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REGISTER OF DEEDS
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Prepared By and Return To:
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STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

**RESTATED DECLARATION OF
CONDOMINIUM FOR
LAKESHORE HARBOUR CONDOMINIUMS**

[As required by the provisions of NCGS 47C-3-121(2)b, it is noted by drafting attorney that **THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS** – see Article VII herein]

LAKESHORE HARBOR, LLC, a North Carolina limited liability company (herein “Developer” or “Declarant”) does hereby make, declare and establish this Restated Declaration of Condominium for Lakeshore Harbour Condominiums (the “Declaration”) as the plan of unit ownership of the residential condominium development known as **LAKESHORE HARBOUR CONDOMINIUMS** (the “Condominium” or the “Condominiums”).

It is noted that **LUXURY CONDOS LLC**, a North Carolina limited liability company (“Luxury Condos”), joins in this Declaration as owner and Builder (as hereafter defined) of Phase One and Phase Two (as both phases are hereafter defined). The buildings in Phase One and Phase Two have been substantially completed and are being annexed into the Condominium pursuant to this Declaration. It is noted that Luxury Condos is referred to as a Builder in this Declaration based upon how that term is hereafter defined; however, it is acknowledged that Luxury Condos has contracted with, and has designated, JCH Contracting & Development Group, LLC (“JCH Contracting”) as the exclusive builder within Phase One and Phase Two on its behalf. It is anticipated, as of the date of this Declaration, that JCH Contracting will be involved as a primary builder in future phasing of the Condominium on behalf of Luxury Condos, as a Builder, pursuant to separate agreement between Luxury Condos and JCH Contracting. Any such separate agreement between Luxury Condos and JCH

Contracting shall not abridge any rights reserved by Declarant in this Declaration.

This Declaration shall serve to fully restate and replace that certain prior Declaration of Condominium for Lakeshore Harbor Condominiums that was recorded on January 25, 2007 in Book 7484, Page 237, Cumberland County Registry (the "Prior Lakeshore Declaration"). In addition, the plat identified on Exhibit A-2 attached hereto (the "New Plat") shall fully replace that certain prior plat recorded in Condominium Plat Book 7, Pages 97-101 (the "Prior Plat"). As such, the Declarant declares that this Declaration hereby fully restates and hereby replaces the Prior Lakeshore Declaration and the New Plat hereby fully restates and hereby replaces the Prior Plat; and the Declarant hereby terminates the Prior Lakeshore Declaration and the Prior Plat and declares that same are null and void.

ARTICLE I.
ESTABLISHMENT OF CONDOMINIUM;
SALE OF BUILDING PADS BY DECLARANT

- A. Developer is the owner in fee simple of certain real property situated in Cumberland County, North Carolina, which property is more particularly described in Exhibit A-1 attached hereto and incorporated herein by reference (the "Property"). Developer does hereby submit the Property and all improvements located thereon to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina, and hereby declares the same to be a condominium to be known and identified as "Lakeshore Harbour Condominiums". Developer shall have the right to convey any part of the Common area (as hereafter defined) at any time during development in its sole discretion, and the Developer may amend these covenants at any time up and until all Units are conveyed out or until the year 2015, whichever occurs first.
- B. Pursuant to the Act and to establish a plan of condominium ownership for the Condominium, the Declarant does hereby divide the Property into the first phase ("Phase One") which consists of Building 11 ("Building 11"), which is a three-story condominium building having twelve (12) Condominium Units (as hereinafter defined, and which may also be referred to as "Units"), as well as an initial garage building having five (5) garage units ("Garage Units"). In addition, the Declarant does hereby divide the Property into the second phase ("Phase Two"), which consists of Building 10 ("Building 10"), which is a three-story condominium building having twelve (12) Units. Phase One and Phase Two are more specifically shown on the Plats and Plans (as hereinafter defined) and Declarant does hereby designate all such Units for separate ownership. The condominium buildings in Phase One and Phase Two each include an elevator and a card-key security system. The initial phasing includes a clubhouse, a swimming pool, and a wooden lake pier and gazebo. It is contemplated by Developer that there will be additional phases. Additional phases may include traditional condominium buildings similar to those in the first phase, but may also include "townhome-style" Units (the "Townhome-style Units") and "carriage-style home" Units (the "Carriage-style Units"). The buildings shall all be of wood frame construction with stone, brick, vinyl-siding or hardy-plank veneer. Declarant may also construct additional Garage Units and storage units (the "Storage Units") as Limited Common Area appurtenances for some or all of the Units in its discretion.
- C. The total number of Units in all phases will not exceed one hundred and eighty (180); however, if the Declarant is able to purchase additional land that is within a radius of one (1) mile of the Condominium, then Declarant reserves the right to increase this maximum number by an additional fifty (50) units

Further phases, if constructed, will be located on the land described in Exhibit A-2 attached hereto and incorporated herein by reference, or on any land within a one (1) mile radius thereof (the "Additional Real Estate"). The Declarant reserves the right to build Garage Units and Storage Units for some or all of the Units in future phases. The Declarant reserves the right to build less than the maximum amount allowed in any particular future phase at any time. The Declarant reserves the right not to include elevators and card-key security systems in future buildings. The methods and procedures for expanding the Condominiums to include these additional buildings and the effects of such expansion are described in Article XXVII of this Declaration.

- D. The Declarant reserves the right to sell and/or otherwise convey building pads located upon the Property or the Additional Real Estate to third party builders (the "Builders" or the "Builder") for the purpose of constructing the buildings within the Condominium and the Condominium Units. The Declarant shall have no responsibility for the construction with respect to any building or other improvements constructed by any Builder upon the Property or the Additional Real Estate; nor shall the Declarant have any liability or responsibility for any intentional, negligent or other acts or omissions of any, its contractors, subcontractors, employees, agents, or invitees. The Declarant has previously sold to Luxury Condos the first two building pads (and any other acreage) that now comprise Phase One and Phase Two of the Condominium, as described on the Plats and Plans (as defined below). As such, Luxury Condos executes this Declaration, as fee owner and Builder of the building improvements within Phase One and Phase Two, so as to incorporate said Phase One and Phase Two improvements into the Condominium. For additional reservations of Declarant with respect to the sale of building pads upon the Property and the Additional Real Estate to Builders, and the continuing rights and remedies of Declarant with respect thereto, see Article XXXIX of this Declaration.
- E. Notwithstanding anything to the contrary in this Declaration, any reference in this Declaration to the Declarant in the specific context of building, or engaging in, any construction related to the improvements located, or to be located, within the Condominium, shall also refer to, and be equally applicable to any Builder engaging in any such construction, as the case may be, and as the context may require.

ARTICLE II SURVEY AND DESCRIPTION OF IMPROVEMENTS

A plat of the land and graphic descriptions and plans of the improvements constituting Phase One and Phase Two of the Condominium (the "Plats and Plans") is described on Exhibit B attached hereto and incorporated herein by referenced, said Plats and Plans identifying the Units, Common Areas, Open Space, and Facilities (as said terms are hereinafter defined), to the extent applicable to the Condominium, and their respective locations, approximate dimensions and principal building materials. Each Condominium Unit is identified by specific numerical designation on Exhibit B and no Unit bears the same designation as any other Unit.

