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FILED JoAnn Townsend
Register of Deeds WATAUGA COUNTY, NC
BY:

Deputy *Cynthia Brown*

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DECLARATION OF INTENTION TO SUBMIT PROPERTY
TO THE PROVISIONS OF THE NORTH CAROLINA CONDOMINIUM ACT

ECHOTA ON THE RIDGE CONDOMINIUM, A CONDOMINIUM

THIS DECLARATION, made this 1st day of December, 2005, by EDCOTR, INC., ("Developer") pursuant to the provisions of the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes.

WITNESSETH:

WHEREAS, the Developer is the owner of a certain parcel of real estate which is located in Watauga County, North Carolina, and more particularly described in Exhibit A attached hereto, 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; and

WHEREAS, Developer desires to submit all of said property to the Act.

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

ARTICLE I

Definitions

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

1.1. Act. The North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes.

1.2. 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.

1.3. Association. Echota on the Ridge Condominium Association, Inc., a nonprofit corporation organized under Chapter 55A of the North Carolina General Statutes.

1.4. Board. The Board of Directors of Echota on the Ridge Condominium Association, Inc.

1.5. Building. Building or Buildings shall mean all structures and improvements now or hereafter erected upon the property.

1.6. Bylaws. The Bylaws of the Association which are attached hereto as Exhibit F and incorporated herein and made a part hereof by this reference.

1.7. Common Elements. All portions of the Condominium except the Units. Limited Common Elements are Common Elements.

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

1.9. Condominium. The condominium created by this Declaration.

1.10. Declarant. Declarant and any other person who has executed this Declaration, or who hereafter executes an amendment to this Declaration to add Additional Real Estate, except Security Holders and except persons whose interests in the Property will not be conveyed to Unit Owners.

1.11. Declarant Control. The period commencing on the date hereof and continuing until the earlier of (a) ten (10) years after the date of the first conveyance of a unit to an owner of other than a Declarant; (b) one hundred twenty (120) days after conveyance of 75% of the units (including any units which may be created pursuant to special declarant rights) to a unit owner other than Declarant; (c) two (2) years after Declarant has ceased to offer units for sale in the ordinary course of business; (d) two (2) years after any development right to add new units was last exercised, or (e) the date upon which Declarant voluntarily surrenders control of the condominiums.

1.12. First Mortgage and First Mortgagee. A First Mortgage is a mortgage or deed of trust which has been recorded so as to constitute a first lien on the Units described therein. A First Mortgage is the holder, from time to time, of a First Mortgage as shown by the records of the office in which the First Mortgage is recorded, 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.

1.13. Floor Plans. The floor plans of the Condominium recorded with, and by the Act made a part of, this Declaration, as the same may hereafter be amended.

1.14. Limited Common Elements. Those portions of the Common Elements allocated by operation of Section 47C-2-102(2) or (4) of the Act for the exclusive use of one or more but fewer than all of the Units and also any Limited Common Elements specifically allocated to Units on Exhibit "B".

1.15. Master Association. Echota on the Ridge Property Owners' Association, Inc., a non-profit corporation organized under Chapter 55A of the North Carolina General Statutes.

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

1.17. Person. A natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity, or any combination thereof.

1.18. Property. The real estate described on Exhibit "A", 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 and all articles of personal property intended for common use in connection therewith.

1.19. Security for an Obligation. The vendor's interest in a contract for deed, mortgagee's interest in a mortgage, trustee's interest in a deed of trust, purchaser's interest under a sheriff's certificate of sale during the period of redemption, or the holder's interest in a lien.

1.20. Security Holder. Any person owning a Security for an Obligation in a Unit.

1.21. Special Declarant Rights. The rights reserved herein and in the Bylaws for the benefit of a Declarant, as follows: To complete the improvements indicated on the Floor Plan; to maintain sales offices, management offices, models and signs advertising the Condominium; to the use easements through the common elements; to elect, appoint or remove members of the Board during the Declarant Control Period; and to add additional units in accordance with the terms and provisions of Article III; and to add Additional Real Estate in accordance with the terms and provisions of Article III. Declarant shall have no right to subdivide or convert units owned by Declarant.

1.22. Unit. A portion of the Condominium, whether or not contained solely or partially within a building designated for separate ownership or occupancy, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit "C". Each Unit is designated and delineated on the Floor Plans attached hereto as Exhibit C-1.

1.23. Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal plans, as shown on the Floor 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.

1.24. Unit Owner. The person or persons, including the Declarant, owning a Unit in fee simple, including contract-for-deed purchasers of a unit, but excluding contract-for deed purchasers of a Unit who are Security Holders, and also excluding all other persons having an interest in a Unit solely as security for an obligation.

ARTICLE II

Submission of Property to the Act

- 2.1. Submission. Declarant hereby submits the Property to the Act.
- 2.2. Name. The Property shall hereafter be known as Echota on the Ridge Condominium.
- 2.3. Division of Property Into Separately Owned Units. Declarant, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the Property into 6 Units and does hereby designate all such Units for separate ownership.
- 2.4. Alterations of Units. Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Sections 47C-2-111(1) and (2) of the Act and the boundaries between adjoining Units may be relocated pursuant to the provisions of Section 47C-2-112; provided, however, that during the Declarant control period such alteration or relocation shall have been approved in writing by Declarant.
- 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. In addition to those defined in Section 1.13, Limited Common Elements include those set forth on Exhibit "B" and are hereby allocated to Units as shown on Exhibit "B". Some of the condominium buildings in the Condominium may be served by elevators rather than stairs. For purposes of this Declaration, the elevators shall be considered Limited Common Elements for the sole and exclusive use of the units served by said elevator, and the cost of maintenance and repair of the elevator shall be assessed against the units which are served by said elevator.
- 2.6. Unit Allocations. The allocations to each Unit of a percentage or undivided interest in the Common Elements, of votes in the Association, and of a percentage of the Common Expenses are as stated on Exhibit "C".
- 2.7. Encumbrances. The liens, defects and encumbrances on the Property to which the rights of Unit Owners and Occupants are hereby subject are set out on Exhibit "D".

2.8. Condominium Ordinances. The Condominium is not subject to any code, real estate use law, ordinance or regulation (i) prohibiting the Condominium form of ownership, or (ii) imposing requirements upon a condominium which are not imposed upon substantially 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 Condominium.

2.9. Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights.

ARTICLE III

Additional Real Estate and Additional Units

3.1. Declarant's Right to Add Additional Units. Declarant expressly reserves the right to add Additional Units to the Condominium. The maximum number of additional units that may be created within the Property is 192 units. All of such units will be restricted exclusively to residential use.

3.2. Declarant's Right to Add Additional Real Estate and Add Additional Units to Said Additional Real Estate. Declarant expressly reserves the right to add the Additional Real Estate to the Condominium. All or part of the Additional Real Estate identified and described on Exhibit A-1 may be added to the Condominium at different times, but no additional assurances are made in regard to the order in which such portions may be added. Declarant shall have no duty or obligation of any kind to add any or all of the Additional Real Estate. The maximum number of Additional Units that may be created within the Additional Real Estate is 192 units. All of such units shall be restricted exclusively to residential use. Declarant's right to add Additional Real Estate and Additional Units to said real estate shall exist until July 1, 2026.

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

3.4. Applicability of Restrictions, Etc. All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of units will apply to any and all additional units that may be created within the Property or within the Additional Real Estate.

3.5. Other Improvements and Common Elements. In addition to the buildings and units that may be erected upon the Property and upon the Additional Real Estate or a portion thereof, the other improvements and common elements that may be made or created upon or within the Property or the Additional Real Estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and common elements located in the condominium.

3.6. Applicability of Assurances if Additional Real Estate Not Added. The assurances made in this Articles III will not apply with respect to any Additional Real Estate that is not added to the Condominium.

