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DECLARATION OF
314 DAVIS CONDOMINIUM

FOURTH & DAVIS, LLC
Developer and Declarant

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL
SIGNS.**

Prepared by and return to ~~WARD AND SMITH, P.A.~~, 127 Racine Drive,
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THIS DECLARATION OF 314 DAVIS CONDOMINIUM (hereinafter referred to as the "Declaration"), made this the 10th day of June, 2011, by FOURTH & DAVIS, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant"), pursuant to the provisions of Chapter 47C of the General Statutes of the State of North Carolina (sometimes hereinafter referred to as the "Condominium Act" or the "Act") to All Prospective Purchasers or Owners of property described herein;

W I T N E S S E T H

WHEREAS, Declarant is the owner in fee simple of certain real estate located in New Hanover County, North Carolina, said real estate being more particularly described on Exhibit A attached hereto and incorporated herein by reference, and,

WHEREAS, Declarant has constructed on the property described on Exhibit A one (1) building, containing three (3) condominium units, and appurtenant facilities; and,

WHEREAS, it is the desire of the Declarant to submit the property described on Exhibit A, together with the improvements thereon constructed and easements appurtenant thereto, to the provisions of the Act to provide for the condominium form of ownership, and,

WHEREAS, Declarant hereby establishes by this Declaration a plan for the individual ownership of condominium units and the co-ownership by individual and separate owners thereof, as tenants in common, of all of the remaining property in the condominium (all portions of the Condominium except the condominium units hereinafter being referred to as "Common Elements")

NOW, THEREFORE, Declarant does hereby declare that the property described on Exhibit A attached hereto and incorporated herein by reference shall be held, conveyed, encumbered, used, occupied, improved, sold, mortgaged, and otherwise conveyed subject to the rules, regulations, restrictions, covenants, conditions, uses and obligations set forth in this Declaration. All such rules, regulations, restrictions, covenants, conditions, uses and obligations are declared and agreed to be in furtherance of a plan for the creation of the Condominium and the use, enjoyment and rental of condominium units and shall be deemed to run with the land and be a burden on and a benefit to the Declarant, its successors and assigns, and on and to any Person acquiring or owning any interest in the real property in the Condominium and any improvements thereto, and such parties' grantees, successors, heirs, assigns, executors, administrators and devisees. Individual Owners, their employees, guests, tenants and all persons using or possessing any property within the Condominium are subject to the provisions of this Declaration

ARTICLE 1

ESTABLISHMENT OF CONDOMINIUM

On that property described on Exhibit A, attached hereto and incorporated herein by reference, there exists a building containing three (3) Units, and other appurtenant improvements. Declarant does hereby submit the real property, and the improvements lying within the land area described on Exhibit A to condominium ownership under the provisions of the Act, and hereby declares the same to be a condominium to be known and identified as "314 Davis Condominium" The maximum number of Units which the Declarant reserves the right to create is six (6). The Condominium is located in New Hanover County, North Carolina

ARTICLE 2

SURVEY PLATS AND PLANS

A survey of the land and plat and plans of the improvements constituting the Condominium identifying the Units, the Common Elements and the Limited Common Elements, as said terms are herein defined, and containing the information required by N.C. Gen Stat § 47C-2-109(b) and (c) is recorded in the office of the Register of Deeds of New Hanover County in the map book identified in Exhibit B, said survey and plat and plans being incorporated herein by reference. Said survey and plat and plans are sometimes collectively referred to herein as Exhibit B Each Unit is identified by a specific number on Exhibit B, and no Unit bears the same number as any other Unit The Units are identified as 101, 201, and 301 as shown on Exhibit B

ARTICLE 3

DEFINITIONS

As used in this Declaration and the exhibits attached hereto, the Bylaws, the Articles of Incorporation, and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail.

Section 3 1 Act "Act" means Chapter 47C of the General Statutes of North Carolina designated as the North Carolina Condominium Act

Section 3 2 Area of Common Responsibility. "Area of Common Responsibility" means the Common Elements, together with those areas, if any, which by the terms of this Declaration, any supplemental declaration or other applicable covenants, or by contract, become the responsibility of the Association including, by way of illustration but not limitation, public rights-of-way and perimeter walls.

Section 3.3 Articles of Incorporation "Articles of Incorporation" means the Articles of Incorporation for 314 Davis Condominium Owners Association, Inc. filed in the office of the Secretary of State of North Carolina

Section 3.4 Association "Association" means the Owners association organized pursuant to the Act and incorporated under Chapter 55A of the General Statutes of North Carolina, and shall be known as 314 Davis Condominium Owners Association, Inc and its successor

Section 3.5 Association Documents "Association Documents" means collectively the Articles of Incorporation, the Bylaws, this Declaration, the Rules and Regulations adopted by the Association, and resolutions of the Board of Directors, all as may be amended, restated and revised from time to time Any exhibit, schedule, or amendment to an Association Document shall be considered a part of that document.

Section 3.6 Board of Directors or Board. "Board of Directors" or "Board" means the body responsible for administration of the Association selected as provided in the Bylaws

Section 3.7 Business or Trade "Business" or "Trade" means their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the family of the producer of such goods or services and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

Section 3.8 Bylaws. "Bylaws" means the Bylaws of the Association as they may be amended from time to time

Section 3.9 Common Elements "Common Elements" means and comprise (i) all of the real property, improvements and facilities of the Condominium, excluding however the Units as herein defined, (ii) all personal property and equipment held and maintained for the joint use and enjoyment of all the Owners of Units, and (iii) all permits for construction, maintenance and operation of the Condominium assigned by Declarant to the Association or otherwise procured or acquired by the Association

Notwithstanding this definition, to the extent that the provisions of the Act apply to "Common Elements," including, without limitation, the provisions of Section 47C-3-112, those provisions shall apply only to the "Common Elements" as defined in the Act

Section 3.10 Common Expenses. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses include Base Common Expenses and Insurance Common Expenses as described in Section 4.2 herein

Section 3.11 Condominium. "Condominium" means the Property described on Exhibit A, easements appurtenant to the Property, all buildings and improvements existing thereon or hereinafter constructed thereon, and any portions of the Development Property, and buildings and improvements thereon, which may be submitted to this Declaration and added to the Condominium.

Section 3.12 Condominium Units "Condominium Units" or "Units," as such terms are used herein, means a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereinafter defined and shown on Exhibit B. The walls, floors, and ceilings of the Units hereby are designated as the boundaries of each respective Unit

Except as otherwise modified herein, the provisions of N C Gen Stat § 47C-2-102(1), (2), (3), and (4) are incorporated herein by reference.

Section 3.13 Declarant. "Declarant" means Fourth & Davis, LLC, its successors and assigns, and any Person or entity who succeeds to any Special Declarant Rights as provided herein or pursuant to the Condominium Act

Section 3.14 Declaration "Declaration" means this instrument and any amendments thereto

Section 3.15 Development Period "Development Period" means the period ending on the earliest of (a) thirty (30) years from the date this Declaration is recorded in the Register of Deeds, provided, that if Declarant is delayed in the improvement and development of the Property as a result of a sewer, water or building permit moratorium or other cause or event beyond Declarant's control, then the aforesaid period shall be extended for the length of the delay plus an additional two (2) years upon written notice to the Association of such extension, or (b) the date specified by Declarant in a written notice to the Association that the Development Period is to terminate on that date so stated

Section 3.16 Development Property "Development Property" means that real property described on Exhibit C.

Section 3.17 Development Rights "Development Rights" means the rights reserved by Declarant under Article 27 of this Declaration, including the right to add additional real estate and property to the Condominium

Section 3.18 Director "Director" means a member of the Board of the Association

Section 3.19 Limited Common Elements. "Limited Common Elements" means those portions of the Common Elements allocated by operation of N C Gen Stat § 47C-2-102 for the exclusive use of one or more but fewer than all of the Units, including, without limitation, those portions of the Common Elements described in this Declaration as Limited Common Elements and those portions of the Common Elements designated as Limited Common Elements

on Exhibit B. At the time of the recording of this Declaration, the Limited Common Elements shall include balconies and the garage spaces allocated to each Unit on Exhibit B.

Supplementing the provisions of N C Gen Stat § 47C-2-102(4), all exterior doors and door frames, except screen doors or storm doors as may have been permitted by the Association, exterior windows and window frames, and all related components of the exterior doors and exterior windows including glass, panes and screens, shall be Limited Common Elements, and are specifically allocated to the Units in which they are installed

Section 3.20 Master Association "Master Association" means a master association which may be created by Declarant pursuant to Article 11

Section 3.21 Master Declaration "Master Declaration" means a master declaration encumbering real property including the Condominium which may be recorded by Declarant in the Register of Deeds pursuant to Article 11

Section 3.22 Member. "Member" means a Person having membership in the Association consistent with Article 9 of this Declaration

Section 3.23 Mortgage. "Mortgage" means a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed

Section 3.24 Mortgagee "Mortgagee" means a beneficiary or holder of a Mortgage

Section 3.25 Permit. "Permit" means any and all North Carolina Stormwater Management Permit applicable to the Property, and any amendments, additions or replacements thereof

Section 3.26 Person "Person" means a natural person, limited liability company, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity or any combination thereof

Section 3.27 Property "Property" means the real estate described on Exhibit A, along with any portions of the Development Property annexed into the Condominium in accordance with Article 5 herein, together with all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

Section 3.28 Register of Deeds. "Register of Deeds" means the office of the Register of Deeds of New Hanover County, North Carolina

Section 3.29 Stormwater Management Facilities. "Stormwater Management Facilities" means all areas consisting of ditches and swells, retention ponds and other improvements which are constructed pursuant to, and regulated by, the Permit

Section 3 30 Unit Owner "Unit Owner" or "Owner" means any Person owning one or more Units, but shall not include a Mortgagee unless such Mortgagee has acquired title pursuant to foreclosure or some other process in lieu of foreclosure

Section 3 31 Upkeep "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction

Section 3 32 Use Restrictions "Use Restrictions" means the rules and use restrictions more fully defined as set forth in Section 6 4

Section 3.33 Utility Company "Utility Company" means a public or private company or entity duly licensed and authorized by the North Carolina Utilities Commission to provide utility services within a specified franchise area and any entity providing utility services on behalf of a body politic, municipality or other governmental body or entity

Any word not defined herein, unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall, as used herein, have the meaning set out in N C Gen Stat § 47C-1-103

ARTICLE 4.