ARTICLE III DEFINITIONS

The Condominium consists of Condominium Units and Common Area and Facilities as said terms are hereinafter defined:

"Condominium Units" (alternately referred to as "Unit") as defined herein shall comprise the separate alphabetically identified dwelling Units which are designated on attached Plats and Plans (and any subsequent additions), excluding all spaces and improvements lying:

- (1) Beneath the wood sub flooring material of all floors excluding concrete slab on 1st floor;
- (2) Behind the interior sheet rock, wallboard or panel surfacing material of all perimeter walls, interior bearing walls and/or bearing partitions;
- (3) Above the interior sheet rock, wallboard or panel surfacing material of the ceilings; and further, excluding all pipes, ducts, wires, AC condensation tubes, dryer vents, conduits and other facilities for the furnishing of utilities and other services to Condominium Units and Common Areas and Facilities up to and including the point of entry of such pipes, ducts, wires, AC condensation tubes, dryer vents, and conduits through the interior sheet rock, wallboard or panel surfacing material for walls and ceilings and sub flooring surfacing material for floors. All pipes, ducts, wires, AC condensation tubes, dryer vents, conduits and other such facilities within the referenced interior surfacing materials shall become a part of the respective Condominium Units at such point of entry. All exterior doors, window frames, panels and screens shall be part of the respective Condominium Units, provided, however, that the exterior decoration and painting of the exterior surface of such doors and window frames shall be the responsibility of the Association as hereinafter defined.
- (4) The Declarant reserves the unilateral right to modify the definition of a Condominium Unit, as may be appropriate in the Declarant's sole discretion, for purposes of any Townhome-style or Carriage-style Units that Declarant may construct as part of any additional phases of the Condominium.

B. Common Areas and Facilities, sometimes referred to herein as "Common Property", "Common Areas" or "Common Area", and "Open Space" shall mean and comprise all portions of the Condominium other than the Units, including all of the real property, improvements, facilities, clubhouse, swimming pool, gazebo, lake pier, elevators, security card-key devices, sprinkler systems (including sprinkler heads), irrigation systems, signage, postal boxes, retaining walls, personal property (held and maintained for the use and enjoyment of all Owners), and all other improvements, fixtures, mechanical and plumbing systems, sewer and related pump/ grinder systems, and other items, or areas maintained by the Association for the benefit of the Condominium other than the Units. Limited Common Areas are Common Areas.

C. Limited Common Areas are a portion of the Common Areas allocated by this Declaration or by operation of N.C.G.S. Section 47C-2-102(2) or (4) for the exclusive use of one or more but fewer than all of the units. As used herein, the term "Limited Common Areas" or "Limited Common Elements" shall also mean and refer to the following:

- (1) The patios, porches, balconies, and/or decks, as applicable, which may be located immediately adjacent to each Unit, access to which shall be only through a Unit. The use of each patio, porch, balcony, and/or deck shall be limited to the Unit Owner or occupant whose Unit affords interior access to them.

- (2) As shown on Exhibit B, the walks, halls and hallways located in each building which are reserved for the use of the Unit Owners in those buildings, their families, guests, invitees and lessees.
 - (3) Any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, with any such portion thereof serving only the designated Unit being a Limited Common Area allocated exclusively to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Areas being a part of the Common Areas.
 - (4) Such other Limited Common Areas as may be shown on the Plats and Plans, including optional Garage Units and/or Storage Units assigned as a Limited Common Area to a specific Unit.
- A. The terms "Association of Unit Owners", "Buildings", "Common Areas and Facilities", "Declaration", "Majority" or "Majority of Unit Owners", "Person", "Property", "Unit" or "Condominium Unit", "Unit Designation" and "Unit Owner", unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall have the meaning set out in Section 1-103 of Chapter 47C of the General Statutes of North Carolina, as that statute exists as of the date of filing of this Declaration. The term "Plats and Plans" shall also include the survey of land and graphic descriptions and plans of the improvements constituting additional phases of the Condominiums as they are annexed into the Condominiums in accordance with this Declaration.

ARTICLE IV.
OWNERSHIP OF CONDOMINIUM UNITS AND
APPURTENANT INTEREST IN COMMON PROPERTY

- A. Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each shall also own, as an appurtenance to the ownership of each said Condominium Unit, an undivided interest in the Common Property. The undivided interest appurtenant to each Condominium Unit as of the date of this Declaration is set out in Exhibit C attached hereto and made a part hereof. The proportional interest in the Common Property that is appurtenant to each Condominium Unit as shown in Exhibit C has been determined by a ratio formulated upon the percentage that each Unit bears to the total number of Units. Each Condominium Unit estate shall also include the right to use Limited Common Areas as they are defined in Article III and as they are shown on the Plats and Plans recorded and applicable to each Unit. Every Unit Owner may transfer its interest in said Owner's Unit ownership free of any right of first refusal reserved by the Declarant.

ARTICLE V

[Intentionally Deleted]

ARTICLE VI.
THE CONDOMINIUM SUBJECT TO RESTRICTIONS

The Condominium Units, Common Property and Limited Common Areas shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established

herein governing the use of said Condominium Units, Common Property and Limited Common Areas and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Property; and said Condominium Units, Common Property and Limited Common Areas are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Condominium. Each Unit owners will be subject to all rights and duties as set out herein; and when Declarant or any Builder, as the case may be, is the owner of any unsold Units in the Condominium, it will enjoy the same rights of the Unit Owners and assume the same duties of the Unit Owners as they relate to each individual Unit, subject to the provisions of Article XXIV B.

ARTICLE VII
RESTRICTIONS ON USE OF UNITS; RESTRICTION AGAINST
SIGNAGE

Owners are prohibited from maintaining fires of any kind including but not limited to charcoal grills, gas grills or hibachis on any structure including but not limited to decks, patios, porches, hallways, balconies or other appurtenant structures. If grills are provided and/or used in designated Common Areas, Owners may use such grills in a safe manner and Owners will thereby assume sole and exclusive responsibility and liability for the use and operation of such grills. Owners assume sole and exclusive responsibility for all utilities serving their Units. No satellite and/or radio receiving dishes, devices, or antennae shall be permitted, except as shall be approved by the Association. No personal belongings are allowed upon the balconies or in any other Limited Common Areas such that they are visible to other residents in the Condominium, including, but not limited to, bicycles, recreational equipment, and any other personal belongings; such items shall be kept hidden from view in the Owner's storage closet or within the Unit. Notwithstanding the above, plants and patio furniture may be kept on balconies. Owners are prohibited from cutting holes in the ceiling or walls of any Unit to install audio, visual or other equipment; the purpose of this restriction is to ensure the integrity of the firewall between the Units and to avoid unintended sound transference between Units.

Owners shall be prohibited from placing signs in the windows or otherwise on the outside of any Unit (or Garage Unit or Storage Unit), or upon any of the Common Areas or other areas of the Condominium, advertising that any Unit (or Garage Unit, Storage Unit or other personal item) is "for rent" or "for sale". For those Owners wishing to sell or lease their Unit (or any Garage Unit or Storage Unit), the Association shall keep a current registry of all such Units (or appurtenances) for sale or for lease for the benefit of the Owner, prospective buyers, tenants and real estate brokers/ agents. The Declarant and any Builder are exempted from this prohibition during the Period of Declarant Control.

In addition, any and all other signs (political signs, yard sale signs, or any other signs) shall not be permitted in the windows or on the outside of any Unit (or upon any Garage Unit or Storage Unit). Further, no signs shall be permitted in or about the Common Areas or other areas of the Condominium except those erected by or authorized by the Association for the benefit of the Condominium or those erected by the Declarant or any Builder, as the case may be, advertising the Condominium. For purposes of this provision, a "political sign" means a sign that attempt to influence the outcome of an election, including supporting or opposing an issue on the election ballot.

The purpose of this signage prohibition is to maintain an upscale and orderly appearance for the benefit of the Condominium and its Unit Owners.