3.7. Supplemental Declarations. Declarant reserves the right to file Supplementary Declarations in order to effectuate the rights reserved in this Article. Said Supplementary Declarations shall not require the joinder of any Unit Owners.

ARTICLE IV

Easements

4.1. 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 Unit now or hereafter encroaches upon 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.

4.2. 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.

4.3. Easements To Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the Bylaws of 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 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.

4.4. Declarant's Easement. Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purpose of discharging its obligations, exercising Special Declarant Rights, and completing the development and construction of the Condominium, which easements shall exist as long as reasonably necessary for such purposes.

4.5. Easements To Run With Land. All easements and rights described in this Article IV are appurtenant easements 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, the Association, Unit Owners, Occupants, Security Holders and any other person having any interest in the Condominium or any part of any Unit thereof. The Condominium 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 V

Restrictions, Conditions and Covenants

5.1. 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 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.

5.2. Administration of Condominium. The Condominium shall be administered in accordance with the provisions of the Act, this Declaration and the Bylaws.

5.3. Statement of Purpose, Use and Restrictions. The Units and Common Elements shall be occupied and used as follows:

(a) Each Unit shall be used for residential purposes and for no other purposes. Any Unit, whether owned by a Unit Owner or the Declarant, may be leased on terms which comply with the Condominium Documents.

(b) There shall be no obstruction of the Common Elements. Nothing may be stored in the Common Elements without the prior written Consent of the Board of Directors.

(c) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements or any other Unit without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which would result in the cancellation of insurance on any Unit or any part of the Common Elements, or which would be in violation of any law. No waste of the Common Elements shall be permitted or committed.

(d) No sign of any kind shall be displayed to the public view from any Unit or from the Common Elements without the prior written consent of the Board of Directors.

(e) No noxious, offensive, unlawful, or improper activity shall be carried on in any Unit, or in the Common Elements, nor shall anything be done therein which will be an annoyance or nuisance to other Owners.

(f) 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.

(g) Unit Owners shall be entitled to have household or domestic pets in their units, provided that said pets shall not cause undue annoyance or nuisance to the other Unit Owners. Guests and invitees of Unit Owners shall be prohibited from having pets in the Unit.

(h) Each Unit Owner from the period beginning November 1 through April 30 of each year shall be obligated to maintain a minimum temperature in his or her Unit of 55 degrees. Any damages caused by a Unit Owner's failure to maintain this minimum temperature shall be the sole responsibility of the Unit Owner who fails to abide by this obligation.

(i) The Board of Directors of the Association is authorized to adopt rules for the use of the Common Elements, said rules to be furnished in writing to the Unit Owners.

(j) Except with the written consent of the Board of Directors, no natural barriers in the form of trees, bushes or shrubs, and no man-made structures in the form of fences, shall be permitted on or about the Common Elements, except such natural barriers and man-made structures existing on the date of this Declaration.

(k) Notwithstanding anything to the contrary, Declarant, and such persons it may select, shall have the right of ingress and egress over, upon and across the Common Elements, the right to utilize one or more Units as a model, the right to erect signs upon the Property for the purpose of advertising availability of Units for sale and/or lease and similar uses, and the right to store materials in or on the Common Elements and make such other use thereof as may be reasonably necessary incident to construction, development, lease and/or sale of Units and the repair, maintenance and operation of the Units and Common Elements.

(l) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant may maintain sales offices for sales of units in the Condominium. Declarant shall also have the right to relocate, from time to time, and to discontinue and re-establish, from time to time, within the Condominium, 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 may also maintain signs on the common elements advertising the Condominium until all of the units have been conveyed to unit owners other than a Declarant.

5.4 Restrictions, Conditions and Covenants To Run With Land. Each Unit Owner and Occupant shall be subject to all 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.

5.5 Master Association. Declarant hereby further declares that the Units subject to this Declaration of Condominium shall be further subject to the requirements, restrictions, covenants, liens and charges set forth in the Declaration of Restrictions for Echota on the Ridge recorded in Book of Records 1136, Page 704, Watauga County, North Carolina, Public Registry, said restrictions being incorporated herein by reference.

ARTICLE VI

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Assessments

6.1. Common Expenses. The Board has the power to levy assessments against the Units for Common Expenses. Each Unit Owner shall be assessed in accordance with his Unit's percentage of Common Expenses as set forth in Exhibit "C" attached hereto pursuant to the Bylaws and the North Carolina Condominium Act. Due dates for payment of such assessments shall be established by the Board and shall be collected at least annually. Delinquent assessments shall be collected as set forth in the Bylaws.

6.2. Taxes. Every Unit, together with its undivided interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit.

6.3. Personal Liability of Transferees; Statement; Liability of First Mortgagee.

(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 assessments 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 8.10 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessments against such Unit in excess of the amount therein set forth.

(c) Where a first mortgagee, pursuant to the remedies provided in a deed of trust, or by foreclosure or by deed or assignment in lieu of foreclosure, obtains title to a Unit, the liability of such 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 therefor, any unpaid portion of assessments which is not a lien under (b) above or, resulting, as provided in (c) above, from the exercise of remedies in deed of trust, or by foreclosure thereof or by deed of 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 or such other person under (c) above who acquires ownership by foreclosure or by deed of assignment in lieu of foreclosure.

6.4. 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.

ARTICLE VII

Management, Maintenance, Repair, Replacement, Alterations and Improvements

7.1. 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. All damage caused to a Unit by any work on or to the Common Elements done by or for 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 of his reckless or

intentional acts or the reckless intentional acts of any Occupant of his Units. Such payment shall be made upon demand made by the Association.

7.2. Common Expenses Associated with Limited Common Elements or Benefitting 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 benefitting less than all of the Units against the Units benefitted in proportion to their Common Expense liability.

7.3. Units. Each Unit Owner shall maintain his Unit 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 of any Occupant of his Unit. Such payment shall be made upon demand by the Unit Owners of such other Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

7.4. Waiver of Claims. Except only as provided in Section 7.5(a) and (b), the Association agrees that it shall make no other 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 of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, for any loss or damage to any of the Property, or to a Unit or personal property therein, and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to gross negligence or intentional acts, or to the Association's duty to maintain and repair parts of the condominium.

7.5. 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 condition or situation originating in or threatening that Unit or any of the Limited Common Elements. 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 duties or obligations or exercising 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 the Unit of, or performing the duties and obligations under the Act, this Declaration or the Bylaws of the Unit Owner or Occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of an 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.

Insurance

8.1. Casualty Insurance. The Association shall maintain casualty insurance upon the Property in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for all Unit Owners and Security Holders as their interests may appear, and be disbursed pursuant to the Act. Such insurance shall be in an amount equal to not less than the full insurable value of the Property on a replacement cost basis 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 47C-3-113(h) of the Act.

The Association shall maintain casualty insurance upon all portions of the common elements of the Property. In addition, the Association shall also maintain casualty insurance upon the portion of the Units in the Condominium consisting of the decoration on all interior and topmost surfaces, including, without limitation, all paneling, tiles, wallpaper, paint, finished flooring (including carpet) and any other materials constituting any part of the decorated surfaces thereof.

8.2. Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants and holders of a vendor's interest in a contract for the deed on a Unit, the Association, the Board, the manager, 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 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 condominium; and insure the Association, the Board, the manager, 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.

8.3. Other Insurance. The Association may procure such other insurance, including fidelity coverage and worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Unit Owners.

8.4. Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as 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.

8.5. Individual Policy for Unit Owners. Each Unit Owner may 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 amounts such Unit Owner deems necessary to protect his own interests; provided that any such insurance shall contain waivers pursuant to Section 7.4 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 insurance purchased by a Unit Owner under this Section, such Unit Owner shall be liable to the Association to the extent of such reduction to the Association upon demand, and assign the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE IX

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced, and proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113 of the Act.

ARTICLE X

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Condemnation

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

ARTICLE XI

Termination

The Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act.

