written consent thereto of the Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's unit, within thirty (30) days after such request, and

failure to do so within the stipulated time shall not constitute a consent by the Board to the proposed addition, alteration or improvement.

SECTION 10.

Use of Common Areas and Facilities. A Unit Owner shall not interfere with the common areas and facilities by the remaining Unit Owners and their guests.

SECTION II.

Right of Access. A Unit Owner shall grant a right of access to his unit to the agent and/or any other person authorized by the Board or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his unit and threatening another unit or common area and facility, or for the purpose of performing installations alterations or repairs to the mechanical or electrical services or other common areas and facilities in his unit or elsewhere in the buildings or to correct any condition which violated the provisions of any mortgage covering another unit, provided that request for entry is made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

SECTION 12.

Electricity. Electricity is supplied by the public utility company serving the area directly to each unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his unit. The serving the common areas and facilities shall be separately metered, and the Board shall pay all bills for electricity consumed in any portions of the common areas and facilities as a common expense

ARTICLE VII- RECORDS AND AUDITS

The Board or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, 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 of the common charges and penalties against such unit, the date when due, the amounts paid thereof, and the balance remaining unpaid. The financial record and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. An independent audit of the books and records shall be secured by the Board at least once every five years and made available to the Unit Owners on the same basis as the financial records and books of account. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all unit Owners and to all mortgagees of units who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII - AMENDMENT

These By-Laws may be amended by a vote of at least 66-2/3% in common interest of all Unit Owners cast in person or by proxy, at a meeting duly held in accordance with the provisions of these By-Laws, provided that such amendment shall be effective only upon the recordation in the office of the Register of Deeds, Moore County, North Carolina, of an amendment to the Declaration setting forth such amendment to these By-Laws. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

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