ARTICLE VIII.
EASEMENTS

- A. Perpetual Non-Exclusive Easement in Common Property. The Common Property shall be, and the same is hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of Condominium Units in the Condominium for their use and the use of their immediate families, guests, invitees and lessees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended. The Common Property shall be subject, also, to an easement of ingress, egress, and regress, and an easement for utilities, in favor of Developer, their representatives, employees, and designees for the purpose of construction of succeeding phases, as further defined in Article XXVII hereof, and for the purposes of any other on-going responsibilities of Developer. Notwithstanding anything above provided in this Article, the Association as hereinafter defined shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his/her family, guests and invitees, may be entitled to use the Common Property, including the right to make permanent and temporary assignments of parking spaces (said parking to be in compliance with local ordinances, if any), and to establish regulations concerning the use thereof.
- B. Easement for Unintentional and Non-Negligent Encroachments. In the event that any Condominium Unit shall encroach upon any Common Property, or any other Condominium Unit for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agents of such Owners, then an easement appurtenant to such Condominium Unit shall exist for the continuance and maintenance of such encroachment upon the Common Property or upon a Condominium Unit for as long as such encroachment shall naturally exist; and in the event that any portion of the Common Property shall encroach upon any Condominium Unit, then an easement shall exist for the continuance and maintenance of such encroachment of the Common Property upon any Condominium Unit for as long as such encroachment shall naturally exist. If any Condominium Unit or Common Property 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 Property in accordance with Article XXII hereof, there exists encroachments of portions of the Common Property upon any Condominium Unit or upon any portion of the Common Property, then such encroachments shall be permitted and a valid easement for the continuation and maintenance thereof shall exist so long as such encroachments shall naturally remain.
- C. Rights of Ingress and Egress for Unit Owners. Every Unit Owner shall have a perpetual right of ingress to and egress from its Unit over the Common Areas, such right being appurtenant to the right of Unit Ownership. Such right of ingress to and egress from its Unit over the Common Areas, as well as easement rights over the Common Areas for utility services, cannot be suspended by the Association for violations of the covenants and non-payment of assessments as described in this Declaration; however, the Association may suspend privileges to use the pool and other recreational Common Areas for violations of the covenants and non-payment of assessments as described in this Declaration.
- D. Easement to Local Municipality. All Common Areas that are external to any condominium building are hereby made subject to an easement to any local municipality as the same may be shown on the Plats and Plans.
- E. Reservation of Easement in Favor of Developer. The Developer hereby reserves for the benefit of itself

and its successors and assigns an easement of ingress, egress, and regress, as well as an easement for utilities and storm drainage, across the Common Areas for purposes of the future development of all real estate as shown on the New Plat, and for purposes of providing a means of ingress and egress for the benefit of any purchasers of any residential homes related to such future development, their lenders, tenants, invitees, and guests, regardless of whether such future development is annexed into the Condominium by Developer or its successors and assigns. If such future development is not annexed into the Condominium, such future development shall not be entitled to the use of any recreational amenities within the Condominium and shall be responsible for its prorata share of the maintenance and expenses of Starboard Way.

ARTICLE IX.
RESTRAINT UPON SEPARATION, PARTITION & LEASE
OF COMMON PROPERTY

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Property in common with the Owners of all other Condominium Units, and that it is in the interest of all owners that the ownership of the Common Property be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Property appurtenant to each Condominium Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the common elements will be void, unless the Unit to which that interest is allocated is also transferred. Further, no part of the Common Areas shall be subject to a lease between the Unit Owners (or the Association) and another party.

ARTICLE X.
ADMINISTRATION OF THE CONDOMINIUM
BY LAKESHORE HARBOUR OF FAYETTEVILLE
HOMEOWNERS ASSOCIATION, INC.

To provide efficiently and effectively for the administration of the Condominium by the Owners of the Condominium Units, a non-profit North Carolina Corporation known and designated as "Lakeshore Harbour of Fayetteville Homeowners Association, Inc." (the "Association") has been organized, and said corporation 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 its articles of incorporation (the "Articles of Incorporation") and bylaws (the "Bylaws"). A true copy of said Articles of Incorporation and Bylaws are attached hereto and incorporated herein by reference as Exhibit D and Exhibit E, respectively. The Owner or Owners of each Condominium Unit shall automatically become members of the Association upon acquiring an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Property, and such membership shall terminate automatically upon the Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of how such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association is hereby granted the authority and power to enforce the provisions of this Declaration (any individual Unit Owner shall also have said right), to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Condominium Units and Common Property as its board of directors (the "Board of Directors") may deem to be

0263 In its best interest. Any Unit Owner, as the same is defined herein, is granted a right of action against the Association for failure to comply with the provisions of this Declaration or with decisions of the Association which are made pursuant to authority granted the Association. The Association may not be dissolved (except pursuant to a consolidation or merger) unless the Condominium is properly terminated in accordance with Article XXVI.

ARTICLE XI.
RESIDENTIAL USE RESTRICTIONS APPLICABLE TO
CONDOMINIUM UNITS: EXCEPTIONS TO TITLE

Each Condominium Unit is hereby restricted to residential use by its Owner, his/her immediate family, guests, invites and lessees. Any leases shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. No Owner of any Condominium Unit shall permit the use of his Unit for transient hotel or for commercial purposes. There shall be no more than four (4) persons residing in any two bedroom unit, and no more than five (5) persons residing in a three bedroom unit, subject to the discretion of the Board of Directors of the Association. Any corporate or partnership members, other than the Developer, shall permit the use of a Condominium Unit owned by it only by its principal officers, directors or partners, or other guests or lessees. Such corporate or partnership member shall annually, or as changes necessitate, sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Condominium Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration of Condominium, and with the rules and regulations which may be promulgated by the Association from time to time; and acknowledging that the party's right to use such Condominium Unit shall exist only so long as the corporation or partnership shall continue to be a member of the Association. Upon demand by the Association to any corporate or partnership member to remove a party for failure to comply with the terms and provisions of the Declaration of Condominium, and/or the rules and regulations of the Association, or for any other reason, the corporate or partnership member shall forthwith cause such party to be removed; failing which, the Association, as agent of the Owner, shall take such action as it may deem appropriate to accomplish such removal, and all such action by the Association shall be at the cost and expense of the Owner, who shall reimburse the Association therefore upon demand, together with such reasonable attorneys' fees as the Association may have incurred in the process of removal.

Anything in this Declaration to the contrary, Developer shall have the right to maintain a portion (or to allow a Builder to maintain a portion) of the clubhouse as a sales office. In addition, the Developer (or a Builder, as the case may be) shall also have the right to utilize Condominium Units owned by the Developer (or Builder) as models and to display advertising signs upon the Common Property during the period of Unit sales. Such right shall terminate when all Units in all phases of the Condominium are sold and transferred by deed. Developer, any Builder, its representatives, employees and designees shall have an easement of ingress, egress and regress, and an easement for utilities, over and upon the Common Property for construction of any succeeding phases, as described in Article XXVII hereof, which easement shall terminate (except with respect to any necessary utility easements) when all Units in all phases are completed and sold and transferred by deed.

The liens, defects and encumbrances on the property to which the Unit owners are hereby made subject are set out on Exhibit F attached hereto and incorporated herein by reference.

ARTICLE XII

USE OF COMMON PROPERTY SUBJECT TO RULES OF ASSOCIATION

The use of Common Property, including the Limited Common Areas and Facilities, by any Owner or Owners of the Condominium Units, and all other parties authorized to use the same, shall be subject to such rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the Association. Said rules and regulations expressly may include the right of the Association to limit a Unit Owner from leasing his or her Unit for a period of less than six (6) consecutive months. The Association shall have the right to suspend the rights of any Unit Owner (and said Unit Owner's household members, tenants and/or guests, as the case may be) to use recreational facilities located within the Common Property (to the extent that access to and from the pertinent Owner's Unit and utility services related thereto are not impaired) for a period not to exceed sixty (60) days, unless such rights are suspended for failure to pay assessments, in which case such rights may be suspended until the assessments are fully paid.