ARTICLE XII

Amendment

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

ARTICLE XIII

Rights of First Mortgagees;
VA, FNMA, and FHLMC Provisions

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

13.1. 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 Mortgage 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 Association shall upon request and during normal business hours, make available for inspection by prospective purchasers of Units, current copies of the Declaration, Bylaws, other rules and regulations governing the Condominium, and the most recent annual financial statement.

13.2. Successors' Personal Obligation for Delinquent Assessments. The personal obligation 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.

13.3. Rights of Action. The Association 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, regulations, and decisions of the Association in this Declaration and the Bylaws.

13.4. 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 developer, sponsor, builder 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.

13.5. Consent of First Mortgagees. This Section 13.5 shall be effective only if, at the time this Section would apply, at least one Unit is subject to financing. Any decision to terminate the Condominium 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 13.7 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. Except for any amendment

to the Declaration made for the purpose of adding any of the Additional Real Estate to the Condominium in accordance with the provisions hereof or exercising any of the Special Declarant Rights reserved hereunder, any amendment to the Declaration or Bylaws which changes any of the following shall require the prior written consent 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 interests in the Common Elements or Limited Common Elements or rights to their use; (f) boundaries of any Unit; (g) convertibility of Units into Common Elements or Common Elements into Units; (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium (i) insurance or fidelity bonds; (j) imposition of any restrictions on a Unit Owner's right to sell, transfer or otherwise convey his Unit; (k) restoration or repair of the Condominium (after damage or destruction or partial condemnation) in a manner other than specified in this Declaration or the Bylaws; (l) any action to terminate the legal status of the Condominium after substantial damage or destruction or condemnation; or (m) any provisions that expressly benefit First Mortgagees or insurers or guarantors of First Mortgages.

13.6. 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 Condominium 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 (n) of Section 13.5), such as for the correction of technical errors or for clarification, any First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve an 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.

13.7. Assessments. Assessments shall be due and payable at least annually. As provided in the Bylaws and as legally required by Section 47C-3-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. An 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 that Unit. Unit Owners shall have no obligation to pay assessments until an assessment is levied. Assessments will begin at such time as the Board elects.

13.8. Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards. 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.

ARTICLE XIV

General Provisions

14.1. 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 circumstances.

14.2. 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.

14.3. 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.

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

IN WITNESS WHEREOF, the undersigned Declarant has caused this Declaration to be duly executed and sealed this 1st day of December, 2005.

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EDCOTR, INC.

By: [Signature]
President

STATE OF N.C.

COUNTY OF Watauga

I, Linda P. Critcher Notary Public, certify that Mark Harrill personally came before me this day and acknowledged that he/she is _____ President of EDCOTR, INC., a corporation, and that he/she, as _____ President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the 1st day of December, 2005.

[Signature]
Notary Public

My commission expires:

NOTARIAL SEAL:

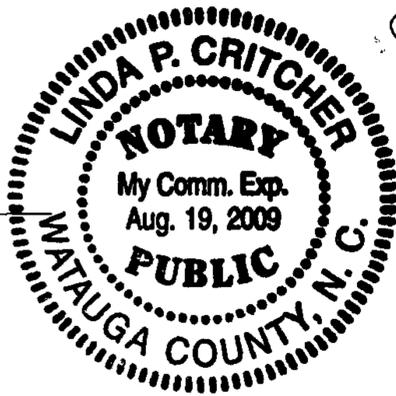


EXHIBIT A
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

Property herein committed consists of that certain tract, parcel, or plot of land, together with the buildings and all improvements thereon, situated, lying and being in Watauga County, North Carolina, consisting of that certain parcel designated as Echota on the Ridge Condominium Phase I, Buildings A and B, as the same is shown and more particularly described on plat dated November 21, 2005 and recorded in Unit Ownership Book 8, Page 243, Watauga County, North Carolina, Public Registry. RESERVING, HOWEVER, unto Declarant herein, its successors and assigns: (a) a perpetual right-of-way and easement over all roads, driveways and parking areas on the above-described property, plus any additional areas needed to connect said roads, driveways, and parking areas with the boundaries of said property to all or any portion of all adjacent and nearby property now owned or hereafter acquired by Declarant, the location of which may be chosen by Declarant, its successors or assigns, and others who might be rightfully using said driveways, roads and parking areas, for access to all or portions of said adjacent and nearby property; (b) easements for ingress and egress for pedestrian and vehicular purposes, for utility services, culverts and drains which now exist or are hereafter granted, created or established by Declarant, its successors and assigns, for the benefit of such persons as Declarant, its successors or assigns may designate; (c) all rights reserved by Declarant by the terms of this Declaration; (d) the aforesaid rights and easements appurtenant to said property, to run with said property and all portions thereof.

There is also conveyed herewith a perpetual, non-exclusive right-of-way and easement for purposes of ingress, egress and regress leading from Clark's Creek Road (NCSR 1136) over and across the common roadways of Echota on the Ridge Development.

EXHIBIT A-1
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

Additional Real Estate

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TRACT I:

Being that same parcel of land conveyed by Marjorie Brown Smith and husband, William Paul Smith, Jr. to Camp Rainbow, Inc., a N. C. corporation, as recorded in Record Book 784, Page 404; TOGETHER WITH a portion of that same parcel of land conveyed by L. S. Byrd and wife, Margaret M. Byrd to the Trustees of The Grand Chapter of North Carolina Order of The Eastern Star as recorded in Deed Book 72, Page 519, both of the Office of the Register of Deeds of Watauga County, North Carolina, and more particularly described as follows:

BEGINNING on a concrete monument found, in the line of Luther H. Jeffcoat (Deed Book 77, Page 461), having NCGS NAD 83 coordinates of N. 891,960.50' and E. 1,182,434.14', said point being located, N.58° 54' 10"W., 3,615.89 feet from NCGS Monument "Romie"; THENCE with Jeffcoat's line, N.70°03'48"E., 48.38 feet to a 5/8" iron rod found, a common corner of Christopher A. Calloway (Record Book 556, page 75); THENCE with Calloway's line the following two (2) courses and distances, 1.) N.59° 45' 24"E., 574.82 feet to a 5/8" iron rod found on the westerly bank of Clarks Creek Road, N.C.S.R. 1136 having a 60' right-of-way, 2.) N.58° 11' 18"E., 26.04 feet to a point in the center of said road; THENCE with the center of Clarks Creek Road the following nineteen (19) courses and distances, 1.) S.11° 07' 33"E., 27.10 feet, 2.) S.10° 34' 21"E., 54.85 feet, 3.) S.01° 56' 36"E., 80.77 feet, 4.) S.24° 01' 36"W., 58.12 feet, 5.) S.32° 35' 24"W., 58.23 feet, 6.) S.31° 03' 11"W., 58.20 feet, 7.) S.22° 39' 45"W., 55.89 feet, 8.) S.16° 07' 54"W., 57.48 feet, 9.) S.21° 01' 07"W., 55.11 feet, 10.) S.29° 26' 59"W., 53.22 feet, 11.) S.44° 31' 27"W., 54.22 feet, 12.) S.64° 18' 14"W., 53.27 feet, 13.) S.71° 58' 30"W., 56.13 feet, 14.) S.64° 23' 33"W., 55.23 feet, 15.) S.55° 08' 20"W., 57.66 feet, 16.) S.64° 47' 20"W., 55.25 feet, 17.) S.78° 43' 04"W., 53.18 feet, 18.) S.79° 55' 51"W., 53.61 feet, 19.) S.64° 05' 34"W., 33.37 feet to a point, the most eastern corner of Tract Twelve, SOUTHERN SKIES, Phase One (Plat Book 12, Page 365); THENCE with the line of Tracts 7, 8, 9, 10, 11 and 12 the following ten (10) courses and distances, 1.) N.54° 54' 43"W., 22.74 feet to a 3/4" iron pipe found, 2.) N.03° 55' 24"E., 101.36 feet to a 5/8" iron rod found, 3.) S.82° 04' 10"W., 711.67 feet to a 5/8" iron rod found, 4.) S.20° 56' 11"E., 276.85 feet to a concrete monument found, 5.) S.20° 36' 16"E., 154.35 feet to a 3/4" iron pipe set, 6.) S.71° 45' 12"W., 91.80 feet to a 1/2" iron rod found, 7.) S.50° 29' 52"W., 63.14 feet to a 5/8" iron rod found, 8.) S.79° 44' 02"W., 203.62 feet to a 5/8" iron rod found, 9.) S.01° 24' 56"W., 262.49 feet to a 3/4" iron pipe set, 10.) S.68° 55' 44"W., 168.68 feet to a 5/8" iron rod found, a common corner of Tract 7 and Tract 30, Southern Skies, Phase 2 (Plat Book 14, Page 228); THENCE with the line of Tracts 26, 28 and 30 the following seven (7) courses and distances, 1.) N.10° 30' 31"W., 50.53 feet to a 1/2" iron pipe found, 2.) N.64° 54' 30"W., 324.52 feet to a 3/4" iron pipe found, 3.) S.45° 04' 17"W., 395.88 feet to a 3/4" iron pipe found, 4.) N.89° 00' 49"W., 112.30 feet to a 1/2" iron pipe found, 5.) S.07° 08' 20"W., 53.04 feet to a 1/2" iron pipe found, 6.) S.06° 59' 45"W., 108.04 feet to a 1/2" iron pipe found, 7.) S.18° 40' 13"W., 82.80 feet to a 5/8" iron rod found, a common corner of Tracts 26 and Tract 25, Southern Skies, Phase Two (Plat Book 13, Page 86); THENCE with the line of Tract 25 the following two (2) courses and distances, 1.) S.18° 23' 32"W., 88.69 feet to a 1/2" iron pipe found, 2.) S.19° 53' 51"W., 285.65 feet to a 1/2" iron pipe found, a common corner of The Grand Chapter of The North Carolina Order of The Eastern Star (Deed Book 72, Page 519); THENCE with a new line through The Grand Chapter of The North Carolina Order of The Eastern Star, S.43° 40' 32"W., 466.20 feet to a 1/2" iron pipe found, a common corner of Nancy A. Chamblin (Deed Book 155, Page 360); THENCE with Chamblin's line the following three (3) courses and distances, 1.) S.55° 52' 12"W., 108.58 feet to a 1/2" iron pipe found, 2.) S.68° 26' 52"W., 433.34 feet to a 1/2" iron pipe found, 3.) S.53° 40' 36"W., 17.09 feet to a 1/2" iron pipe found, a common corner of Suzanne Crum (Plat Book 10, Page 53) and Neil D. Hollyfield (Tract 1, Record Book 54, Page 11); THENCE with Hollyfield's line the following two (2) courses and distances, 1.) S.48° 17' 17"W., 97.96 feet to a 3/4" iron pipe found, 2.) N.82° 49' 40"W., 225.93 feet to a 1/4" iron rod found, a common corner of Grady T. Hicks (Tract 3, Deed Book 182, Page 631); THENCE with Hicks' line, S.78° 39' 47"W., 270.83

feet to a 30" marked oak, a common corner of Eric L. Morgan (Record Book 42, Page 925); THENCE with Morgan's line the following two (2) courses and distances, 1.) N.01°05'17"W., 744.37 feet to a 3/4" iron pipe found at a 15" maple, 2.) N.64°49'19"W., 273.83 feet to a 3/4" iron pipe found, a common corner of E. J. Messenkopf (Record Book 289, Page 592); THENCE with Messenkopf's line the following four (4) courses and distances, 1.) N.32°16'11"E., 1326.15 feet to a 3/4" iron pipe set in the branch, 2.) S.62°43'49"E., 631.37 feet to a 3/4" iron pipe found at a marked maple, 3.) N.38°11'46"E., 940.88 feet to a 3/4" iron pipe found at a 17" maple, 3.) N.47°56'52"W., 545.98 feet to a 1/2" iron pipe found at a 27" marked blackgum, a common corner of Ronald K. Mitchell, et al (Second Tract, Record Book 141, Page 66); THENCE with Mitchell's line, S.74°27'47"E., 1059.49 feet to a 1/2" iron pipe found, a common corner of Helen Morgan (Deed Book 47, Page 91); THENCE with Morgan's line, N.76°46'56"E., 254.03 feet to a nail found in a stump, a common corner of, now or formerly, L. S. Byrd (Deed Book 63, Page 240); THENCE with Byrd's line, S.20°56'11"E., 137.04 feet to a point in the center of a 10' farm road, said point being located, N.20°56'11"W., 25.00 feet from a 3/4" iron pipe found; THENCE continuing with Byrd's line and with the center of said farm road the following seven (7) courses and distances, 1.) N.74°03'35"E., 28.94 feet to a point, 2.) N.78°46'39"E., 44.06 feet to a point, 3.) N.84°40'11"E., 133.50 feet to a point, 4.) S.89°48'43"E., 82.69 feet to a point, 5.) N.88°30'49"E., 125.74 feet to a point, 6.) N.80°49'38"E., 50.73 feet to a point, 7.) N.66°21'59"E., 95.52 feet to a point in the line of Luther H. Jeffcoat (Deed Book 77, Page 461); THENCE leaving said road and with Jeffcoat's line the following two (2) courses and distances, 1.) S.88°16'31"E., 20.00 feet to a 5/8" iron rod found, 2.) continuing, S88°16'31"E., 186.20 feet to the POINT OF BEGINNING. As surveyed and platted by LESLIE COLE, P.L.S., P.A. on 6/3/2003. Project - GCNCOES.pro. and GCNCOES2.pro.

Containing 97.004 acres, more or less.

Situate, lying and being in Watauga Township, Watauga County, North Carolina.

There is also conveyed herewith those certain rights-of-way, water system rights and terms and conditions thereof as more particularly described in the deed recorded in Book of Records 893, Page 212, Watauga County, North Carolina, Public Registry.

There is also conveyed herewith that certain Right-of-Way and Easement Agreement recorded in Book of Records 935, Page 791, Watauga County, North Carolina, Public Registry.

There is also conveyed herewith that certain Sewer Easement Agreement entered into by and between The Lakes Community Development Company, Inc. and Borrower recorded in Book of Records 950, Page 294, Watauga County, North Carolina, Public Registry.

TRACT II:

Any and all parcels of land which are located within a one-half mile radius of the boundary lines of Tract I.

EXHIBIT B
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

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Limited Common Elements

There are no limited common elements in this Condominium other than any door steps, stoops, decks, parking spaces, porches, balconies, elevators, patios, and exterior door locks. Each unit shall have one (1) designated parking space. All other parking spaces as shown on the site plan shall be common parking spaces.

EXHIBIT C
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

<u>Unit No.</u>	<u>Percentage of Undivided Interest in Common Elements</u>	<u>Percentage of Common Expenses</u>	<u>Votes in the Assoc.</u>
RA-1	8.333	8.333	8.333/100
RA-2	8.333	8.333	8.333/100
RA-3	8.333	8.333	8.333/100
RA-4	8.333	8.333	8.333/100
RA-5	8.333	8.333	8.333/100
RA-6	8.333	8.333	8.333/100
RB-1	8.333	8.333	8.333/100
RB-2	8.333	8.333	8.333/100
RB-3	8.333	8.333	8.333/100
RB-4	8.333	8.333	8.333/100
RB-5	8.333	8.333	8.333/100
RB-6	8.333	8.333	8.333/100
TOTAL	100%	100%	100/100

EXHIBIT C-1
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

Plans of Echota on the Ridge Condominium and Site Plans

See Unit Ownership Book 8, Page 243 Watauga County, North Carolina, Public Registry.