ALLOCATION OF COMMON ELEMENT INTERESTS, COMMON EXPENSE LIABILITIES AND VOTES, LIMITED COMMON ELEMENTS

Section 4.1 Common Elements Allocation Each Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit also shall own, as an appurtenance to the ownership of said Unit, an undivided interest in the Common Elements. The proportional interest in the Common Elements allocated to each of the Units which presently exists, subject to amendment as provided herein, shall be determined by the quotient of the total heated square footage of each Unit presently existing in the Condominium divided by the total heated square footage of all of the Units within the entire Condominium, expressed as a percentage Declarant has determined the heated square footage of the Units, which determination shall be conclusive The allocation for each Unit, together with the total heated square footage of each Unit, is set forth in Exhibit D attached hereto and made a part hereof

The proportional interest in the Common Elements allocated to each Unit shall be reallocated among all of the Units employing the same formula as set forth above and in Exhibit D when new Units are created pursuant to the exercise of Development Rights

Section 4 2 Common Expense Allocation

(a) Base Common Expenses. Base Common Expenses include all Common Expenses other than Insurance Common Expenses The portion of the Base Common

Expenses of the Association are allocated equally to each Unit. The proportion of the Base Common Expenses allocated to each Unit shall be reallocated equally among all of the Units when new Units are created pursuant to the exercise of Development Rights.

(b) Insurance Common Expenses Insurance Common Expenses include Common Expenses incurred by the Association to maintain policies of insurance as required by the Act or this Declaration, or otherwise as deemed appropriate by the Association. The portion of the Insurance Common Expenses of the Association allocated to each Unit is based upon the same formula used to determine the proportional interest in the Common Elements allocated to each Condominium Unit as set out in Exhibit D. The proportion of the Insurance Common Expenses allocated to each Unit shall be reallocated among all of the Condominium Units employing the same formula as stated above when new Condominium Units are created pursuant to the exercise of Development Rights.

Section 4.3 Voting Allocation The vote in the Association allocated to each Unit shall be equal and shall be one (1) vote per Unit.

Section 4.4 Limited Common Elements The garage spaces identified on Exhibit B ("Garage Space") are Limited Common Elements appurtenant to the Unit to which the Garage Space is allocated or assigned. At the time of the recording of this Declaration, the specifically identified Garage Spaces may not have been assigned to any specific Unit. Upon the conveyance of each Unit by Declarant, the deed to the Person acquiring such Unit shall designate the specific Garage Space or Garage Spaces allocated or assigned to the particular Unit.

Each Garage Space is an appurtenance to the Unit to which it is assigned or allocated, and, except as may be leased consistent with the provisions of this Declaration, any purported conveyance, encumbrance, sale or other transfer of a Garage Space made without the Unit to which that Garage Space is allocated shall be void and unenforceable.

Garage Spaces allocated or assigned to particular Units may be reassigned or reallocated to other Owners by a supplement to the Declaration executed by all of the Unit Owners between or among whose Units the reassignments or reallocations are made. The Owners executing the Supplemental Declaration shall provide a copy thereof to the Association which shall be recorded in the office of the Register of Deeds. The Supplemental Declaration shall be recorded in the same manner as a deed in the names of the particular Owners and the Association.

ARTICLE 5

ANNEXATION

Section 5.1 Annexation Without Approval of Membership

(a) During the Development Period, Declarant may unilaterally subject all or any portion of the Development Property to the provisions of this Declaration.

Nothing in the Declaration or otherwise shall be construed to require Declarant, or any successor, to develop the Development Property in any manner whatsoever or subject it to the provisions of this Declaration.

(b) Submission of any Development Property to this Declaration shall be accomplished by recording a Supplemental Declaration in the Register of Deeds describing the property to be annexed and specifically subjecting it to the terms of this Declaration (referred to herein as a "Supplemental Declaration") Such Supplemental Declaration shall require the consent of the owner of such property if other than Declarant Any such submission shall be effective upon the recording of such Supplemental Declaration in the Register of Deeds unless otherwise provided therein

Section 5.2 Additional Covenants and Easements. Declarant may unilaterally subject any portion of the Development Property submitted to this Declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners Any Supplemental Declaration or additional covenants imposed on property annexed into the Property may provide for different uses and impose standards and restrictions other than those contained in this Declaration and the Association shall have standing and the power to enforce such standards and restrictions Such additional covenants and easements shall be set forth in a Supplemental Declaration recorded with the Register of Deeds filed either concurrently with or after the annexation of the subject property and shall require the written consent of the owner(s) of such property, if other than Declarant

Section 5.3 Amendment This Article shall not be amended without the prior written consent of Declarant during the Development Period

Section 5.4 Additional Members. Any property submitted to the Condominium by the provisions of this Declaration shall be subject to all conditions and privileges of the Association, and Owners of any such annexed property shall be Members of the Association.

ARTICLE 6

PLAN OF DEVELOPMENT, USE RESTRICTIONS AND ENCUMBRANCES

Section 6.1 Plan of Development Applicability Effect. Declarant has established a general plan of development and occupancy for the Property under this Declaration in order to protect all Owners' quality of life and collective interests, the aesthetic and environment quality within the Property, and the vitality of and sense of community within the Property, all subject to the Board's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the community

This Declaration, including the Initial Use Restrictions, attached as Exhibit E, and the rules and resolutions adopted by the Board or the Members establish affirmative and negative covenants, easements, and restrictions on the Property.

All provisions of the Association Documents shall apply to all Owners, their family members, occupants, tenants, guests and invitees.

Section 6 2 Authority to Promulgate Rules

(a) Subject to the terms of this Article and in accordance with its duty of care and undivided loyalty to the Association and its Members, the Board may adopt additional rules not inconsistent with the Initial Use Restrictions set forth in Exhibit E hereof, and other such rules and regulations permitted by, and not inconsistent with, the Act.

(b) The Owners, at a meeting duly called for such purpose, may adopt rules which modify, cancel, limit or create exceptions to adopted rules by a vote of Owners representing two-thirds (2/3) of the total vote and the approval of Declarant during the Development Period

(c) At least fifteen (15) days prior to the effective date of any action under subsections (a) or (b) of this Section, the Board shall send a copy of the rule to each Owner specifying the effective date of such rule. The Association shall provide, without cost, a copy of the rules then in effect to any requesting Member or Mortgagee

(d) Nothing in this Article shall authorize the Board or the Owners to modify, repeal or expand the Association Documents except as such documents may be amended as provided therein

Section 6 3 Owners' Acknowledgment All Owners are subject to the Use Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board and/or the Owners may adopt, delete, modify, create exceptions to, or amend the rules.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Restrictions and rules may change from time to time

Section 6 4 Use Restrictions The Units and Common Elements are declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium and those set forth in the Initial Use Restrictions attached hereto at Exhibit E

Section 6 5 Rights Regarding Flags Owners shall be permitted to display the flag of the United States of America and/or the flag of the State of North Carolina on their Units. Notwithstanding any provision of this Declaration, including without limitation the provisions of this Article 6, no rule or regulation adopted by the Board of Directors nor any amendment to the Declaration adopted by the Association or the Declarant shall regulate or prohibit the display of the flag of the United States of America and/or the flag of the State of North Carolina, of a size

no greater than four (4) feet by six (6) feet, which is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U S C §§ 5-10, as amended.

Section 6.6 Restraint on Transfer of Units as Timeshares No Owner shall transfer any portion of or all of his interest in a Unit for a timesharing, fractional interest sharing or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years

ARTICLE 7

EASEMENTS

Section 7.1 Easements-Common Areas Subject to the Special Declarant Rights reserved to Declarant in this Declaration and the provisions of N C. Gen. Stat § 47C-3-112, all of the Common Elements, except the Limited Common Elements, shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of Units in the Condominium for their use and the use of their tenants, guests, invitees and customers, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended for the use and enjoyment of the Units

Section 7.2 Access and Parking Easement. All Owners of Units in the Condominium shall have a non-exclusive easement for access, ingress, egress, regress and parking over, through and across a parcel of land adjacent to the Property; said easement being further described and depicted as "Easement Area" in a Deed of Easement recorded in Book 5497, at Page 551 in the office of the Register of Deeds ("Access Easement") Declarant shall have the right to relocate the Access Easement to such location and at such time as Declarant, in Declarant's sole discretion determines, provided however, that said relocated Access Easement will continue to provide the Owners with reasonable vehicular access from the Property to a public right of way

Section 7.3 Easements-Units Each Owner hereby is granted a perpetual easement to locate heating and air conditioning systems and related equipment and other utilities upon the Common Elements. When so located, such heating and air conditioning systems, utilities, related pipes, ducts, conduits, wires and related facilities and equipment shall become and be deemed to be a part of the respective Unit to which they are affixed or serve. Prior to installing any heating and air conditioning systems, utilities or any facilities and equipment in the Common Elements, the Owner shall obtain the consent of the Association as provided in Article 15 herein This provision shall not apply to the heating and air conditioning systems and facilities and underground propane tanks which are presently located in the Common Elements and any replacements thereto or any heating and air conditioning systems and facilities and underground propane tanks

Section 7.4 Reserved Declarant Easements. Declarant, its successors and assigns, reserves a perpetual non-exclusive easement, over, upon and across the Property, including the Common Elements, said easement hereby reserved to be for any and all purposes

deemed desirable by Declarant, its successors and assigns, including, but not limited to, (i) the installation, maintenance, repair and replacement of utilities and other services and (ii) pedestrian and vehicular access to other property without regard to whether such other property is contiguous to the Condominium or owned by the Declarant

ARTICLE 8

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

Section 8.1 Existing Encroachments In the event that any Unit shall encroach upon any Common Elements for any reason not caused by the purposeful or negligent act of the Owner, or agents of such Owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment upon the Common Elements for so long as such encroachment naturally shall exist. In the event that any portion of the Common Elements shall encroach upon any Unit, then an easement shall exist for the continuance of such encroachment of the Common Elements upon any Unit for so long as such encroachment naturally shall exist.