ARTICLE XIIITHE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES:
RESTRICTION AGAINST NUISANCES

No immoral, improper offensive or unlawful use shall be made of any Condominium Unit or of the Common Property, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Condominium Unit shall permit anything to be done or kept in his Condominium Unit, or on the Common Property, which will increase the rate of insurance upon the Condominium, or which will interfere with the rights of enjoyment of other occupants of the Condominium because of unreasonable noises or other matters; nor shall any Owner undertake any use which shall constitute a nuisance to any other Owner of a Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Property.

The Board of Directors has the authority to regulate the type, size and number of domestic animals, and all matters related thereto. No animals, livestock, or poultry of any kind shall be kept or maintained in any Unit, except that dogs, cats or other household pets, limited to a total of two (2) such pets, may be kept or maintained provided they are not kept or maintained for commercial purposes and provided that any barking or other pet noises does not constitute a nuisance to other residents. At no time shall any household pet be kept or maintained in any Unit that is commonly considered a vicious or dangerous breed of animal, nor shall any animal be kept that exceeds twenty-five (25) pounds in weight. When any household pet is allowed outside of any Unit, it shall be kept under control on a leash and accompanied by a responsible person at all times, and the Unit Owner shall ultimately be responsible for keeping the Common Areas clear of any animal waste. At no time shall an animal be tied up, chained or otherwise neglected within the Condominium.

ARTICLE XIV.

RIGHT OF ENTRY INTO CONDOMINIUM UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any Condominium Unit, regardless of whether the Owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent of the Condominium, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such emergency, and such right of entry shall be immediate.

ARTICLE XV.RIGHT OF ENTRY FOR MAINTENANCE OF COMMON PROPERTY:
RIGHTS OF ASSOCIATION FOR PROPER OPERATION OF PROJECT

Whenever it may be necessary to enter any Condominium Unit in order to perform any maintenance, alteration or repair to any portion of the Common Property, the Owner of each Condominium Unit shall permit an agent of Association to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice. The Owner of each Unit further permits the Association and/or the Developer the right to grant permits, licenses, and easements for utilities, road construction and repair and other necessary items for proper operation of the Condominium project.

ARTICLE XVI.LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY
CONDOMINIUM UNITS: NO RIGHT TO ALTER COMMON PROPERTY

No Owners of a Condominium Unit shall permit any structural modification or alteration to such Condominium Unit without first obtaining the written consent of the Association, and such consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in their sole discretion, that such structural modifications or alterations would adversely affect or in any manner endanger the Condominium in part or in its entirety.

The Association, through the Board of Directors (or its architectural control committee, if any), shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements therein, including window treatments and blinds, in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner shall cause any improvements, alteration, repairs or changes to be made on the exterior of the Condominium (including painting or other decoration; the installation of electrical wiring, television or radio antennae, or any other objects or devices which may protrude through the walls or roof of the Condominium; or the installation of window treatments and blinds that are not white in color), nor shall any Unit Owner alter the other appearance of the exterior portion of any building in any manner without the written consent of the Association (including changing patio carpet or paddle fans). No Unit Owner shall cause any object to be affixed to the Common Property or to any Limited Common Area (including but not limited to the location or construction of fences and the planting of shrubs or any other vegetation) or in any other manner change the growing of flowers, trees, appearance of the Common Property or Limited Common Area, without the written consent of the Association.

Any Unit Owner desiring to make any improvements, alterations or changes as described above shall submit the plans and specifications therefore, showing the nature, kind, shape, height, materials, and location of the same, to the Board of Directors, which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above, and the Board of Directors shall have sole discretion in consenting to or disapproving of any such plans and specifications. The Board of Directors shall use good faith efforts to respond to said Unit Owner with respect to the proposed improvements, alterations or changes within a reasonable period of time. As a condition to the granting of approval of any request made under this Article, the Association may require that the Unit Owner requesting such change be liable for all costs of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Unit Owner, and any subsequent

0266 Owner of the Unit, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth in Article XXIV for that particular Unit, subject to the lien rights described in said Article.

ARTICLE XVII.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON PROPERTY AND ASSESSMENT THEREFOR

The Association shall have the right to make or cause to be made such alterations or improvements to Common Property (including the right to grant and establish upon, over and across the Common Property such easements as are necessary or desirable for providing service or utilities to the Units and the Common Property) which do not materially prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alterations and improvements shall be Common Expenses (as hereinafter defined) to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations and improvements are exclusively or substantially for the benefit of the Owner or Owners of certain Condominium Unit or Units requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment shall be levied in such proportion as may be determined by the Board of Directors of the Association.

ARTICLE XVIII.

MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which its failure to do so engenders. The Owner of such Condominium Unit shall be liable and responsible for the maintenance, repair and replacement of all heating and air conditioning equipment, regardless of where located, stoves, refrigerators, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair, and replacement of the exterior surfaces of any and all walls, ceilings and floors including but not limited to carpet within his Condominium Unit, including painting, decorating and furnishing, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair or replacement of any item for which the Owner is obligated to maintain or replace at his/her own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association (subject to the right of the Association not to make a claim pursuant to Article XXII), then the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement; except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductible provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement (or, all of the cost of such maintenance, repair and replacement, if the Association does not make a claim pursuant to its rights under Article XXII). All doors, window frames, panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners.

ARTICLE XIX.
MAINTENANCE AND REPAIR OF COMMON PROPERTY
BY THE ASSOCIATION

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all the Common Property and Limited Common Area (except where the Owner of a Condominium Unit has the exclusive use of any Limited Common Area wherein that unit owner shall maintain such at his own expense) including as part of the Common Area and Limited Common Area those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing (including any pump and grinder units for purposes of sanitary sewer), wiring and other facilities located in the Common Property, and further including the maintenance of all private streets and drives in the common areas. The Association will maintain an adequate reserve fund out of the monthly assessment fees for replacement or improvement of Common Areas and any Limited Common Areas it is obligated to maintain. The Association shall, at its expenses, repair any incidental damage done pursuant to the furnishing of utility, heating and other services to the Condominium Units by virtue of any work, which may be done or caused to be done by the Association, in the maintenance, repair or replacement of any Common Property. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Condominium Unit Owner, his/her immediate family, guests, lessees or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family; guests, lessees or invitees) shall be required to pay such portion of the cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, or by reason of any deductibility provision of such insurance proceeds, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

ARTICLE XX.
AUTHORITY TO PURCHASE INSURANCE

Insurance policies upon the Common Property, including Limited Common Areas and Facilities (except title insurance), all as applicable, shall be purchased by the Association, as trustee for the Condominium Unit Owners, for the benefit of the Condominium Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Condominium Units or any of them; and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Condominium Unit Owners, the Association and their respective servants, agents and guests. Said insurance policies shall provide for notice to the respective mortgagees of the Condominium Unit Owners at least ten (10) days prior to lapse, material modification or cancellation of said policies. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his/her Condominium Unit, his/her personal property and for his/her personal liability as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

ARTICLE XXI.