EXHIBIT D
TO DECLARATION OF CONDOMINIUM
FOR
ECHOTA ON THE RIDGE CONDOMINIUM

Leins, Defects and Encumbrances on the Property

1. Ad Valorem taxes for the current year which are not yet due and payable.
2. Declaration of Restrictions for Echota on the Ridge recorded in Book of Records 1136, Page 704, Watauga County Public Registry.
3. Rights of others in and to the use of the common roads and streets through Echota on the Ridge.
4. Utility easements of record.

EXHIBIT E
to
DECLARATION OF CONDOMINIUM

Articles of Incorporation
of
ECHOTA ON THE RIDGE CONDOMINIUM
A NON-PROFIT CORPORATION

The undersigned natural person of the age of eighteen (18) years or more hereby forms a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, and to that end does hereby set forth:

1. The name of the Corporation is ECHOTA ON THE RIDGE CONDOMINIUM (hereinafter referred to as the "Association").

2. The period of duration of the Association shall be perpetual.

3. The purposes for which the Association is organized are:

(a) To manage, maintain, operate, care for and administer Echota on the Ridge Condominium (the "Condominium") as described in the Declaration of Intention to Submit Property to the Provisions of North Carolina Condominium Act by EDCOTR, Inc. ("Declarant") dated the 1st day of December, 2005 and recorded or to be recorded in the Office of the Register of Deeds for Watauga County, North Carolina (such Declaration as the same may be amended from time to time being hereinafter referred to as the "Declaration"); to enforce the covenants, restrictions, easements, charges and liens provided in the Declaration to be enforced by the Association; to fix, levy, assess, collect, enforce and disburse the charges and assessments created under the Declaration, all in the manner set forth in and subject to the provisions of the Declaration; and to exercise all powers and privileges and to perform all duties and obligations of the Association under the Declaration;

(b) To do any and all other lawful things and acts that the Association from time to time, in its discretion, may deem to be for the benefit of the Condominium and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants thereof; and

(c) To exercise all powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated purposes.

4. The Association is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Association shall be distributed, upon dissolution or otherwise, to any member, director or officer of the Association.

5. Provisions relating to the members of the Association are:

(a) Members of the Association shall be every Unit Owner as defined in the Declaration and no other person or entity shall be entitled to membership.

(b) There shall be only one class of members in the Association.

(c) The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and the Bylaws attached thereto; provided, however, that certain rights are reserved to Declarant in the Declaration and Bylaws of the Association with respect to the election of the initial Board of Directors and amendment of the Declaration and Bylaws.

(d) Membership in the Association shall be appurtenant to and may not be separated from ownership of a Unit in the Condominium. Restrictions on the transfer or encumbrance of Units are set forth in the Declaration.

6. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in these articles of incorporation. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

7. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to federal, state or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organizations, such as court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

8. The address of the initial registered office of the Association is 133 Echota Parkway, Boone, NC 28607 and the initial registered agent of the Association at such address is Mark Harrill.

9. The address for the principal office of the Association is 133 Echota Parkway, Watauga County, Boone, North Carolina 28607.

10. The business and conduct of the Association shall be regulated by a Board of Directors who shall be elected in the manner and for the terms provided in the Bylaws. The number of directors constituting the initial Board of Directors shall be three (3) and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Mark Harrill	133 Echota Parkway Boone, NC 28607
Melissa W. Harrill	133 Echota Parkway Boone, NC 28607
William R. Carter	133 Echota Parkway Boone, NC 28607

11. The incorporator of this Association is Allen C. Moseley and his address is 770 West King Street, P. O. Box 311, Boone, Watauga County, North Carolina 28607.

IN TESTIMONY WHEREOF, the undersigned has set his hand and affixed his seal, this) day of Dec, 2005.

 (SEAL)
Allen C. Moseley, Incorporator

STATE OF NORTH CAROLINA

COUNTY OF WATAUGA

I, a Notary Public of said County and State, do hereby certify that Allen C. Moseley personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this the 5 day of Dec., 2005.

Erin M. Shepherd
Notary Public

My commission expires:

NOTARIAL SEAL:



RIDER #1 TO EXHIBIT "F"
TO DECLARATION OF CONDOMINIUM

BYLAWS
OF
ECHOTA ON THE RIDGE CONDOMINIUM ASSOCIATION, INC.,
A NON-PROFIT CORPORATION

ARTICLES 1 - PURPOSE, APPLICABILITY, OFFICES

- Section 1.1 IDENTITY. These are the bylaws of ECHOTA ON THE RIDGE CONDOMINIUM ASSOCIATION, INC., a North Carolina nonprofit corporation, (the "Association"), the Articles of Incorporation (the "Articles") of which have been filed in the office of the North Carolina Secretary of State.
- Section 1.2 PURPOSE. This Corporation (hereinafter called the "Association") has been organized to provide for the administration, management, maintenance and care of Echota on the Ridge Condominium, a condominium established or to be established in accordance with the North Carolina Condominium Act upon the property situate, lying and being in Watauga County, North Carolina and more particularly described on Exhibit "A" attached to the Declaration and incorporated herein by reference. (Echota on the Ridge Condominium is hereinafter referred to as the "Condominium".)
- Section 1.3 APPLICABILITY OF BYLAWS. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. All present and future Owners, Mortgagees, lessees and occupants of Units and their families and guests, and any other persons who may use or occupy the facilities of the Condominium in any manner, are subject to the Declaration, these Bylaws and rules and regulations made pursuant hereto and any amendment to these Bylaws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any Rules and Regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.
- Section 1.4 PRINCIPAL OFFICE. The principal office of the Association shall be located in Watauga County, North Carolina.
- Section 1.5 REGISTERED OFFICE. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.
- Section 1.6 DEFINITIONS. All terms as defined in the Declaration or the North Carolina Condominium Act shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE II - QUALIFICATION AND RESPONSIBILITIES OF MEMBERS

- Section 2.1 MEMBERS. Each Unit Owner shall be a member of the Association, and shall remain a member until he ceases to be a Unit Owner.
- Section 2.2 MORE THAN ONE OWNER. When there is more than one Unit Owner of a Unit, all such persons shall be members of the Association.
- Section 2.3 REGISTRATION. It shall be the duty of each Unit Owner to register his name and the number of his Unit with the Secretary of the Association. If a Unit Owner

does not so register, the Association shall be under no obligation to recognize his membership.

Section 2.4 PROHIBITION OF ASSIGNMENT. The interest of a member in the Association assets cannot be transferred or encumbered except as an appurtenance to his Unit.

ARTICLE III - MEMBERS' MEETINGS AND VOTING

Section 3.1 PLACE OF MEETINGS. All meetings of the Unit Owners shall be held at the Condominium 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 3.2 ANNUAL MEETING. The members shall meet at least once each year as specified in the notice of such meeting given pursuant to Section 3.4. At each annual meeting the members shall elect members of the Board ("Directors") and may transact any other business properly coming before them.

Section 3.3 SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President, a majority of the Board, or upon written request of Unit Owners having twenty percent (20%) of the total votes in the Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

Section 3.4 NOTICES. Notice of all meetings of the members, stating the time and place, and accompanied by a complete agenda thereof (including the general nature of any proposed amendment to the Declaration or these Bylaws, and budget changes, and any proposal to remove an officer or director), shall be given by the President or Secretary to each member. Such notice shall be in writing, and shall be hand delivered or sent prepaid by United States mail not less than ten (10) nor more than fifty (50) days in advance of any meeting to the members at the addresses as any member may have designated to the President or Secretary, at least twenty-one (21) days in advance of any annual or regularly scheduled meeting and at least seven (7) days in advance of any other meeting.