Section 8.2 Reconstruction If any Unit or Common Elements shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such Unit and/or Common Elements in accordance with Article 20 hereof, there exist encroachments of portions of the Common Elements upon any Unit, or of any Unit upon any portion of the Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments naturally shall remain.

ARTICLE 9

ADMINISTRATION OF THE CONDOMINIUM BY 314 DAVIS CONDOMINIUM OWNERS ASSOCIATION, INC.

Section 9.1 Creation/Organization To efficiently and effectively provide for the administration of the Condominium by the Owners of the Units, an association of all Owners has been incorporated pursuant to Chapter 55A of the General Statutes of North Carolina known and designated as 314 Davis Condominium Owners Association, Inc.

Section 9.2 Members The Owner or Owners of each Unit automatically shall become members of said Association upon his, their or its acquisition of an ownership interest in title to any Unit and its appurtenant undivided interest in Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Unit, regardless of the means by which such ownership may be divested. No Person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership.

Section 9 3 Administration by Association The Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of the Association Documents and the Act Subject to the provisions of the Act, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, to adopt, promulgate and enforce such rules and regulations governing the use of the Common Elements as the Board of Directors of said Association may deem to be in the best interests of the Association and to exercise such other powers as set forth in N C Gen Stat § 47C-3-102, including the right to assign future assessments, assessment rights and income of the Association

ARTICLE 10

ASSOCIATION RIGHTS, OBLIGATIONS AND SERVICES

Section 10 1 Implied Rights, Board Authority The Association may exercise any right or privilege given to it expressly by the Association Documents and the Act or which may be reasonably implied from, or reasonably necessary to effectuate, any such right or privilege Except as otherwise specifically provided in the Association Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership

Section 10 2 Dedication of Common Elements The Association may dedicate or grant easements over portions of the Common Elements, including the grant of easements to any local, state, or federal governmental entity or any Utility Company.

Section 10 3 Disclaimer of Liability The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to promote the health, safety and welfare of Owners and occupants of any Unit

(a) Notwithstanding anything contained herein or in the Association Documents or the Act, neither the Association, the Board, committees of the Association, the management company of the Association, Declarant nor any successor Declarant (collectively, the "Released Parties") shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or occupant of any Unit or any tenant, guest or invitee of any Owner or occupant or for any property of any such Persons Each Owner and occupant of a Unit and each tenant, guest and invitee of any Owner or occupant shall assume all risks associated with the use and enjoyment of the Property, including all Common Elements

(b) No provision of the Association Documents shall be interpreted as creating a duty of the Released Parties to protect or further the health, safety or welfare of any Person(s), even if the funds of the Association are used for any such purpose

Each Owner (by virtue of his or her acceptance of title to his or her Unit) and each other Person having an interest in or lien upon, or making any use of, any portion of the

Property (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands and causes of action against the Released Parties, their directors, officers, committee and Board members, employees, agents, contractors, subcontractors, successors and assigns arising from or connected with any matter for which the liability has been disclaimed

Section 10 4 Safety The Association may maintain or support certain activities within the Property designed to provide a greater level of safety than exists within the Property

(a) None of the Released Parties shall in any way be considered insurers or guarantors of safety within the Property None of the Released Parties shall be held liable for any loss or damage for failure to provide adequate safety or ineffectiveness of safety measures undertaken

(b) All Owners and occupants of any Unit, and all family members, tenants, guests, and invitees of any Owner, acknowledge that the Released Parties do not represent or warrant that any entry gate, patrolling of the Property, neighborhood watch group or volunteer safety patrol, or any safety system designated by or installed according to guidelines established by Declarant may not be compromised or circumvented, nor that any entry gate, patrolling of the Property, neighborhood watch group or volunteer safety patrol, or any security systems will prevent loss by burglary, theft, hold-up, or otherwise, nor that any entry gate, patrolling of the Property, neighborhood watch group or volunteer safety patrol, or any security systems will in all cases provide the detection or protection for which the system is designed or intended

(c) All Owners and occupants of any Unit, and all family members, tenants, guests, and invitees of any Owner, acknowledge and understand that the Released Parties are not insurers of safety within the Property. Each Owner acknowledges, understands and shall be responsible for informing its tenants and all occupants of its Unit that the Released Parties are not guarantors of security or safety and that each person using Property within the Project assumes all risks of personal injury and loss or damage to property including Units and the contents thereof, resulting from acts of third parties

(d) All Owners and occupants of any Unit and all family members, tenants, guests, and invitees of any Owner assume all risks for loss or damage to Persons, to Units, and to the contents of Units and further acknowledge that the Released Parties have made no representations or warranties, nor has any Owner, occupant, or any tenant, guest, or invitee of any Owner relied upon any representations or warranties, expressed or implied, relative to any entry gate, patrolling of the Property, neighborhood watch group or volunteer safety patrol, or any security systems recommended or installed or any safety measures undertaken within the Property

Section 10 5 Provision of Services. The Association may provide services and facilities for the members of the Association and their guests, lessees and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other

entities, including Declarant, to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense. In addition, the Board shall be authorized to charge additional use and consumption fees for services and facilities. The Board, without the consent of the Members of the Association, shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein can be relied upon as a representation as to what services and facilities, if any, will be provided by the Association. This paragraph shall be specifically construed to allow the Association to enter into a contract for the overall management of the Association with any individual or corporation.

Section 10.6 Change of Use of Common Elements Upon (a) adoption of a resolution by the Board stating that, in the Board's opinion, a service provided by the Association pursuant to Section 10.5 or the then present use of a designated part of the Common Elements is no longer in the best interest of the Owners or is no longer necessary or appropriate for the purposes intended, and (b) the consent of Declarant during the Development Period, the Board shall have the power and right to terminate such service or change the use of any Common Elements (and, in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided that any such new use (i) shall be for the benefit of the Owners, and (ii) shall be consistent with any deed restrictions and zoning regulations restricting or limiting the use of the Common Elements.

Section 10.7 View Impairment. Neither Declarant nor the Association guarantees or represents that any view over and across any property, including any Unit, from adjacent Units will be preserved without impairment. Neither Declarant nor the Association shall have the obligation to prune or trim landscaping. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 10.8 Relationship with Tax-Exempt Organizations The Association may create, enter into agreements or contracts with, grant exclusive and/or non-exclusive easements over the Common Elements to, or transfer portions of the Common Elements to non-profit, tax-exempt organizations, including but not limited to organizations that provide facilities or services designed to meet the physical or social needs of a particular group or class of persons, for the benefit of the Property, the Association, its members and residents. The Association may contribute money, real or personal property or services to any such entity. Any such contribution shall be a Common Expense of the Association and included as a line item in the Association's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as but not limited to entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

ARTICLE 11

MASTER ASSOCIATION AND MASTER DECLARATION

Section 11.1 Declarant Right to Create Master Association Declarant reserves the right to unilaterally subject the Condominium to a Master Declaration and create a Master Association during the Development Period. In the event that Declarant exercises that right, the Owner or Owners of each Unit shall automatically become members of the Master Association upon Declarant's creation of the Master Association. If the Declarant subjects the Condominium to a Master Declaration and forms a Master Association, the provisions of Sections 11.2, 11.3, and 11.4 below shall apply.

Section 11.2 Administration by Master Association. The Master Association, subject to the provisions of the Act, shall have the authority and power to enforce the provisions of the Master Declaration, to levy and collect assessments in the manner provided therein, to adopt, promulgate and enforce such rules and regulations governing the use of the Common Elements of the Master Association, and to exercise such other powers as set forth in the Master Declaration and the Act.

Section 11.3 Delegation of Powers The Executive Board of the Association may delegate to the Master Association, from time to time as the Board in its discretion determines, those powers set forth in this Declaration and the Act that may be exercised by the Board of Directors of the Association. The Executive Board of the Association may thereafter revoke such delegation, from time to time, in its sole discretion and resume the obligation and responsibility for the performance of such acts and powers formerly delegated to the Master Association. Upon the delegation of any such powers as may be permitted in this Section, all provisions of N.C. Gen. Stat. § 47-C-3-102, as may be applicable, shall apply.

Section 11.4 Master Declaration In the event that the Declarant records a Master Declaration consistent with the rights reserved herein, the Owner or Owners of each Unit, and all Persons entitled pursuant to the Master Declaration and this Declaration who use and occupy any such Unit, shall be subject to and shall abide by all provisions of the Master Declaration upon and after recordation of said Master Declaration in the office of the Register of Deeds.