INSURANCE COVERAGE TO BE MAINTAINED; USE AND
DISTRIBUTION OF INSURANCE AND CONDEMNATION PROCEEDS

- A. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium Units and Common Property:
- (1) Casualty insurance covering the buildings and all improvements upon the land, and all personal property included within the Property described in Exhibit A attached hereto, or as it may be amended from time to time, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in amount equal to 100% of the current replacement cost (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company affording such coverage. Such policy shall contain an "agreed amount endorsement" or "inflation guard endorsement", if available. By the way of illustration and not of limitation, such casualty insurance shall not cover fixtures (comprising a part of the buildings) within each individual Condominium Unit (as that term is defined in Article III hereof) in accordance with the original condominium plans and specifications, unless said fixtures are Limited Common Areas or Common Areas. By the way of illustration and not of limitation, such casualty insurance shall not cover furniture, furnishings, or other household or personal property owned by, used by or in the care, custody or control of a Condominium Unit Owner (whether located within or without the Unit), or fixtures, installations or additions that are placed in an individual Condominium Unit by the Owner thereof at his/her expense. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) 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. If any buildings or improvements located upon the Property are located in a flood zone, such that flood insurance would be appropriate in the sole discretion of the Association, or required by affected mortgagees, then the Association shall have the authority to purchase flood insurance, and any additional expense related thereto shall be collected from Condominium Unit Owners via an appropriate increase in the monthly assessment authorized by Article XXIV.
 - (2) A comprehensive policy of public liability insurance insuring the Association in an amount no less than Two Million Dollars (\$2,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.
 - (3) The Board of Directors shall maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall provide adequate fidelity coverage against dishonest acts, and the existence of such coverage shall satisfy the requirement of this paragraph. If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the officers or Directors of the Association can and do directly receive or disburse the monies of the

Association), then the Board of Directors shall provide the coverage set forth in this paragraph. Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least (but not less than) a sum equal to three (3) months' aggregate assessments on all Units plus reserve funds; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association and to any Institutional Lender (as hereinafter defined) who has given the notice required under Article XXIX of this Declaration.

- (4) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to an individual Unit Owner.
- B. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses (as hereinafter defined) to be assessed and collected from all of the Owners of Condominium Units.
- C. All insurance policies purchased by the Association attributable to the Common Property shall be for the benefit of the Association and the Condominium Unit 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. The Association shall hold such proceeds in trust for the benefit of Association, the Condominium Unit Owners and their respective mortgagees as follows:
- (1) Proceeds on account of damage to Common Property shall be held by the Association in undivided shares for each Unit Owner and his/her mortgagee, if any, with respective shares as to each Condominium Unit, as set forth on Exhibit C attached hereto.
 - (2) Proceeds on account of damages to Condominium Units shall be held in the following undivided shares:
 - (a) If the damage is considered partial destruction when the Condominium is to be restored as set out in Article XXII, proceeds shall be payable to the Owners of damaged Condominium Units, with the respective share of each as set forth in Exhibit C attached hereto.
 - (b) In the event a mortgagee endorsement has been issued with respect to a Condominium Unit, the share of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owner, as their interests may appear.
- D. 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 the awards paid on account thereof shall be used and applied, in accordance with N.C.G.S. Section 47C-1-107.
- E. Each Condominium Unit Owner shall be deemed to have delegated to the Board of Directors of the Association his/her right to adjust with insurance companies all losses under policies purchased by the Association and to negotiate with governmental authorities with respect to any condemnation claims.

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE;
DAMAGE TO COMMON PROPERTY: DAMAGE TO CONDOMINIUM UNITS

- A. If any part of the Common Property shall be damaged by casualty, the determination of whether or not to reconstruct or repair it shall be made as follows:
- (1) Partial destruction shall be deemed to mean destruction which renders less than two-thirds (2/3) of the Condominium Units untenable. In the event of partial destruction, the Common Property shall be reconstructed or repaired, unless this Declaration is terminated by the unanimous vote of all the Condominium Unit Owners at a meeting of the members of the Association called and held prior to commencement of such reconstruction or repair. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original Plans and specifications.
 - (2) Total destruction shall be deemed to mean destruction which renders two thirds (2/3) or more of the Condominium Units untenable. In the event of total destruction, the Common Property shall not be reconstructed or repaired if, at a meeting which shall be called within (30) days after the occurrence of the casualty (or if by such date, the insurance loss has not been finally adjusted, then within thirty (30) days after such adjustment), Condominium Unit Owners, who in the aggregate own three-fourths (3/4) or more of the Condominium Units, vote against reconstruction or repair, and such vote is approved by the Institutional Lenders as set out in Article XXIX below to which at least 51% of the votes of Units subject to mortgages held by the Institutional Lenders are allocated.
- B. If the damage is only to those parts of one (1) or more Condominium Units for which the responsibility for maintenance and repair is that of Condominium Unit Owner, the Owner(s) shall be responsible for reconstruction and repair after casualty or condemnation. In all other instances, the responsibility of reconstruction and repair after casualty or condemnation shall be that of Association as follows:
- (1) Immediately after the casualty or condemnation 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 replace the damaged property in a condition as good as that before the casualty or condemnation. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.
 - (2) When the damage is to both Common Property and Condominium Units, or to Common Property only, the insurance or condemnation proceeds shall be payable to the Association and shall be applied first to the cost of repairing the Common Property and the balance to the Condominium Units.
 - (3) The Association reserves the right in its fiduciary discretion not to file a claim with the Condominium's insurance carrier when, taking into account the estimated amount of the claim and the Association's reasonable belief in its sole discretion, that such filing of a claim may significantly cause a negative impact upon the Condominium's future insurance premium rate and its ability to maintain ample coverage through its insurance carrier; however, this reservation of rights by the Association shall in no way impair the responsibility of the Association to repair any

damage for which it is otherwise responsible pursuant to the terms of this Declaration. The decision of the Association to not file any such insurance claim may not be appealed by any Unit Owner. It is expressly agreed that the Association reserves the absolute right not to file a claim that is estimated to be three thousand, five hundred and no/100 dollars (\$3,500.00) or less; for higher estimated claim amounts, the above mentioned fiduciary discretion and factors shall apply, with the final decision to be determined by the Association in its sole discretion.

ARTICLE XXIII.
ASSOCIATION TO MAINTAIN 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 Condominium Units. In the event of the sale or transfer of any Condominium Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Condominium 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 Condominium Unit. Further, the Owner of each Condominium Unit shall notify the Association of the names of the parties holding any mortgagee or mortgages on any Condominium Unit, the amount of such mortgage or mortgage, and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Condominium Unit may, if he/she/it so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Condominium Unit, and upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto. The Association is required to make this register available for inspection to Unit Owners and any Institutional Lenders as the same are defined herein.

ARTICLE XXIV.
ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Condominium Units. To administer properly the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units costs and expenses, which are sometimes herein referred to as "Common Expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make levy and collect assessments and fines against the Unit Owners and their Condominium Units. In furtherance of this grant of authority to Association to make, levy and collect assessments and fines to pay the costs and expenses for the operation, management of, and capital improvements to the Condominium, the following provisions shall be operative and binding upon the Owners of all Condominium Units.

- A. Unless specifically otherwise provided for in this Declaration of Condominium, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total undivided interest in Common Property appurtenant to all Condominium Units as shown on Exhibit C attached hereto.
- B. Assessments provided for herein shall be payable in monthly installments as determined by the Board of Directors of the Association. Unit Owners shall be subject to assessment by the Board of Directors upon acquiring title to their Units. The Declarant or any Builder, as the case may be, shall not be liable for assessments for unsold Units contemplated by this Declaration until such

time as said Unit is (i) occupied or used for model, sales or other purposes by the Declarant or any Builder, as the case may be, or (ii) offered and used for rental purposes by the Declarant or any Builder, as the case may be.