Section 3.5 QUORUM, ADJOURNMENT IF NO QUORUM. A quorum shall consist of members present at the beginning of the meeting, in person or by proxy, entitled to cast at least fifty-one percent (51%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

Section 3.6 VOTES; ASSOCIATION SHALL NOT VOTE. The total votes in the Association are allocated to Units by the Declaration. The votes allocated to a Unit may be cast by the Unit Owner of that Unit. When there is more than one Unit Owner of a Unit, the votes for that unit shall be cast as they shall determine. The votes allocated to a Unit shall not be split but shall be voted as a single whole. When there is more than one Unit Owner of a Unit and only one of the multiple Owners is present at a meeting, the Unit Owner who is present is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners of a Unit are present at a meeting, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. The Association shall not be entitled to cast the votes allocated to any Unit owned by it.

Section 3.7 MANNER OF CASTING VOTES. Votes may be cast in person or by a proxy duly executed by a Unit Owner. A proxy is void if not dated and terminates one

year after its date, unless it specifies a shorter term. If a unit is owned by more than one person, each Unit Owner may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy except by written notice of revocation delivered to the person presiding over a meeting of the Association.

Section 3.8 REQUIRED VOTES. All questions shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Declaration or these bylaws require a greater vote.

Section 3.9 ACTION BY MEMBERS WITHOUT MEETING. Any action that may be taken at a meeting of the members, may be taken without a meeting if such action is authorized in writing setting forth the action taken and is signed by all members, or if such action is taken in any other manner permitted by law.

ARTICLE IV - DIRECTORS

Section 4.1 NUMBER. The business and property of the Association shall be managed and directed by a Board of Directors composed of three (3) natural persons.

Section 4.2 INITIAL DIRECTORS. The initial three (3) Directors shall be selected by the Declarant and need not be Unit Owners. The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in Watauga County, North Carolina, Public Registry until such time as is provided by the Declaration and this Section, are as follows:

Mark Harrill
Melissa Harrill
William R. Carter

Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Board shall be elected by Unit Owners other than the Declarant. Upon termination of the period of Declarant Control reserved in the Declaration, the Unit Owners shall elect a Board of at least three (3) members, who must be Unit Owners.

Section 4.3 ELECTION, TERM AND QUALIFICATION. Except as provided in the Declaration and in this Article, with respect to the Directors appointed and removed by Declarant during the period of Declarant Control, the three (3) members of the permanent Board of Directors shall be elected at an annual meeting of Unit Owners and those persons who receive the highest number of votes (whether or not a majority or Plurality) shall be deemed to have been elected. The size of the permanent Board of Directors may be increased or decreased from time to time upon the affirmative vote of Unit Owners owning in the aggregate at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Association, provided that said Board shall not be less than three (3) in number nor greater than seven (7) in number. Each Director shall hold office

for a term of one year or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualifies.

- Section 4.4 REMOVAL. Except for directors appointed by Declarant, a director may be removed, with or without cause, by a vote of the members entitled to cast at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Association, at a special meeting called for such purpose, and a successor may then be elected by the members to serve for the balance of the removed Director's term.
- Section 4.5 VACANCIES. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.
- Section 4.6 REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, at least seventy-two (72) hours prior to the meeting.
- Section 4.7 SPECIAL MEETINGS. Special meetings of the board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request therefor signed by two (2) Directors is delivered to any other director or the President or the Secretary. Not less than seventy-two (72) hours' notice of such special meeting shall be given personally or by mail, telephone, or telegraph to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.
- Section 4.8 QUORUM; ADJOURNMENT IF NO QUORUM. A majority of the Board at the beginning of the meeting shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.
- Section 4.9 MANNER OF ACTING. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the act of a greater number is required by the provisions of applicable law, the Declaration of these Bylaws.
- Section 4.10 BOARD ACTION WITHOUT MEETING. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in a writing, setting forth the action taken, signed by all Directors.
- Section 4.11 COMPENSATION. The Board of Directors shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Unit Owners having sixty-six and two-thirds percent (66-2/3%) of the total votes entitled to vote at an election of Directors.
- Section 4.12 POWERS AND DUTIES OF BOARD. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes, the Act, the Declaration, the Articles, and these Bylaws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, and these Bylaws, and shall include, but not be limited to, the following:

(a) To prepare and provide to members annually, a report containing at least the following:

(i) A statement of any capital expenditure in excess of five percent (5%) of the current budget or Five Hundred Dollars (\$500.00), whichever is greater, anticipated by the Association during the current year or succeeding two (2) fiscal years.

(ii) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the board.

(iii) A statement of the financial condition of the Association for the last fiscal year.

(iv) A statement of the status of any pending suits or judgments in which the Association is party.

(v) A statement of the insurance coverage provided by the Association.

(vi) A statement of any unpaid assessments payable to the Association, identifying the Unit and the amount of the unpaid assessment.

(b) To adopt and amend budgets for revenues, expenditures and reserves and to determine, and collect assessments to pay the Common Expenses.

(c) To regulate the use of, and to maintain, repair, replace and improve the Common Elements.

(d) To adopt and amend rules and regulations and to establish reasonable penalties for infraction thereof.

(e) To enforce the provisions of the Declaration, the Articles, these Bylaws, the Act, and rules and regulations by all legal means, including injunction and recovery of monetary penalties.

(f) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Board shall determine, except such as are specifically required by the Declaration, the Articles, these Bylaws, or the Act, to be done by the Board or the members. Notwithstanding the foregoing, the Property, including each Unit, shall at all times be managed by a single managing agent. The single managing agent shall not have authority to lease any part of a Unit without the approval of the Unit Owner.

(g) To hire and terminate agents and independent contractors.

(h) To institute, defend, intervene in, or settle any litigation or administrative proceedings in its own name on behalf of itself on matters affecting the Condominium.

(i) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.

(j) To borrow money for the maintenance, repair, replacement, modification or improvement of Common Elements and to pledge and pay assessments, and any and all other revenue and income, for such purpose.

(k) To impose and receive payments, fees and charges for the use, rental or operation of the Common Elements other than the Limited Common Elements described in subsections 47C-2-102(2) and (4) of the Act, and other portions of the Common Elements which provide access to the Units and for services provided to Unit Owners.

(l) To grant leases, licenses, concessions and easements through and over the common elements.

(m) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the evaluation, preparation and recordation of amendments to the Declaration, resale certificates required by Section 47C-4-109 of the Act, or statements of unpaid assessments.

(n) To provide for indemnification of the Association's officers and directors and maintain officers' and Directors liability insurance.

(o) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, these Bylaws, or the rules and regulations.

Section 4.13

LIABILITY OF THE BOARD. The members of the Board of Directors 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 Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, Declaration of these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, 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 of Directors 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 Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board of Directors, 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 Elements bears to the interest of all Unit Owners in the Common Elements.

ARTICLE V - OFFICERS

Section 5.1

DESIGNATION OF OFFICERS. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer. Each officer shall be Unit Owner or the individual nominee of a Unit Owner which is other than an individual. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Association. The board may elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. Officers may serve as members of the Board.

Section 5.2

ELECTION OF OFFICERS. Except for officers appointed by Declarant during the period of Declarant Control reserved in the Declaration, officers of the Association shall be elected by the Board. Election shall be held annually at the

first meeting of the Board held after the annual meeting of the members, except that the first Board shall elect officers as soon as practicable after filing of the Declaration.

Section 5.3 TERM. Each officer shall serve until his successor has been duly elected and has qualified.

Section 5.4 REMOVAL. Any officer may be removed, with or without cause, and without notice, by the Board.

Section 5.5 VACANCY. Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

Section 5.6 POWERS AND DUTIES OF OFFICERS.

(a) President. The President shall be the chief executive officer of the Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the Board and of the members, and the general supervision of officers in the management of the business and affairs of the Association; and shall see that all actions and resolutions of the Board are carried into effect.