ARTICLE 12

PERMIT: RESPONSIBILITIES AND COVENANTS

In the event that (i) a Stormwater Permit is required for the Property and (ii) a Master Association is formed and a Master Declaration is recorded pursuant to Article 11, the Master Association shall be the permittee under the Permit and the Master Association shall be solely responsible for the oversight, supervision, management and administration of the Permit. The Master Association's duties with respect to the Permit shall be carried out in accordance with the terms and conditions of the Master Declaration and the Permit.

All Owners must comply with the provisions of any and all Permits as well as any and all provisions in the Master Declaration regarding the Permits and Stormwater Management Facilities

ARTICLE 13

RIGHT OF ENTRY IN EMERGENCIES

In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner or other Person in occupancy is present at the time of such emergency, the Board of Directors, or any other Person authorized by it, or the managing agent, shall have the right to enter such Unit, and such Common Elements for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. In furtherance of the foregoing, the Board, or any other Person authorized by it, or the managing agent, shall have the right at all times to possess a key to each Unit

ARTICLE 14

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements or adjacent Units, the Owner of each Unit shall permit other Owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice. The Association, its agents, or contractors, may enter a Unit pursuant to this Section for the purpose of inspecting the Unit for vermin, insects, or other pests and for taking reasonable measures to control or exterminate such pests

ARTICLE 15.

LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY UNITS, NO RIGHT TO ALTER COMMON ELEMENTS

Section 15.1 Alteration of Units Subject to the provisions of N C Gen Stat § 47C-2-111, and to the limitations contained in Article 15 of this Declaration, Units may be altered and Common Elements may be allocated as Limited Common Elements. Units may not be subdivided, but boundaries between adjoining Units may be relocated subject to the provisions of N C Gen Stat § 47C-2-112

Section 15.2 Common Elements Appurtenant to Units

(a) The undivided interest in the Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with

separately from said Unit, and the undivided interest in Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the number designation assigned thereto by the map recorded as aforesaid without limitation or exception, shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common Elements. Subject to the Timesharing Prohibition included in the Initial Use Restrictions, nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the Common Elements by more than one Person as tenants in common, joint tenants or as tenants by the entirety.

(b) Recognizing that the proper use of a Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Elements in common with the Owners of all other Units, and that it is in the interest of all Owners that the ownership of the Common Elements be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Elements appurtenant to each Unit shall remain undivided and no Owner shall bring or have any right to bring any action for partition or division of the Common Elements.

Section 15.3 Consent to Modification of Units Subject to the Special Declarant Rights reserved to Declarant in this Declaration, and the restriction in Section 5.2 of this Declaration, no Owner of a Unit shall permit any modification or alteration to be made to a Unit, or any alteration, betterment or improvement to the Limited Common Elements appurtenant to a Unit, without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in its sole discretion, that such modifications, alterations, betterments or improvements would adversely affect or in any manner endanger the Condominium, in part or in its entirety, or any other Unit. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner shall cause any improvements or changes to be made to any Unit or building (other than interior painting or other interior decoration) including the installation of electrical wiring, television or radio antennae or any other objects, machines or equipment which may protrude through the walls or roof of any Unit or building, or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. Such consent shall not be unreasonably withheld. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner shall cause any object to be affixed to the Common Elements or in any manner change the appearance of the Common Elements without the written consent of the Association being first obtained.

In the event the Association shall grant its consent for such improvements or changes to be made, such improvements, including but not limited to all antennae and other objects, machines or equipment which may protrude through the walls or roof shall become and be deemed to be a part of the Unit to which they are affixed. As a condition to the granting of written consent of the Association to an Owner for the installation of any improvements within

the Limited Common Elements assigned to such Owner's Unit, the obligation of Upkeep of such Limited Common Elements, and any improvements and betterments installed therein, shall be deemed to be the obligation of such Owner at the cost and expense of such Owner, and the Association shall have no further obligation to provide such Upkeep or bear the cost thereof as otherwise set forth in this Declaration

Section 15.4 Floor Covering. Owners shall not change the floor covering in any Unit from that installed as part of the original construction or subsequently approved modification of said Unit without the prior consent of the Board. Notwithstanding this limitation, Owners may do any of the following without the need for prior consent from the Board: (i) install area rugs on top of the existing floor covering originally installed by Declarant as part of the Unit, and (ii) repair or replace the said existing floor covering with a materially identical material, subject to variations in color and style

Section 15.5 Indemnification-Unit Modification. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, the Board of Directors of the Association, in its sole discretion, may require an Owner desiring to add betterments or improvements to his Unit or the Limited Common Elements appurtenant to his Unit to indemnify the other Owners and the Association against any and all loss, cost and expense that may be occasioned by the addition of such betterments or improvements and further may require such Owner to obtain liability insurance naming the other Owners and the Association as additional insureds in such amounts and upon such terms as the Board of Directors shall determine

ARTICLE 16

MAINTENANCE AND REPAIR BY OWNERS OF UNITS

Section 16.1 Owner Upkeep of Units. Every Owner shall perform promptly all Upkeep within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, or adversely impair the ability to rent such Owner's Unit or any other Unit, and every Owner shall be expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Unit shall be liable and responsible for the Upkeep of all air conditioning and heating equipment, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service solely to his Unit. Such Owner further shall be responsible and liable for the Upkeep of the surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories in his Unit

Section 16.2 Maintenance-Insurance Proceeds. Whenever the Upkeep of any item for which the Owner of a Unit is obligated to perform at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of performing such Upkeep, except that the Owner of such Unit shall be, in said instance, required to pay such portion of the costs of such Upkeep as shall, by reason of the

applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep

Section 16.3 Limited Common Elements Except as otherwise stated herein, all betterments and improvements added to the Limited Common Elements by the Owners are a part of the respective Units and shall be maintained by the respective Owners. The cost of Upkeep of the Limited Common Elements shall be paid by the Owners to whom the exclusive right to use the Limited Common Elements are allocated. Notwithstanding this Section, the Board may, in its reasonable discretion, designate the cost of Upkeep of Limited Common Elements as a Common Expense when said Upkeep is required pursuant to a common plan for the overall Upkeep of the Common Elements

ARTICLE 17

MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

Section 17.1 Association Upkeep of Common Elements Subject to Declarant's Special Declarant Rights, and other than the Upkeep of Limited Common Elements required by the Owner, the Association shall be responsible for the Upkeep of the Common Elements, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements or in a Unit for the furnishing of utility and/or other services to the Common Elements or other Units.

Section 17.2 Maintenance Standard If Declarant has provided to the Association a maintenance manual prepared by the general contractor with which Declarant contracted for the construction of the buildings and improvements in the Condominium which outlines the basic building and systems inspection and maintenance requirements ("Maintenance Manual"), the minimum standard for Upkeep of the Common Elements to be performed by the Association shall be as set forth in the Maintenance Manual as to those portions of the Common Elements identified in the Maintenance Manual. If any incidental damage is caused to any Unit by virtue of any work which may be done or caused to be done by the Association in the Upkeep of any Common Elements, the Association shall, at its expense, repair such incidental damage

Section 17.3 Damage Caused by Owner

(a) Whenever the Upkeep of any item for which the Association is obligated to perform at its expense is occasioned by any act of an Owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of such Upkeep, except that the Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion of the cost of such Upkeep as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep

(b) Whenever the Upkeep of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of an Owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such Upkeep

Section 17 4 Liability for Damage Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N C. Gen. Stat § 47C-3-107(d)

ARTICLE 18

AUTHORITY TO PURCHASE INSURANCE

All required or permitted insurance policies (other than title insurance and insurance on betterments and improvements to the Units and Limited Common Elements, if any) upon the Property (other than the personal property of the Owners) shall be purchased by the Association in the name of the Association, as Trustees for the Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and to any Owner, mortgagee, or beneficiary of a deed of trust. Each Owner may obtain insurance, at his own expense, affording coverage upon his Unit, his personal property and betterments and for his personal liability as may be permitted or required by law, and such insurance shall, if available, contain a waiver of subrogation as to any claims against Owners, the Association and their respective servants, agents and guests

ARTICLE 19

INSURANCE COVERAGE TO BE MAINTAINED, USE AND DISTRIBUTION OF INSURANCE PROCEEDS

Section 19 1 Insurance Coverages The following insurance coverage shall be maintained in full force and effect by the Association

(a) Casualty insurance covering the Common Elements, and to the extent reasonably available, the Units, including all buildings and all improvements upon the land and all personal property included within the Condominium, except such personal property as may be owned by the Owners, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, (b) loss or damage by flood; and, (c) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief

Casualty insurance obtained for the buildings and improvements shall provide such coverage commonly known as "all inclusive building" coverage and/or "completed Unit" coverage as such terms are used in the insurance industry, and shall include, but not be limited to, all components of the Units together with fixtures, cabinets, built in appliances and all other such improvements which were part of the original completed Units, except for betterments and improvements installed by the Owner

(b) Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements, and in such forms as shall be required by the Association, including, but not limited to, legal liability, hired automobiles, non-owned automobile and off-premises employee coverage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to an Owner

Section 19.2 Premiums - Common Expenses. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Insurance Common Expenses to be assessed and collected from all of the Owners of Units in accordance with Section 4 2(b) and Article 22 herein