- C. In addition to the monthly assessment authorized above, the Board of Directors may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of Unit Owners owning two-thirds (2/3) of the Common Areas and Facilities who are voting in person or by proxy at a meeting duly called for such purposes.
- D. In order to insure that the Association will have sufficient monies available to meet operational needs during the initial months of the Condominium's existence, the Association shall establish a working capital fund (the "Working Capital Fund" or the "Fund"). At the time of the closing of the first sale of each Unit, the purchaser thereof shall pay into such Fund an amount equal to two times (2x) the monthly assessment established by the Association. No such payments made into the Working Capital Fund shall be considered an advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration. Once control of the Association is transferred to the Unit Owners pursuant to Article XXX herein, any funds left within the Working Capital Fund will be transferred to a segregated fund. The Developer may not use any funds designated as Working Capital Funds to defray any of its expenses, reserve contributions, or construction costs, or to recoup any budget deficits, while it retains control of the Board of Directors pursuant to Article XXX, or at any time thereafter; however, upon the sale of the first Unit by Developer or a Builder, the Developer or a Builder shall have the right to loan money to the Working Capital Fund such that the Association will have sufficient monies available to meet operational needs during the initial months of the Condominium's existence. Any such loan shall be reimbursed to Developer or Builder, as the case may be, by the Association once sufficient funds are available in the Working Capital Fund, or the Association otherwise has sufficient cash flow, to meet its operational needs going forward. Any such loan and any such reimbursement shall be clearly documented in the financial records of the Association.
- E. In addition to contributing to the Working Capital Fund (as set forth above), at the time of the closing of the first sale of each Unit, the purchaser thereof shall reimburse to the Developer or any Builder, as the case may be, for the estimated prorata share of Developer's or Builder's out-of-pocket expense for the initial property and liability insurance policy for the Condominium. The amount of said reimbursement to be paid at closing shall be three hundred and twenty-five and no/100 dollars (\$325.00).
- F. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit) (the "Annual Budget" or the "Budget"). Such Budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, and the budget shall 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 paragraph "G" hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors of the Association, copies of said Budget shall be delivered to each Unit Owner.

- G. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner it is estimated that the maximum monthly assessment shall be one hundred and thirty-five and no/100 dollars (\$135.00) per Unit. Any Owner that purchases an appurtenant Garage Unit shall pay an additional estimated \$15.00 assessment per month. Any Owner that purchases an appurtenant Storage Unit shall pay an additional estimated \$5.00 assessment per month. The additional assessment for any Garage Unit and Storage Unit shall be for the purpose of reimbursing the Association for the additional maintenance and insurance therefore. After January 1 of the year immediately following the conveyance of the first Unit to an Owner, the portion of the maximum monthly assessment due to the Association may be increased by the Board of Directors as reasonably necessary in their fiduciary discretion. With respect to additional phases, it is noted that any Townhome-style Units and Carriage-style Units may pay a higher maximum monthly assessment, said amount to be determined at the time of the construction and initial sale of any such Townhome-style and Carriage-style Units.
- H. The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, shall designate therein a sum to be collected and maintained as a reserve fund for replacement of any capital improvements to the Common Property (the "Capital Improvement Fund" or the "Capital Fund"). The Capital Fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Property, as well as the replacement of portions of the Common Property. The amount to be allocated to the Capital Improvement Fund shall 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 Property. The amount collected for the Capital Improvement Fund may be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Property. 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. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his proportionate interest in the Common Property as shown on Exhibit C attached hereto and the Association shall annually notify each Unit Owner of the amount of his balance in the Capital Improvement Fund account; however, such balance shall not be subject to withdrawal by a Unit Owner.
- I. 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 of Condominium, the Articles of Incorporation and the Bylaws of the Association. All monies for any assessment that are paid unto the Association by any Owner of a Condominium Unit, the same may be commingled with monies paid to the Association by the other Owners of Condominium 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 Property, shall be held for the benefit of the members of the Association, and 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 Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Condominium 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.

- J. The Association shall have the right from time to time to levy fines against Unit Owners who violate the rules, regulations and restrictive covenants, or who cause any damage to any portion of the Condominium, in such amount as deemed necessary to enforce said rules, regulations and restrictive covenants, or to provide ample reimbursement for any such damage. The Association may publish and maintain at its office a schedule of fines to be levied in accordance with this Declaration.
- K. 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 maximum rate charged by the Internal Revenue Service on delinquent taxes as determined at the time of default until such delinquent assessment or installment thereof, and all interest due thereof, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the main office or preferred mailing address of the Association. It is noted that all Units subject to a VA-guaranteed loan may not be subject to delinquent assessments in excess of six (6) months in any case in which the Association has not brought enforcement action against the Unit Owner, subject to the VA regulations in effect at the time of any such default.
- L. The Owner or Owners of each Condominium 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 Condominium Unit while such party or parties are the Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Unit Owner or Owners shall be personally 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 any reasonable attorneys' fees, whether suit be brought or not.
- M. No Owner of a Condominium Unit may exempt himself/herself from liability for any assessment levied against him/her or his/her Condominium Unit by waiver of the use of enjoyment of any of the Common Property, or by abandonment of the Condominium Unit, or in any other way.
- N. Recognizing that proper operation and management of the Condominium requires the continuing payment of costs and expenses therefore, and that such proper operation and management results in benefit to all of the Owners of Condominium 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 Unit Owner, the Association is hereby

granted a lien upon each Condominium Unit and its appurtenant undivided interest in Common Property, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each such Condominium Unit, which lien shall also secure the interest if any, which may be due on the amount of any delinquent assessments owing to the Association and, which lien shall also secure all costs and expenses, including reasonable attorneys fees, which may be incurred by the Association in enforcing this lien upon said Condominium Unit and its appurtenant undivided interest in Common Property. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina; and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Owner of any Condominium Unit from date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said Condominium Unit. 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. The Association shall further be entitled to interest at the rate of eighteen percent (18%) per annum on any such advances made for such purpose, or the maximum rate permitted by state or federal law. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Condominium Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereof, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.

- O. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of the county in North Carolina in which the Condominium is situated, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record Owner, the amount due and the date when due. The claim of lien shall be recordable 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. Such claims of lien shall include only assessments which are due and payable when the claim of the lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. 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 or recorded.

The lien provided for herein shall be subordinate to the lien of any first mortgage or deed of trust recorded prior to the lien, and any person, firm or corporation acquiring title to any Condominium Unit and its appurtenant undivided interest in Common Property by virtue of any foreclosure of a first deed of trust, deed in lieu of foreclosure of a first deed of trust, or judicial sale relating to a first deed of trust, shall not be liable for any prior delinquent assessments and shall be obligated only for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Property subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time such title was acquired. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title is not liable shall be absorbed and paid by all Owners of all Condominium Units as a part of the Common Expense; 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.

- P. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit 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 by 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.

In the event that a Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner of said Condominium Unit and such Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or mortgage proceeds shall be applied by the lessee or purchaser first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase to the Owner of any Condominium Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Condominium Unit, the Purchaser thereof shall be jointly and severally liable with Seller for all unpaid assessments against Seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the Purchaser to recover from Seller the amounts paid by Purchaser therefore.

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 a 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 Association.

ARTICLE XXV. COMMON SURPLUS

"Common Surplus", meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits and revenues from whatever source) over amount of the Common Expense, shall be owned by the Owners of all Condominium Units in the same proportion that the undivided interest in Common Property appurtenant to all Condominium Units; provided, however, that said Common Surplus shall be held by the Association in the manner prescribed in, and subject to, the terms, provisions and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. 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 Condominium Units in accordance with their percentage interest as set out in Exhibit C.

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ARTICLE XXVI.
TERMINATION

The Condominium shall be terminated, if at all, in the following manner:

- A. The termination of the Condominium may be affected only by the unanimous agreement of all Condominium Unit Owners and by unanimous consent of the eligible Institutional Lenders as defined in Article XXIX as expressed in an instrument to that effect duly recorded; and provided, that the holders of all liens affecting any of the Condominium Units consent thereto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Condominium Unit Owner in the Property as provided in subparagraph "C" below. The termination shall become effective when such Agreement has been recorded in the public records of the county in North Carolina in which the Condominium is located.
- B. If it is determined, in the manner elsewhere provided, that the Condominium shall not be reconstructed after casualty, the Condominium plan of ownership shall be terminated and the Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts affecting the termination, which certificate shall become effective upon being recorded in the public records of the county in North Carolina in which the Condominium is located.
- C. After termination of the Condominium, the Condominium Unit Owners shall own the Property as tenants in common in undivided shares and the holders of mortgages and liens against the Condominium Units (or Units formerly owned by such Condominium Unit Owners) shall have mortgages and liens upon the respective undivided shares or interests owned as tenants in common and that percentage of the undivided interest in the Common Area and Facilities previously owned by each Unit Owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the Unit Owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a Common Expense.
- D. Following termination, the property shall be subject to an action for sale for partition upon the election of any Condominium Unit Owner and upon the express agreement of all Unit Owners affected. If the Board of Directors determines by not less than a three-fourths (3/4ths) vote to accept an offer for the sale of the property, and each Unit Owner affected expressly agrees to the sale, each Unit Owner shall execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such other sale, and upon the consummation thereof, shall be discontinued by all parties thereof.