(b) Vice-President. The Vice-President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Board or the President.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles, and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Board for examination and approval; shall deposit all money and other valuable effects in depositories designated by the Board; shall disburse funds of the Association as directed by the Board; and shall perform all other duties incident to the office of a treasurer of a corporation. He shall keep full and accurate accounts of the finances of the Association in books especially provided for the purpose. He shall cause a true statement of its assets and liabilities as 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 of Directors within ninety (90) days following the end of each fiscal year. The statement shall be kept available for inspection by any Unit Owner for a period of three (3) years.

Section 5.7 EXECUTION OF AGREEMENTS, ETC. All agreements, deeds, mortgages, or other instruments shall be executed by any two (2) officers, or by such other person or persons as may be designated by the Board or by law.

Section 5.8 COMPENSATION OF OFFICERS RESTRICTED. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VI - LIABILITY OF DIRECTORS, OFFICERS, AND OTHERS

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorney's fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding in which he is made a part or was (or is threatened to be made a party) by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members of disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article VI, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE VII - FISCAL MANAGEMENT

Section 7.1 DEPOSITORY. The Board shall designate a depository for the funds of the Association, and may change such depository. Withdrawal of funds from such depository shall be only by checks signed by any one (1) officer of the Association, or any other person(s) authorized by the Board.

Section 7.2 FIDELITY BONDS. Fidelity bonds may be maintained by the Association, in an amount determined by the Board, covering each directors 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.

Section 7.3 PAYMENT VOUCHERS. Payment vouchers shall be approved by the Board, provided that the Board may delegate such authority to any officer or managing agent of the Association.

Section 7.4 FISCAL YEAR. The fiscal year of the Association shall be the calendar year provided that the Board, from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE VIII - ASSESSMENTS

- Section 8.1 OBLIGATION OF MEMBERS TO PAY ASSESSMENTS; AMOUNT OF LEVY. Until the Association levies a common expense assessment, Declarant shall pay all accrued expenses of the Condominium. Thereafter, each Unit Owner shall be personally and severally liable for the Common Expenses that are levied against his Unit while a Unit Owner. Each Unit shall be assessed in accordance with that Unit's percentage of Common Expenses as allocated by the Declaration, as amended.
- Section 8.2 ALLOCATION OF COMMON SURPLUS. Any common surplus, including funds in reserve accounts, may be allocated to each Unit in accordance with its percentage of Common Expenses, and, if allocated, shall be owned by the Unit Owner of that unit, and, if allocated, may be paid to the Unit Owner or credited against that Unit's share of Common Expenses subsequently assessed.
- Section 8.3 LIEN FOR ASSESSMENTS. Every assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that unit when filed of record in the office of the Clerk of Superior Court of Watauga County in the manner provided therefor by Article 8 of Chapter 44 of the General Statutes. The lien under this section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the unit) recorded before the docketing of the lien in the Office of the Clerk of Superior Court of Watauga County, and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit.
- Section 8.4 PAYMENT OF ASSESSMENTS. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payments shall be made to the Association, or as the Board may from time to time otherwise direct.
- Section 8.5 FUNDS AND RESERVES. All sums collected by the Association from assessments shall be accounted for as follows:
- (a) Reserve Fund for Repairs and Replacements. To this fund shall be credited all sums collected for the purpose of effecting repairs and replacements of structural elements and mechanical equipment, and other Common Elements, of the Condominium.
 - (b) General Operating Reserve Fund. To this fund shall be credited all sums collected to provide a reserve for purposes of providing a measure of financial stability during periods of special stress, and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.
 - (c) Maintenance Fund. To this fund shall be credited collections of assessments for all Common Expenses for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.
 - (d) Working Capital Fund. All funds, if any, received by the Association for the initial working capital fund of the Association, to defray unforeseen expenses and/or the cost of additional equipment or services deemed necessary or desirable by the Board, shall be maintained in and segregated in this fund for the use and benefit of the Association.
- The reserve fund for repairs and replacements shall be established by the Board beginning with the first assessment and shall be funded thereafter by regular installments rather than by extraordinary special assessments. The reserve fund describe above shall be maintained only in such amounts as deemed necessary or

desirable by the Board, subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Board, in its discretion, selects.

Section 8.6 SPECIAL ASSESSMENTS. In addition to the assessments levied pursuant to Section 8.3., the Board, in its discretion, may levy special assessments at such other and additional times as in its judgments are required for:

(a) Maintenance, repair, restoration and reconstruction of the Common Elements, and operation of the Condominium.

(b) Alterations, improvements, and additions to the Common Elements; provided, however, that any such special assessment involving an expenditure in excess of One Thousand and 00/100 Dollars (\$1,000.00) shall be first approved by the members entitled to cast at least fifty-one percent (51%) of the total votes in the Association at a regular or special meeting of the Association.

(c) Payment of costs and expenses incurred in curing defaults pursuant to Sections 10.1 and 10.3 hereof.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board and as set out in such notice.

Section 8.7 COMMON EXPENSES ASSOCIATED WITH LIMITED COMMON ELEMENTS OR BENEFITING LESS THAN ALL UNITS.

(a) Any Common Expense 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 item of Common Expenses benefiting less than all of the Units against the Units benefited in proportion to their Common Expense liability.

Section 8.8 FAILURE TO PREPARE BUDGET AND LEVY ANNUAL ASSESSMENT; DEFICIENCIES IN PROCEDURE. The failure of the Board or delay of the Board in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the members' obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new assessment is levied by the Board pursuant to Section 8.3 each member shall continue to pay the assessment then previously levied pursuant to Section 8.3 in the same amount and at the same periodic times as levied, or as the Board may otherwise advise in writing. Also, any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

Section 8.9 ASSESSMENT ROLL; CERTIFICATE. All assessments shall be set forth upon a roll of the Units, which shall be available from the Treasurer or the managing agent for inspection at all reasonable times by members and Security Holders, and their duly authorized representatives. Such roll shall include, for each Unit, the name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a Unit Owner, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against his Unit. The certificate shall be furnished within seven (7) business days after receipt of the

request and shall be binding upon the Association and all Unit Owners. For such certificate a reasonable fee may be charged by the Board.

Section 8.10

DEFAULT AND ENFORCEMENT. If any assessment, or installment thereof, remains delinquent for thirty (30) days, then that assessment, and all other assessments then a lien against that Unit, may be declared by the Board to be immediately due and payable in full, with interest, without further notice, and may be foreclosed by the Association in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. All fees, late charges, attorneys' fees, fines or interest levied or collected by the Association in connection with any unpaid assessment shall have the same priority as the assessment to which they relate and are enforceable as assessments.

If any action is taken by the Association to foreclose a lien on a Unit because of unpaid assessments, the Unit Owner shall be required to pay a reasonable rent for the use of the Unit during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment, or installment thereof, together with interest, and the members so sued and liable for such assessment shall pay all costs of collection, including reasonable attorneys' fees, with interest thereon at the same rate as charged on the assessments being collected from the dates incurred until paid. The Board may also suspend voting rights and repairs to the Unit.

Section 8.11

INTEREST ON DELINQUENT ASSESSMENTS. Assessments, or installments thereof, paid before they become delinquent, shall not bear interest, but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not exceeding the rate of interest allowed by the Act, from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by the Act. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

Section 8.12

COMMON EXPENSES. Common Expenses shall mean and include all sums declared Common Expenses by the Act, or by any specific provision of these Bylaws or the Declaration, and shall include, without limitation, the following real estate taxes, and other governmental assessments or charges against the property until the Units are separately assessed; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not charged directly to Unit Owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to Section 4.12(h) hereof; deficits remaining from any prior assessment period; the cost, including fees and interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Elements or Property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VI hereof.

It is also understood that utilities (including without limitation water, sewer, electricity and natural gas) which may be provided to the Condominium through a single or common meter or facility and utilities furnished to any portion of the

Common Elements shall be paid by the Board as a Common Expense and must be assessed in proportion to ownership of the Common Elements.