Section 19.3 Deductibles The deductible, if any, on any insurance policies maintained by the Association shall be paid by the Association as an Insurance Common Expense. In the event that the cause of any damage or destruction of any portion of the Condominium originated in or through the Common Elements or an apparatus located within the Common Elements, the Association may assess (i) any deductible amount necessitated by either the intentional act or omission, negligence, abuse, misuse or neglect of an Owner, or his or her family, guest, tenant, or the family or guest of said tenant, against such Owner; and (ii) a proportionate share of the deductible amount to any Owner whose Unit is repaired (or which Owner is compensated) by funds from the insurance policies maintained by the Association, based on the proportionate amount of insured loss incurred to the Unit relative to the total insured loss to the Common Elements and other Units. In the event that the cause of any damage or destruction to any portion of the Condominium originated in or through a Unit or any component thereof, then the Owner of said Unit shall pay the deductible under the Association's master casualty policy without regard to whether the Owner was negligent. If an Owner fails to pay the deductible assessed against his or her Unit and the Association pays the deductible cost owed by the Owner, then the deductible cost paid by the Association shall be charged to the Unit as an assessment for which the Association shall have a lien

Section 19.4 Insurance Claim Adjustment Any loss covered by the property insurance maintained by the Association shall be adjusted with the Association; provided, however, all insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their Mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the

Association as Trustee The Trustee shall hold such proceeds in trust for the benefit of the Owners and their respective Mortgagees as their interests may appear

Section 19 5 Mortgagee-Insurance Proceeds. In the event a mortgage endorsement has been issued for a Unit, the share of any insurance proceeds of the Owner shall be held for the Mortgagee and the Owner as their interests may appear, but nothing herein contained shall be construed so as to give any Mortgagee the right to determine or participate in the determination of reconstruction or repair

Section 19 6 Use of Insurance Proceeds. Proceeds of insurance policies received by the Association shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium is terminated except as specified in Article 20

Section 19 7 Reimbursement of Initial Insurance Premiums. Declarant shall pay the premium(s) of the initial insurance policies required by this Article 19 and shall be reimbursed for the pro rata portion of the cost thereof by each Owner at the time each Unit is conveyed to a Person other than Declarant, or reimbursed by the Association

Section 19.8 Insurance Policy Requirements Insurance policies carried pursuant to this Article 19 shall provide that

(a) Each Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association,

(b) The insurer waives its right to subrogation under the policy against any Owner or members of his household, if applicable,

(c) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy,

(d) If, at the time of any loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

(e) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each Mortgagee or beneficiary under a deed of trust to whom certificates or endorsements have been issued at their respective last known addresses.

Section 19 9 Insurance Coverage-Betterments The Association shall not be required to maintain insurance coverage for any betterments or improvements to the Units and/or

Limited Common Elements added by any Owner and an Owner may be required to maintain such liability coverage as is otherwise provided herein

Section 19.10 Insurance Availability Notification If the insurance described in this Article is not reasonably available, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners

Section 19.11 Fidelity Insurance If desired, the Association may maintain fidelity insurance

ARTICLE 20

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

Section 20.1 Reconstruction-Costs. Any portion of the Condominium for which insurance is required pursuant to Article 19 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of all Owners of Units not to be rebuilt or Owners of Units assigned to Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be an Insurance Common Expense. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lienholders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the Owners or lienholders, as their interests may appear, in proportion to their Common Element interest. If Owners vote not to rebuild any Unit, that Unit's allocated interests automatically shall be reallocated upon the vote as if the Unit had been condemned pursuant to N C Gen Stat § 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein

Section 20.2 Estimates of Replacement Costs Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate

Section 20.3 Priority of Repair. When the damage is to Common Elements, Limited Common Elements and Units, the insurance proceeds will be applied first to the costs of

repairing the Common Elements, secondly to the cost of repairing the Units, and thirdly to the cost of repairing the Limited Common Elements

Section 20 4 Association Right to Insurance Adjustments Each Owner shall be deemed to have delegated to the Association his right to adjust with insurance companies all losses under policies purchased by the Association

ARTICLE 21

ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES

Section 21 1 Register of Owners and Mortgagees. The Association shall at all times maintain a register setting forth the names of the Owners of all of the Units. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. Further, the Owner of each Unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any Unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto

Section 21 2 Mortgage Provisions The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Property. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein

(a) Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of

(i) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder,

(ii) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of ninety (90) days, or any other violation of the Declaration or Bylaws relating to such Unit or the Owner or Occupant which is not cured within ninety (90) days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon

request from the Association of any default in the performance by an Owner of a Unit of any obligation under the Declaration or Bylaws which is not cured within ninety (90) days, or

(iii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association

(b) No Priority No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements

(c) Notice to Association Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

ARTICLE 22

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Units, costs and expenses which are part of the Common Expenses. To provide for the payment of the Common Expenses, the Association has heretofore been granted the right to make, levy and collect assessments against the Owners and their Units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the Common Expenses of the Condominium, the provisions of this Article shall be operative and binding upon the Owners of all Units.

Section 22.1 Levy of Assessments Except as specifically otherwise provided for in this Article or elsewhere in this Declaration, all assessments levied by the Association shall be levied pursuant to the allocation of Base Common Expenses and Insurance Common Expenses set forth in Exhibit D, as same may be amended from time to time. Should the Association be the Owner of a Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and assessment therefore levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate interests of the Base Common Expenses and Insurance Common Expenses exclusive of the interests therein appurtenant to any Unit or Units owned by the Association.

Section 22.2 Assessments – Limited Common Elements. Any Common Expense associated with the maintenance, repair or the replacement of a Limited Common Element be assessed equally against the Units to which that Limited Common Element is assigned. Any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited in such proportions as determined by the Board.

Section 22 3 Payment of Assessments Assessments provided for herein may be payable in installments as directed by the Board of Directors of the Association Such assessments shall commence upon closing of the sale of the first Unit

Section 22 4 Association Budget. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the fiscal year set forth in the Bylaws). Such Budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year The Board of Directors shall keep separate, in accordance with Section 22 5 hereof, items relating to operation and maintenance from items relating to capital improvements Within thirty (30) days after adoption of such Annual Budget by the Board of Directors of the Association, copies of said Annual Budget or summaries thereof shall be delivered to each Owner of a Unit Within thirty (30) days after adoption of any proposed Budget, the Board of Directors shall set a date for a meeting of the Owners to consider ratification of the Annual Budget which date shall be not less than fourteen (14) nor more than thirty (30) days after the mailing of copies of such Annual Budget or summary thereof to the Owners There shall be no requirement that a quorum be present at the meeting. The Annual Budget is ratified unless at that meeting a majority of all the Owners reject the Annual Budget In the event the proposed Annual Budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify (i.e. fail to reject by a majority of all Owners) a subsequent budget proposed by the Board of Directors Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments it may deem to be necessary

Section 22 5 Capital Improvement Fund The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Elements, which capital improvement and replacement fund (Capital Improvement Fund) shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of personal property which may constitute a portion of the Common Elements held for the joint use and benefit of the Owners of Units The amount to be allocated to the Capital Improvement Fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Elements Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance

Section 22.6 Assessments – Association Property . All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, and the Bylaws of the Association. As monies for any assessment are paid into the Association by any Owner of a Unit, the same may be commingled with monies paid to the Association by other Owners of Units. Although all funds and Common Surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit. When the Owner of a Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Unit, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

Section 22.7 Delinquent Assessments The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the office of the Association. In any case where an assessment is payable in installments, upon a default by an Owner in the timely payment of any such installment, the maturity of the remaining total of the unpaid installments of such assessment may be accelerated, at the option of the Board, and the entire outstanding balance of the Assessment, including such delinquent installment, may be declared due and payable in full immediately by written notice to such effect upon the defaulting Owner.

Section 22.8 Liability for Assessments The Owner or Owners of each Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Unit while such party or parties are Owner or Owners of a Unit. In the event that any Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Owner or Owners personally shall be liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

No Owner of a Unit may exempt himself from liability for any assessment levied against him or his Unit by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of the Unit or in any other way

Section 22.9 Lien for Assessments Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners of Units, and that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Owner, the Association is hereby granted the right to place a lien upon each Unit, and any Limited Common Elements assigned to such Unit, and its appurtenant undivided interest in the Common Elements for nonpayment of any assessment levied against a Unit remaining unpaid for thirty (30) days or longer, which lien also shall secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien also shall secure all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing the lien provided for herein Subject to N.C. Gen. Stat. § 47C-3-116, as amended, the lien granted to the Association may be foreclosed in the same manner as real estate mortgages and deeds of trust may be foreclosed under power of sale in the State of North Carolina The Association shall be entitled to bid at any foreclosure sale and may apply as cash credit against its bid all sums due as provided herein. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, on any such advances made for such purpose All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or may acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Unit expressly subject to such lien rights

The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the office of the Clerk of Superior Court of New Hanover County, North Carolina, which claim shall state the description of the Unit encumbered thereby, the name of the record owner, the amount due, the date when due and shall comply with any other requirements under N.C. Gen. Stat § 47C-3-116, as amended. The claim of lien shall be recordable at any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid, but shall be extinguished unless a proceeding to enforce the lien is instituted within three (3) years after the docketing thereof Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided and all fees, charges, late charges, fines and interest as set forth in N C Gen Stat § 47C-3-116, as amended. Such claims of lien shall be signed and verified by an officer or agent of the Association Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record

The lien provided for herein shall be prior to all liens and encumbrances on a Unit except (1) 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, and (2) liens for real estate taxes and other governmental assessments or charges against the Unit. This subsection does not affect the priority of mechanics' or materialmen's liens.