ARTICLE XXVII.
AMENDMENT OF DECLARATION OF CONDOMINIUM:
AMENDMENT TO ADD REAL ESTATE

This Declaration of Condominium may be amended in the following manner:

- A. Amendment to Declaration: An amendment or amendments to this Declaration of Condominium

(an "Amendment" or "Amendments") 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 Condominium Units. 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 sooner than twenty-five (25) days and not later than sixty (60) days from the giving of notice of the proposed Amendment or Amendments. It shall be the duty of the secretary to give 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. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his/her mailing address as it appears on the records of the Association, the postage thereon prepaid. If sent by electronic mail, such notice shall be deemed to be properly given when sent via electronic mail to a member's email address as it appears on the records of the Association. Such notice shall also contain a copy of the proxy that can be cast in lieu of attendance at such meeting. 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 the members owning Units in the Condominium in order for such Amendment or Amendments to become effective. During the twenty (20) year period beginning with the date of Declaration, an affirmative vote of Unit Owners owning ninety percent (90%) of the undivided interest in the Common Areas and Facilities shall be required to amend this Declaration. From and after the expiration of said twenty (20) year period, an affirmative vote of Unit Owners in person or by proxy in a meeting duly called, owning seventy-five (75%) percent of the undivided interest in the Common Areas and Facilities shall be required. Upon adoption, such Amendment or Amendments of this Declaration of Condominium 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 public records of the county in North Carolina in which the Condominium is located, within thirty (30) days from the date on which the same became effective, such Amendment or Amendments to specifically refer to the recording data identifying the Declaration of Condominium. 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 Condominium 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 but delivers his/ her vote by written proxy, provided such written proxy vote is delivered to the secretary or other officer of the Association prior to such meeting or at such meeting. Notwithstanding the above, the Declarant reserves the right to unilaterally amend this Declaration in order to comply with the technical and/or substantive regulations of HUD, Fannie Mae, Freddie Mac and/or VA; or in order to correct any typographic/ clerical errors, scrivener's errors, and/or minor errors.

- (1) Amendments which require approval of 51% of First Mortgage Holders. Unless otherwise set forth herein, at least 51% of the Institutional Lenders as the same are defined in Article XXIX of

this Declaration, and as the same have given notice pursuant to Article XXIX, must approve any material amendments of provisions which establish, provide for, govern or regulate any of the following:

- (a) Voting;
 - (b) Assessments, assessment liens or subordination of such liens;
 - (c) Reserves for maintenance, repair and replacement of the common elements;
 - (d) Insurance or fidelity bonds;
 - (e) Rights to use of Common Elements;
 - (f) Responsibility for maintenance and repair of the several portions of the Condominiums;
 - (g) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium except as provided in Paragraph B below;
 - (h) Boundaries of any Unit;
 - (i) The interests in the Common Elements or Limited Common Elements;
 - (j) Convertibility of Units into Common Elements or Common Elements into Units;
 - (k) Leasing of Units;
 - (l) Imposition of the right of first refusal or similar restriction on the right of a Unit owner to sell or convey his or her Unit;
 - (m) Establishment of self-management by the Association where professional management has been required previously;
 - (n) Provisions pertaining to or related to the express benefit of Institutional Lenders as the same are defined herein;
- (2) Amendments which require VA approval. During the Period of Declarant Control, if the VA holds, insures or guarantees any mortgage within the Condominium, then the VA must approve (and be provided a copy of) any "material amendments" or "extraordinary actions" with respect to the Declaration as those terms are defined in VA Pamphlet 26-7, Revised, as such may be revised.
- B. Amendment to Add Real Estate. Developer shall have the right (in conjunction with a Builder, as necessary) to file an amendment to this Declaration in the local registry at any time without the further consent of the Unit Owners, to incorporate into the Condominium any and all of the Additional Real Estate. Portions of the Additional Real Estate may be added to the Condominium at different times, but no assurances are made with regard to the order in which such portions may be added. Declarant shall have no duty with regard to the order in which any such portions are added, nor shall Declarant have any obligation to add any or all of the Additional Real Estate. In the event this Declaration is so amended, the terms "Condominium" and "Property" as used herein shall be deemed to mean and include the property described in Exhibits A-1 and A-2 as the case may be and all improvements and structures now or hereinafter placed by Developer thereof, all easements, rights and appurtenances thereto, and all articles of personal property provided by Developer and intended for use in connection therewith. The Developer shall have total discretion with regard to materials used in the construction of any additional Units. In addition, the Developer shall have total discretion in the layout, size and architectural style of the additional Units. No amendment made by Developer in accordance with this paragraph shall divest an Owner of any portion of his/ her Unit without the consent of such Owner, and no such amendment shall materially alter the plan of development set forth herein without the consent of all Owners affected thereby.

- (1) In the event the Developer elects (in conjunction with a Builder, or otherwise) to add additional phases to the Condominium, then the percentage undivided interest in the Common Property appurtenant to each Condominium Unit will be reallocated in proportion to the percentage that each Unit bears to the total number of Units, and the voting rights for each additional Unit Owner shall be reallocated equally to each Unit so that each Unit added will have one (1) vote in the Association. In the event Developer elects to add additional phases to the Condominium, Developer shall, in each instance, file an amendment to this Declaration stating that the percentage undivided interest in the Common Area appurtenant to each Unit then a part of the Condominium at the time of such filing is as shown in the appropriate column of Exhibit C. The additional Unit Owners shall be subject to assessment by the Board of Directors upon acquiring title to their Units in such amount as their percentage undivided interest in the Common Area is shown on the applicable Exhibit C. The Declarant shall not be liable for assessments for unsold Units contemplated by the addition of phases to this Declaration until such time as said Unit is (i) completed and a certificate of occupancy issued therefore; and (ii) occupied or used for model, sales or other purposes by the Declarant, or (iii) offered and used for rental purpose by the Declarant, or as shown in Article XI.
 - (2) No additional property may be added to the existing Condominium pursuant to Paragraph B Article XXVII of this Declaration, nor may the Condominium be merged with a successor condominium regime, without the prior written consent of HUD, VA, Fannie Mae and/ or Freddie Mac, wherein VA, HUD Fannie Mae and/or Freddie Mac hold, insure or guarantee any mortgage in the existing Condominium at the time such property is to be added. In addition, no additional property may be added to the existing Condominium unless the improvements located thereon have been substantially completed.
- C. Amendment of Common Ownership Percentages. Except as expressly set forth in this Declaration, no alteration in the percentage of ownership in Common Property appurtenant to each Condominium Unit, or alteration of the basis for sharing Common Expenses and other assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of Common Surplus, shall be made without the prior written consent of all of the Owners of Condominium Units and all of the Institutional Lenders holding first mortgages or first deeds of trust on the Condominium Units.