ARTICLE IX - RELOCATION AND ALTERATION OF UNITS

- Section 9.1 PROCEDURE. If any Unit Owner desires to (i) relocate the boundaries of his Unit pursuant to Section 47C-2-112 of the Act, (ii) remove partitions or create apertures pursuant to Section 47C-2-111 of the Act, or (iii) make any improvements or alterations to his Unit which impair the structural integrity or mechanical systems of, or lessen the support of any portion of, the Condominium, the procedure set out in this Article shall be followed.
- Section 9.2 NOTICE TO AND CONSENT OF BOARD. Prior to doing any work of the kind set out in Section 9.1., the Unit Owner shall give notice to the Board of his intent to do such work and request and receive the written consent thereto of the Board or, on appeal, the Association. With such notice shall be given (i) a statement of the work to be done, (ii) a copy of the plans and specifications for the work prepared by an architect licensed under the provisions of Chapter 83 of the General Statutes or an engineer registered under the provisions of Chapter 89C of the General Statutes, and (iii) such additional information relative to the proposed work as the Board may reasonably request. Upon receiving all such information and any fees and charges requested by the Board, the Board shall set a date for a meeting on the proposed work which shall be within thirty (30) days after such information and fees and charges are received. Notice of such meeting shall be given to all members of the Association in the same manner as a notice of a special Board meeting. At the meeting, the Board shall receive such testimony and evidence as it deems appropriate. The meeting may be continued from time to time by the Board. At the meeting or at such later time but, in any event, not later than thirty (30) days after receipt of the said information, the Board shall decide whether to consent or not to consent to such work. Written notice of such decision shall be given to said Unit Owner and all members.
- Section 9.3 APPEAL TO ASSOCIATION. The Unit Owner proposing to do the work, or members representing fifty percent (50%) or more of the total votes in the Association, may appeal the decision of the Board to the Association by filing a signed written request for an Association meeting on the work proposal. The written request must be filed with the Secretary within ten (10) days of the date of the notice of the Board's decision.
- Section 9.4 MEETING AND DECISION OF ASSOCIATION. Upon filing of an appeal, a special meeting of the members of the Association shall be called. The notice of meeting shall be sent out within ten (10) days after such filing, and the meeting shall be held within thirty (30) days after such filing. The meeting may be continued from time to time by the chairman. The provisions of Article III hereof shall apply to such meeting. At such meeting the members shall decide to consent or not to consent to such work. The decision of the Association shall be final.
- Section 9.5 FEES. The Board may require the Unit Owner proposing to do the work to pay reasonable fees and charges to cover the costs to be incurred by the Association in giving notice of and holding meetings pursuant to this Article.
- Section 9.6 CONDITIONS. The Board or, on appeal, the Association, may impose conditions on any consent to such work to protect the Common Elements, Units and the Condominium, and to insure that the provisions of the Act, Declaration and these Bylaws are complied with, including, without limitation, the furnishing to the Association of payment and performance bonds, or other security acceptable to the Board, to ensure that the proposed work is timely completed pursuant to the plans and specifications therefor and all costs thereof paid.

Section 9.7 CONTROLLING PROCEDURE. The procedure set out in this Article shall control over any contrary provisions in the Act.

ARTICLE X - COMPLIANCE, ENFORCEMENT
FINES AND PENALTIES

Section 10.1 DEFAULT AND REMEDIES. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Act, the Declaration, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any Unit Owner or Occupant, shall be grounds for relief that may include, without intending to limit the same or to constitute an election of remedies, an action to recover fines and penalties as determined by the Board, sums due for damages, an injunction, or any combination thereof, and which relief may be sought by the Association, an aggrieved Unit Owner, or any person or class of persons adversely affected. Also, if any member fails to perform any obligation under the Act, the Declaration, these Bylaws, the Articles or such rules and regulations, then the Association may, but is not obligated to, perform the same for the member's account, and for such purpose may enter upon his Unit, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the Unit owned by such defaulting member. The Association also shall be entitled to suspend the right of a defaulting Unit Owner to vote as a member of the Association until the default is cured.

Section 10.2 NOTICE OF DEFAULT AND FAILURE TO CURE. In the event of any such default or failure, the Board shall serve upon or mail to the defaulting member a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice, the defaulting member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deem necessary or desirable. The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting member and each such First Mortgagee. The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the Board, at the hearing or at such later time, shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board due to such default. The Board shall serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a copy of its determination. If the defaulting member (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so requests a hearing, but fails to cure the default (to the extent not waived by the Board) within the extended time, if any, granted by the Board after hearing, then the Board shall serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a written notice of such member's failure to effect a cure, and the Board may then proceed to take such action as it deems necessary to obtain relief.

Section 10.3 REMEDY OF ABATEMENT IN ADDITION TO OTHER REMEDIES. In the event a member fails to effect the cure specified by the Board within the time period set out in (i) or (ii) of Section 10.2. hereof, whichever is applicable, where

the default is a structure, thing, or condition existing in or on the premises of the member's Unit, the Board, or its duly authorized representative, shall have the right to enter upon the premises of the member's Unit in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting member's expense (and levy an assessment therefor as provided in section 10.1 hereof), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

Section 10.4 INJUNCTION. Any person or class of persons entitled to seek relief for any such default or failure may obtain a temporary restraining order, injunction or similar relief, without first using the procedure established by Section 10.2. hereof, if such default or failure creates an emergency or a situation dangerous to persons or property.

Section 10.5 RECOVERY OF ATTORNEYS' FEES AND COSTS. In any proceeding arising because of an alleged default by a member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be allowed by the court, with interest thereon at the highest rate allowed by law at the time the costs are incurred until paid.

Section 10.6 NONWAIVER OF COVENANTS. The failure of the Association or of any member thereof to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration, these bylaws, the Articles, the rules and regulations or the Act, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

Section 10.7 ASSESSMENT LIENS. Assessment liens shall be enforced pursuant to article VIII hereof and not pursuant to this Article X.

ARTICLE XI - AMENDMENT

An amendment to these Bylaws shall be made and approved in the manner, and shall be subject to the same restrictions relative to requiring prior written consent of First Mortgagees, as set forth in Article XII and XIII of the Declaration, and once made, shall become effective when recorded in the same manner and place as an amendment to the Declaration.

ARTICLE XII - GENERAL PROVISION

Section 12.1 RULES AND REGULATIONS.

(a) By the Board. The Board may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of the Common Elements so as to promote the common use and enjoyment thereof by Unit Owners and Occupants and for the protection and preservation thereof. In addition, the Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Units to provide for the common good and enjoyment of all Unit Owners and Occupants, including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration and these Bylaws with respect to leases or tenants.

(b) By the Association. Any such rule or regulation adopted by the Board may be amended, modified, or revoked, and new and additional rules and regulations may be adopted at an annual or special meeting of the Unit Owners, by the affirmative vote of owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated. Any such act of the members shall control over any contrary rule or regulation then or thereafter adopted by the Board.

(c) Uniform Application. All rules and regulations shall be equally and uniformly applicable to all Unit Owners, Occupants and Units, but need not be equally and uniformly applicable if it is determined that such unequal or nonuniform application is in the best interest of the Association or if equal and uniform application is not practicable.

(d) Copies Furnished. Copies of all such rules and regulations and any amendments thereto shall be furnished or otherwise made available to all members. However, failure to furnish or make available, such rules or regulations shall not affect in any way their validity or enforceability.

Section 12.2

PARLIAMENTARY AUTHORITY. Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, the Act, or any statutes of the State of North Carolina applicable thereto. The Chairman of the meeting shall have the authority to appoint a parliamentarian.

Section 12.3

COMPLIANCE WITH THE ACT; CONFLICT; SEVERABILITY. These Bylaws are established in compliance with the Act, as amended. Should any of the terms, conditions, provisions, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said Act, the provisions of said Act shall control unless the Act permits these Bylaws to override the Act, in which event these Bylaws shall control. In the case of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.