If the holder of a first mortgage or first deed of trust of record, or other purchaser of the Unit, obtains title to the Unit as a result of foreclosure or deed in lieu of foreclosure of a first mortgage or first deed of trust, such purchaser, and its heirs, successors and assigns, shall not be liable for the assessments against such Unit which became due prior to acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all of the Owners including such purchaser, and its heirs, successors and assigns although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

Section 22.10 Statement of Assessment Status. Whenever any Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association for such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

Section 22.11 Election of Collection Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

Section 22.12 Initial Contribution to Working Capital Fund. Upon the sale and closing of the purchase of each Unit by the Declarant to a Person other than Declarant, the purchaser of each Unit shall pay a non-refundable contribution to the working capital of the Association in an amount equal to one-fourth (1/4) of the annual Common Expense liability to be assessed against such Unit for the first year of operation of the Condominium. The contribution to working capital may be utilized to reimburse the Declarant the costs of premiums for insurance purchased by the Declarant for the benefit of the Condominium and the Association.

ARTICLE 23.

COMPLIANCE AND ENFORCEMENT

Section 23 1 General Remedies Every Owner and any occupant of any Unit shall comply with the Association Documents and the Act. Failure to comply shall be grounds for an action by the Association to recover sums due, for damages, injunctive relief or any other remedy available at law and equity or under the Act.

Section 23 2 Enforcement/Sanctions. The Board or such other Association agent with the Board's approval, may impose sanctions for violations of Association Documents after notice and a hearing in accordance with the procedures set forth in the Act and Section 23 3 of this Declaration. Such sanctions may include, without limitation:

- (a) Imposing reasonable monetary fines which shall constitute a lien upon the Unit of the violator;
- (b) Suspending an Owner's right to vote;
- (c) Suspending any Person's right to use any facilities within the Common Elements; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from the Unit, and
- (d) Suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association.

Section 23 3 Hearing Procedures Except as may be otherwise specifically authorized by the Association Documents, and permitted by the Association Documents, the Board shall not (i) impose a fine or penalty, (ii) undertake permitted remedial action, or (iii) suspend voting or infringe upon other rights of a Member or other occupant of a Lot or Unit for violations of the Association Documents, or for assessments or other amounts due and owing to the Association remaining unpaid for a period of thirty (30) days, or longer, unless and until the following procedure is completed:

- (a) Notice. The Board, or an adjudicatory panel appointed by the Board, shall serve the Owner or Occupant of a Unit alleged to have violated the Association Documents or the Act (the "Responsible Person") with a written notice of a hearing to be held by the Board of the Association in executive session, or before an adjudicatory panel appointed by the Board, provided, however, that any adjudicatory panel appointed by the Board shall be composed of members of the Association who are not officers of the Association or members of the Board. The notice shall contain (i) the nature of the alleged violation; (ii) the time and place of the hearing, which shall not be less than ten (10) days from the giving of the notice; (iii) an invitation to attend the meeting and produce any statement, evidence and witness on behalf of the Responsible Person, and (iv) the proposed sanction to be imposed. The notice prescribed herein

may be served by mailing a copy of said notice to the Responsible Person by placing said notice in the United States mail, postage prepaid, by any method as permitted for the service of summons as set forth in Rule 4 of the North Carolina Rules of Civil Procedure or by the delivery of said notice by an officer, director or agent of the Association to the Responsible Person or to any person who may be served on the Responsible Person's behalf as provided in said Rule 4

(b) Hearing The hearing shall be held in executive session of the Board or an adjudicatory panel appointed by the Board pursuant to the notice affording the member a reasonable opportunity to be heard. Any adjudicatory panel appointed by the Board shall be composed of Members who are not officers of the Association or members of the Board. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the Responsible Person appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. In addition, a written statement of the results of the hearing and the sanction, if any, imposed shall be mailed by the United States mail, postage prepaid, by the Association to the violator.

(c) Appeal If the hearing is held before an adjudicatory panel, following such hearing and notice of a decision adverse to the violator, the Responsible Person shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent of the Association, President or Secretary of the Association within fifteen (15) days after the date of the decision, said written notice to contain information by which the Board may notify the Responsible Person of the date of the appeal hearing. If no adjudicatory panel is appointed by the Board, no right of appeal shall exist.

(d) Sanction as Assessment Pursuant to the provisions of this Section, a fine may be imposed by the Association in an amount not exceeding One Hundred and No/100 Dollars (\$100.00) (or any greater amount as may be provided otherwise by law or the Act) per violation of the Association Documents and without further hearing, for each day more than five (5) days after the decision to impose such fine that the violation occurs. Any such fine shall be an assessment as set forth in this Declaration and the Act. If it is decided pursuant to the provisions of this Section that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

Section 23.4 Self-Help Remedies. In addition to other rights set forth in the Association Documents and the Act, upon violation or breach of any provision of the Association Documents, the Board shall have the right (1) to enter a Unit or Limited Common Element appurtenant thereto, on which or as to which such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents, and the Board shall not thereby be deemed guilty in any manner of trespass, (11) to use self-help to remove or cure any violation of the Association Documents.

(including, without limitation, the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach, provided, however, that before any construction or improvements may be altered or demolished, except in emergencies, judicial proceedings shall be instituted by the Association against such defaulting Owner or its tenant

Section 23.5 Cumulative Remedies/Attorneys' Fees The Association shall have all powers and remedies under the Act and the Association Documents which shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Association Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 23.6 Association's Right Not to Take Action The Association shall not be obligated to pursue enforcement action in any particular case, such decisions to be within the discretion of the Board, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case, (a) the Association's position is not strong enough to justify taking any or further action, or (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law, or (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or justify expending Association funds, or, (d) it is not in the best interest of the Association, based upon hardship, expense or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Association to enforce such covenant, restriction, rule or provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, rule or provision, nor shall it preclude any Owner from taking action at law or in equity to enforce the Association Documents.

Section 23.7 Enforcement by Owner Nothing set forth in this Article 23 shall prevent any aggrieved Owner from instituting any available remedy in law or in equity for a violation of the Association Documents.

ARTICLE 24

COMMON SURPLUS

"Common Surplus," meaning all funds and other assets of the Association remaining after the payment of or the provision for Common Expenses, including reserves, shall be owned by the Owners of all Units in the same proportion as their Common Expense liabilities. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners of Units in accordance with their percentage interest in Common Surplus as declared herein. All Common Surplus remaining after payment of or

provision for Common Expenses, including prepayment of reserves, must be paid to the Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense liabilities

ARTICLE 25.

TERMINATION

The Condominium may be terminated only in strict compliance with N C. Gen Stat § 47C-2-118.

ARTICLE 26

AMENDMENT OF DECLARATION OF CONDOMINIUM

This Declaration may be amended as follows:

Section 26 1 Amendments Proposed by Association. An amendment or amendments to this Declaration may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the Units, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Association for a date not later than sixty (60) days from receipt by him of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than fourteen (14) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the Meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments proposed must be approved by an affirmative vote of at least sixty-seven percent (67%) of the votes in the Association which are allocated to Owners in the Condominium in order for such amendment or amendments of this Declaration to be adopted. Any such amendment or amendments as adopted shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Register of Deeds, such amendment or amendments to specifically refer to the recording data identifying this Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to the Owners of all Units, but delivery of a

copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented there at by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

As an alternative to holding a meeting of the members to consider an amendment of this Declaration, a written agreement may be circulated among the members. To be effective, the written agreement must be executed by Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated. Once approved, the amendment or amendments shall be transcribed, certified, executed, recorded and a copy sent to all Owners as specified above.

Section 26.2 Amendments by Declarant. A Declarant may amend the Declaration as set forth herein and in the Act without the consent of any other Person or the Association to exercise Development Rights.

Section 26.3 Amendments Requiring Declarant Consent. During the Development Period, this Declaration may not be amended without the prior written consent of the Declarant. Except to the extent expressly permitted by the Act or other provisions of this Declaration (in compliance with the Act), no amendment may create or increase special Declarant Rights, create or increase Development Rights, increase the number of Units, change the boundaries of any Unit, change the allocated interest of any Unit, or change the uses to which any Unit is restricted in the absence of unanimous consent of the Owners.

ARTICLE 27

SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS RESERVED UNTO DECLARANT

In addition to each and every right of Declarant as set forth in this Declaration, Declarant, its successors and assigns, specifically reserves all Special Declarant Rights and Development Rights hereinafter set forth.

Section 27.1 Special Declarant Rights Reserved by Declarant

(a) All Special Declarant Rights, as that term is defined in the Act, and any other Special Declarant Rights as are set forth in the Act and the Association Documents.

(b) The right to use any portion or all of the Common Elements for the purpose of aiding in the sale or rental of Units. The foregoing right shall include the right to display and erect any signs, billboards, and placards and to store, keep and exhibit same and to distribute audio and visual promotional materials upon the Common Elements.

(c) The right to maintain sales offices, management offices and models in any and/or all of the Units owned or leased by Declarant. Any Units leased or owned by Declarant may be used by Declarant for such purposes, and such offices and models may be relocated as Units are sold or leases expire.

(d) The right to declare and utilize such easements as more particularly set forth in Section 7.4 of this Declaration.

(e) The right to exercise any Development Right.

(f) The right to perform construction work, and to store materials in secure areas, in Units, and in Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by Declarant without the consent or approval of the Board. Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Declarant's Development Rights and Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, and other entities to fulfill the plan of development.

(g) The right to appoint, remove, and replace the members of the Board pursuant to Article 4 of the Bylaws.

(h) The right to relocate the Access Easement per Section 7.2 herein.

(i) The right to create a Master Association and Master Declaration pursuant to Article 11 herein.

Section 27.2 Development Rights Reserved by Declarant

(a) All Development Rights as the same are defined in this Declaration and in the Act, including all Development Rights to all Development Property.

(b) The rights to: add real estate to the Condominium, create Units, Common Elements and Limited Common Elements within the existing Condominium or to be added to the Condominium, but not to exceed a total of six (6) Units; subdivide Units, convert Units into the Common Elements; and, withdraw property, Units and Common Elements from the Condominium. The Development Right reserved to add Units shall not restrict the Declarant to the construction of buildings or Units of the same size and style as the existing building and Units in the Condominium.

(c) The Development Rights reserved by Declarant must be exercised within the Development Period.

(d) The exercise of any or all of the Development Rights reserved by Declarant shall be pursuant to, and subject to the provisions of, the Act.

Section 27 3 Limitation on Special Declarant Rights. The Special Declarant Rights reserved by Declarant shall terminate no later than the expiration of the Development Period

Section 27 4 Declarant's Personal Property Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the improvements within the Condominium that has not been represented as property of the Association. Declarant reserves the right to remove from the Property any and all goods and improvements used in development, marketing, and construction, regardless of whether they have become fixtures

Section 27 5 Phasing of Development Rights

(a) Declarant reserves the right to exercise any of the Development Rights with respect to the areas or any portions of the Development Property at different times No assurances are made by Declarant regarding the areas or any portion of the areas as to the portions where the Declarant will exercise its Development Rights or the order in which such portions will be developed No assurances are made by Declarant regarding whether all or any portion of the Development Property will be developed. The exercise of any Development Right as to some portions of the Development Property will not obligate the Declarant to exercise any of the Development Rights as to other portions Declarant reserves the right to exercise any of the Development Rights as to portions but not all of the Development Property

(b) Declarant reserves the right to exercise any of the Development Rights with respect to the Units owned by the Declarant at different times No assurances are made by Declarant regarding the Units owned by Declarant as to when the Declarant may exercise its Development Rights or in what order No assurances are made by Declarant regarding whether or not all the Units Declarant reserves the right to create will be created The exercise of any Development Right as to some of the Units owned by Declarant will not obligate Declarant to exercise any of Declarant's Development Rights as to other Units owned by Declarant

Section 27 6 Interference with Special Declarant Rights and Development Rights.

(a) Neither the Association nor any Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right or Development Right without the prior written consent of Declarant

(b) In relation to Declarant's exercise of any Special Declarant Right and Development Right the provisions of the Declaration which prohibit or require approval of construction of or additions or alterations to any improvements shall not be applicable

Section 27 7 Assignment of Declarant's Rights and Duties. Any and/or all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person which will assume any and/or all of the duties of Declarant hereunder, and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations, and duties hereunder Declarant may limit and restrict the rights and powers which are assigned to any person, corporation, or association in the instrument which assigns such rights The term "Declarant" as used herein includes all such assignees and their successors and assigns, subject to such restrictions or limitations as may be imposed in the instrument assigning such rights.

ARTICLE 28

CONFLICT WITH CONDOMINIUM ACT, SEVERABILITY

Should any of the terms, conditions, provisions, paragraphs or clauses of this Declaration conflict with any provisions of the Condominium Act, the provisions of the Condominium Act shall control unless the Condominium Act permits the Declaration to override the Condominium Act, in which event the Declaration shall control. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable

ARTICLE 29

LIBERAL CONSTRUCTION

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership Throughout this Declaration wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter The Article headings are for convenience of reference only and shall not be considered terms of this Declaration

ARTICLE 30

DECLARATION BINDING ON ASSIGNS AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in the Common Elements, and this Declaration shall be binding upon Declarant, its successors and assigns, and upon all parties

who subsequently may become Owners of Units in the Condominium, and their respective heirs, legal representatives, successors and assigns

ARTICLE 31

ASSOCIATION RECORDS/INSPECTION

The Association shall keep and maintain as permanent records those designated in N C Gen Stat § 55A-16-01 and N C. Gen Stat. § 47C-3-118 Those records shall be available for inspection and copying by Members of the Association pursuant to the provisions of N C Gen Stat § 55A-16-02

ARTICLE 32

CONDEMNATION

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

ARTICLE 33

TAXES

Pursuant to the provisions of N C Gen Stat § 47C-1-105, each Unit and its appurtenant undivided interest in the Common Elements shall be deemed to be a parcel and shall be separately assessed and taxed by each assessing unit and special district for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each Owner shall be liable solely for the amount of taxes against his individual Unit and shall not be affected by the consequences resulting from the tax delinquency of other Owners Neither any building, the Property nor any of the Common Elements shall be deemed to be a parcel Provided, however, pursuant to the provisions of N C Gen. Stat § 47C-1-105, any areas in which Declarant has Development Rights shall be separately taxed and assessed against Declarant until Declarant exercises Declarant's Development Rights therein or Declarant's Development Rights expire, terminate or are released by Declarant

ARTICLE 34

LITIGATION

Except as provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of sixty-seven percent (67%) of the Members and the consent of Declarant during the Development Period. This Section shall not apply, however, to. (a) actions brought by the Association to enforce the provisions of the Association Documents (including, without limitation, the foreclosure of liens);

(b) the imposition and collection of assessments as provided in Article 9, (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

No judicial, quasi-judicial, administrative or governmental proceeding shall be commenced or prosecuted by the Association against or involving Declarant unless approved by a vote of seventy-five percent (75%) of the Members

IN TESTIMONY WHEREOF, Declarant has caused this instrument to be executed under seal and in such form as to be binding, all by authority duly given, this the day and year first above written

FOURTH & DAVIS, LLC (SEAL)

By. *Jon Randal Harmon* (SEAL)
Jon Randal Harmon, Manager

New Hanover COUNTY, NORTH CAROLINA

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose(s) stated therein and, if other than in an individual capacity, in the capacity indicated, having been first authorized to do so:

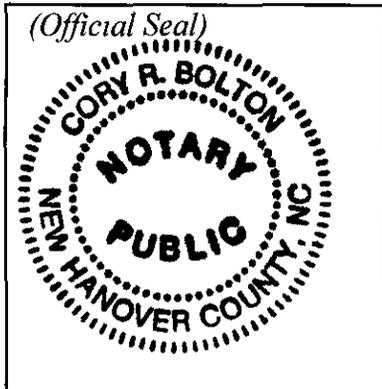
Jon Randal Harmon, Manager of FOURTH & DAVIS, LLC

Date 06/09/2011

Cory R Bolton
Signature of Notary Public

My commission expires: 12/29/2015

(Official Seal)



Notary seal or stamp must appear within this box

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

The foregoing certificate of Notary Public is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of New Hanover County, North Carolina, in Condominium Book _____, Page _____.

This ____ day of _____, 20____, at _____ o'clock ____ M

Register of Deeds

EXHIBIT A

(Legal Description - Initial Condominium Property)

All that certain tract or parcel of land lying and being situate in Wilmington Township, New Hanover County, North Carolina, and being more particularly described as follows:

Beginning at a scribe in the concrete located the following call from an existing iron pipe at the intersection of the western right of way line of 4th Street and the southern right of way line of Davis Street. North 51° 04' 44" West 57 feet to a scribe in the concrete, being the point and place of BEGINNING, and running thence from said point and place of beginning South 38° 25' 16" West 63 55 feet to a nail set in asphalt; thence South 77° 45' 18" West 8 91 feet to a scribe in the concrete, thence North 51° 17' 11" West 31 32 feet to an existing iron rebar, thence North 38° 55' 16" East 70.60 feet to a scribe in the concrete, thence South 51° 04' 44" East 36.35 feet to the point and place of beginning; being the tract of land depicted as "Fourth & Davis, LLC Revised Tract 1 MB 55, PG 153 2,566 SQ FT." on the map entitled "314 Davis Condominium" recorded in Map Book 18, at Page 175 in the office of the Register of Deeds of New Hanover County

TOGETHER with an easement depicted as "Access & Parking Easement Per DB 5497, PG 551" on the plat entitled "314 Davis Condominium" recorded in Map Book 18, at Page 175 in the office of the Register of Deeds of New Hanover County, subject to Declarant's Right to relocate same per Section 7 2 of the Declaration, and also being described as follows

Beginning at a point located the following call from an existing iron pipe at the intersection of the western right of way line of 4th Street and the southern right of way line of Davis Street North 51° 04' 44" West 33 85 feet to a point in the southern right of way line of Davis Street, being the point and place of BEGINNING; and running thence from said point and place of beginning South 38° 55' 16" West 61 feet; thence on a curve to the right having a chord distance of 24 57 feet, a radius of 28 feet, a length of 25 44 feet and a chord bearing of South 64° 56' 49" West, thence North 89° 01' 39" West 10 61 feet, thence on a curve to the right having a chord distance of 6 5 feet, a radius of 10 feet, a length of 6 62 feet and a chord bearing of North 70° 03' 11" West; thence North 51° 04' 44" West 38 75 feet; thence North 38° 55' 16" East 21 11 feet to an existing iron rebar, thence South 51° 17' 11" East 4.53 feet to an existing iron rebar located in the northwest corner of the property described above, thence along and with the western line of the property described above South 51° 17' 11" East 31.32 feet, thence leaving said western boundary line, on a curve to the left with a chord distance of 14 28 feet, a radius of 10 01 feet, a length of 15 91 feet, and a chord bearing of North 84° 28' 48" East, thence North 38° 55' 16" East 60 49 feet to a point in the southern right of way line of Davis Street, thence South 51° 04' 44" East 18 feet along and with said southern right of way line to the point and place of beginning

EXHIBIT B

For survey and plat and plans see Map Book 18,
at Page 175 in the office of the Register of Deeds of
New Hanover County

EXHIBIT C

DEVELOPMENT PROPERTY

All that certain tract or parcel of land lying and being situate in Wilmington Township, New Hanover County, North Carolina, and being more particularly described as follows:

Beginning at a point located the following two calls from an existing iron pipe at the intersection of the western right of way line of 4th Street and the southern right of way line of Davis Street North 51° 04' 44" West 57 feet to a scribe in the concrete, thence North 51° 04' 44" West 36 35 feet to the northernmost corner of that tract of land depicted as "Fourth & Davis, LLC Revised Tract 1 MB 55, PG 153 2,566 SQ FT " on the map entitled "314 Davis Condominium" recorded in Map Book 18, at Page 175 in the office of the Register of Deeds of New Hanover County, being the point and place of BEGINNING, and running thence from said point and place of beginning North 51° 04' 44" West 4 57 feet to an existing iron rebar, thence North 51° 03' 50" West 31 feet to an existing iron pipe; thence South 38° 53' 20" West 70.78 feet, thence South 38° 53' 20" West 38 61 feet, thence South 52° 00' 26" East 35 51 feet; thence North 38° 55' 16" East 38.21 feet to an existing iron rebar being the northwest corner of 314 Davis Condominium described above, thence along and with the northern boundary of said property North 38° 55' 16" East 70 60 feet to the point and place of beginning, also being the tract of property depicted as "Subject to Development Rights" on the plat entitled "314 Davis Condominium" recorded in Map Book 18, at Page 175 in the office of the Register of Deeds of New Hanover County.

EXHIBIT D

(ALLOCATIONS)

[Allocation of Undivided Interest in Common Elements and Insurance Common Expenses based on Heated Square Footage]

Unit #	Heated Square Footage	Undivided Interest in Common Elements Appurtenant to Unit	Portion of Insurance Common Expenses Allocated to Unit	Portion of Base Common Expenses Allocated to Unit	Vote Allocated to Unit
101	615	18.55%	18.55%	33.33%	1
201	1,344	40.53%	40.53%	33.33%	1
301	1,357	40.92%	40.92%	33.33%	1
Total:	3,316	100.00% *	100.00% *	100.00% *	3

*Rounded per N.C. Gen. Stat. Section 47C-2-107(d)

EXHIBIT E

INITIAL USE RESTRICTIONS

- 1 Use. The property described in Exhibit A shall be used only for single family residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for Declarant or the Association consistent with this Declaration and any Supplemental Declaration), subject to applicable laws

2. Nuisances No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Unit shall permit or suffer anything to be done or kept in his Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Unit, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

- 3 Leasing Nothing contained herein shall prohibit the leasing or renting of a Unit, provided, however, that
 - a No Unit shall be leased or rented for a period of less than six (6) consecutive months without the prior written consent of the Association.
 - b All leases for any Unit shall be in writing signed by the Owner and the tenant.
 - c All leases shall be in such form, and contain such provisions, as approved by the Board, including provisions (a) requiring the tenant to comply with the Association Documents, (b) providing that the failure of any tenant under a lease to comply with the Association Documents shall constitute an event of default under the lease, and (c) providing that the Association may exercise any and all remedies for a default under the Association Documents against the Owner and the tenant under the lease including, without limitation, the right to remove a tenant from possession of a Unit by judicial process or otherwise.
 - d A true executed copy of any lease for a Unit shall be provided to the Association prior to the occupancy by the tenant of such Unit. For purposes of this Declaration, "leasing" is defined as regular exclusive occupancy of a Unit by any Person other than the Owner, for which the Owner receives any consideration or benefit including, but not limited to, a fee, service, gratuity, or emolument. The Board may adopt reasonable additional restrictions and rules regulating leasing and subleasing of Units

- e Notwithstanding the above, the Declarant retains the right to lease any Unit it owns for a period of less than six (6) consecutive months
- 4 Pets. The Association may adopt reasonable rules regarding household pets designed to minimize damages to the Property and disturbances to other Owners and occupants, including rules requiring damage deposits, waste removal, leash controls, noise controls, pet occupancy limitations or prohibitions based on size of the Unit and fair share use of the Common Elements. Nothing in this provision shall prevent the Association from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatement of any nuisance or unreasonable source of annoyance. No Owner shall be permitted to raise, breed or keep mammals, birds, fish, or reptiles of any kind for commercial or business purposes
- 5 Restricted Activities. The following activities are prohibited within the Condominium
- a Any activity which violates local, state or federal laws or regulations,
 - b Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes,
 - c Use of any Unit for a Business and Trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit, (ii) the business activity conforms to all zoning requirements for the Property, (iii) the business activity does not involve door-to-door solicitation of residents of the Property, (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in the Property which is noticeably greater than that which is typical of Units in which no business activity is being conducted, and (v) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board
 - d No Owner shall install or attach a satellite dish, transmitting antenna, or similar device to his Unit or any part of the Common Elements at any given time except in accordance with rules and regulations adopted by the Association. The Association may prohibit, restrict, or regulate the use and placement of such devices on Units and Common Elements pursuant to applicable laws and ordinances
 - e Except where explicitly approved by the Board, no gas or charcoal grills shall be maintained in any Unit or on any Limited Common Element balcony

6. Window Coverings Window coverings which are visible to the outside view shall be white backed, or meet such other criteria as the Board may prescribe, or shall be approved by the Board prior to installation, and in all events shall be harmonious with exterior design, color and other Units as determined by the Board. No window coverings shall be installed or replaced without the prior written approval of the Board.
7. Personal Property in Common Elements Without the prior written consent of the Board, no structure or personal property shall be placed or permitted to remain on any balcony, railing or other portion of the Common Elements, including Limited Common Elements.
8. Food Preparation. Food preparations shall not be permitted in the Common Elements, including the use of exterior cooking equipment, except as may be approved in advance by the Board or pursuant to rules and regulations promulgated by the Board.
9. Flags/Signs No Owner shall post or display any sign, decoration, art work, flag, or banner either upon the Common Elements, Limited Common Elements or within his Unit which is visible from any Common Elements other than political signs which may be posted pursuant to rules and regulations adopted from time to time by the Executive Board. For purposes of this restriction, a "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. The provisions of this restriction shall not be implemented to interfere with the rights of Declarant pursuant to its Special Declarant Rights more particularly described in Article 27.

CONSENT OF LIENHOLDER

First Federal Savings and Loan Association of Charleston, successor to the Bank of Wilmington, Beneficiary pursuant to the Deed of Trust recorded in Book 5032, at Page 356 in the office of the Register of Deeds of New Hanover County, North Carolina, hereby executes this Consent of Lienholder to (a) consent to the imposition of the condominium form of ownership on the property described on Exhibit A, and any portion of the Development Property, and (b) to the Declaration of 314 Davis Condominium, and any amendments to the Declaration

IN TESTIMONY WHEREOF, Beneficiary has properly executed this Consent of Lienholder, this 6 day of June, 2011

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF CHARLESTON

By Bill Hise
VICE President

New Hanover COUNTY, NORTH CAROLINA

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose(s) stated therein and, if other than in an individual capacity, in the capacity indicated having been first authorized to do so

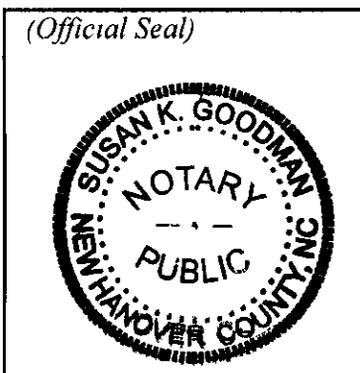
Bill Henderson VICE President of First Federal Savings & Loan Association of Charleston

Date 6-6-2011

Susan K. Goodman
Signature of Notary Public

Susan K. Goodman
Notary's printed or typed name

My commission expires 02-03-2012



Notary seal or stamp must appear within this box

CONSENT OF LIENHOLDER

Randy Swartz Self-Directed IRA, Beneficiary pursuant to the Deed of Trust recorded in Book 5525, at Page 754 in the office of the Register of Deeds of New Hanover County, North Carolina, hereby executes this Consent of Lienholder to (a) consent to the imposition of the condominium form of ownership on the property described on Exhibit A, and any portion of the Development Property, and (b) to the Declaration of 314 Davis Condominium, and any amendments to the Declaration

IN TESTIMONY WHEREOF, Beneficiary has properly executed this Consent of Lienholder, this 9th day of June, 2011

RANDY SWARTZ SELF-DIRECTED IRA

By: [Signature]
Randy S Swartz, President

New Hanover COUNTY, NORTH CAROLINA

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose(s) stated therein and, if other than in an individual capacity, in the capacity indicated having been first authorized to do so:

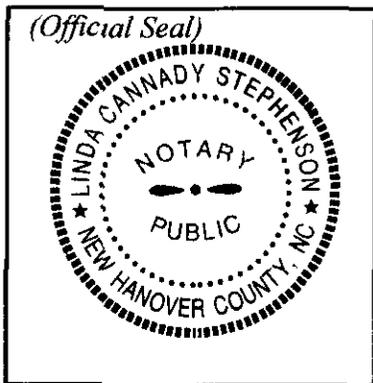
Randy S. Swartz, President of Randy Swartz Self-Directed IRA.

Date 6-9-11

[Signature]
Signature of Notary Public

Linda Cannady Stephenson
Notary's printed or typed name

My commission expires 8/22/2011



Notary seal or stamp must appear within this box



JENNIFER H. MACNEISH
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 06/10/2011 02:54:03 PM
Book: RE 5568 Page: 999-1055
Document No.: 2011015869
57 PGS \$179.00
Recorder: JOHNSON, CAROLYN

State of North Carolina, County of New Hanover

PLEASE RETAIN YELLOW TRAILER PAGE WITH ORIGINAL DOCUMENT.

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