ARTICLE XXVIII.
REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration of Condominium, and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of the other Condominium Units to the following relief:

- A. Failure to comply with any of the terms of the Declaration of Condominium or other restrictions and regulations contained in the Articles of Incorporation or By-laws of the Association, or

which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

- B. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his/her act, neglect or carelessness, or by that of any member of his/her family, or his/her or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association (including the cost of any deductible), assuming that the Association elects to make a claim against any such policy and does not exercise its fiduciary right to not make such a claim pursuant to Article XXII. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a Condominium Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.
- C. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court, in no event shall any Unit Owner be entitled to such attorneys' fees.
- D. The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration of Condominium or other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.
- E. All rights, remedies and privileges granted to the Association or the Owner or Owners of Condominium Units, pursuant to any terms, provisions, covenants or conditions of the Declarations of Condominium or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.
- F. The failure of Developer to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration of Condominium or other above mentioned document shall not constitute a waiver of the right of Developer to thereafter enforce such right, provision, covenant or condition in the future.
- G. The failure of an Institutional Lender or Institutional Lenders, as said term is herein defined, to enforce any right, provision or privilege, or covenant or condition, which may be granted to it or them by this Declaration of Condominium, or other above-mentioned documents shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.
- H. Regardless of the cause of action, the Association may not sue the Declarant without the approval of at least sixty-seven percent (67%) of the Unit Owners.

ARTICLE XXIX

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

- A. "Institutional Lender" or Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, the Federal Housing Administration, its eligible insurers and governmental guarantors, who hold, guarantee or insure a first mortgage on a Unit, and which have requested notice pursuant to the provision of Paragraph B as set out herein below. In addition, to any other rights set forth in this Declaration, so long as any Institutional Lender or Institutional Lenders shall hold any first mortgage upon any first mortgage upon any Condominium Unit or Units, or shall be the Owner of any Condominium Unit or Units, such Institutional Lender or Institutional Lenders, shall have the following rights:
1. To approve the company and companies with whom casualty insurance is placed, and to be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
 2. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one (1) copy of the annual financial statement and report of the Association, prepared by a certified public accountant designated by the Association, such financial statement and report to be furnished by the end of each year.
 3. To be given notice by the Association of the call of any meeting of the membership for the purpose of considering any "material amendment" or "extraordinary action" of the Association (as those terms are defined in VA Pamphlet 26-7 Revised, as revised), including but not limited to: (1) any proposed Amendment to the Declaration of Condominium, or the Article of Incorporation and Bylaws of the Association effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining to any Unit or the liability for Common Expenses appertaining thereto, (ii) the number of votes in the Association appertaining to any Unit, or (iii) the purposes to which any Unit or the Common Elements are restricted; and (2) the proposed termination or abandonment of the Condominium; and (3) the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association. Such notice shall state the nature of the Amendment or action being proposed.
 4. To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Unit encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing.
 5. To be given notice of any condemnation loss or casualty loss affecting the Common Areas resulting in losses greater than ten percent (10%) of the annual budget or affecting a material portion of any Unit on which there is a first mortgage held, insured or

6. To be given notice of any proposed action that requires the consent of a specified percentage of eligible mortgage holders.
 7. To demand professional management (upon majority vote of Institutional Lenders).
 8. To demand an audit of the Association's financial records (upon majority vote of Institutional Lenders).
- B. Whenever any Institutional Lender or Institutional Lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, identifying the Condominium Unit or Units upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Condominium Units owed by them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender or Institutional Lenders.
- C. Upon written request from any agency or corporation which has an interest or a prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time, an audited financial statement of the Association for the immediately preceding fiscal year.

ARTICLE XXX.
DEVELOPER CONTROL PERIOD

- A. Developer Representation on Board: The Developer will exercise the right to appoint and remove members of the Board until the Period of Developer Control (as hereinafter defined) ends as specified in Paragraph B. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units (including Units which have been created pursuant to Special Declarant Rights (as hereinafter defined)) to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which have been created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant, not less than thirty-three percent (33%) of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant. Not later than the termination of any Period of Declarant Control, the Unit Owners shall elect a Board of Directors of at least three (3) members, at least a majority of whom must be Unit Owners. Whenever Developer shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Developer shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Developer need not be a resident in the Condominium. However, Developer (or any Builder owning Units, as the case may be) shall be responsible for the payment of any assessments which may be levied by the Association against any

Condominium Unit or Units owned by the said Developer (or any Builder owning Units, as the case may be), and for complying with the remaining terms and provisions hereof in the same manner as any other Owner of a Condominium Unit or Units.

- B. Termination of Declarant Rights: Subject to Subparagraph "A" above, Developer shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association. However, this period of Developer control (the "Developer Control Period", the "Declarant Control Period", the "Period of Developer Control", or the "Period of Declarant Control") terminates no later than the earlier of: (i) 120 days after conveyance of seventy-five percent (75%) of the Units (including Units which have been created pursuant to Special Declarant Rights) to Unit Owners other than Developer; or (ii) two years after the Developer has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add any new Units was last exercised. Notwithstanding the above, subject to applicable law, as long as the Developer or any Builder continues to own a Unit that is offered for sale within the Condominium, then the Developer shall have the right to designate and select a majority of the persons who shall service as members of the Board of Directors of the Association, and the Period of Declarant Control shall not terminate until all Units have been sold. The Developer may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of that period, but in that event it may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Board of Directors, be approved by the Developer before they become effective.
- C. Special Declarant Rights. Declarant reserves the following special Declarant rights (the "Special Declarant Rights") for the entire Property, which shall be exercisable during the Period of Declarant Control:
- (a) To complete any and all improvements indicated on the Plats and Plans;
 - (b) To exercise any development right reserved in this Declaration, including, but not limited to, the right to sell building pads located upon the Property or the Additional Real Estate to any Builder;
 - (c) To construct and maintain any sales office, signs advertising the Condominium, management office or model in any of the Units or on any of the Common Elements shown on the Plats and Plans for the benefit of Declarant or any Builder;
 - (d) To use existing easements, and to create additional easements, including, but not limited to, easements for construction-related purposes, through the Common Elements for the purpose of making improvements within the Condominium or within real estate which may be added to the Condominium, said easements to also benefit any and all Builders, future residents or Owners, as applicable;
 - (e) To appoint and remove the Board of Directors during the Period of Declarant Control;
and
 - (f) To make the Condominium part of a larger condominium.
 - (g) Declarant reserves the following development rights for the entire Property and additional properties as described below during the Period of Declarant Control:

- (1) To create Units, Common Elements, or Limited Common Elements within the Condominium; to alter the size of any Unit, to combine or merge two or more Units, to subdivide Units or convert Units into Common Elements, all in conjunction with Builders as necessary in the discretion of Declarant;
 - (2) To add real estate to the Condominium;
 - (3) To withdraw real estate from the Condominium;
 - (4) To transfer its development and other rights as Declarant to another person or entity which purchasers all of a portion of the Property, the Additional Real Estate or portions of the Condominium still owned by Declarant by recording a written notice of same in the registry of the county in North Carolina in which the Condominium is located.
- D. Sales Office and Model: The Developer shall have the right to maintain a sales office on the Property as long as the Developer owns any Units in the project. In addition, the Developer may maintain a model in any of the Units that the Developer owns. Such right shall also apply to Builders in the discretion of Developer.
- E. Dissolution: In the event of dissolution of the Developer at a time when it is the Owner of a Condominium Unit, then the rights of the Developer shall pass to and may be exercised by its successor in interest which receives ownership of any such Unit in dissolution.

ARTICLE XXXI.
SEVERALITY

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 XXXII.
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 consideration terms of this Declaration.

ARTICLE XXXIII.
DECLARATION OF CONDOMINIUM 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 Common Property. This Declaration shall be binding upon Developer, its

0286 successors and assigns, and upon all parties who may subsequently become Owners of the Units, and their respective heirs, legal representatives, successors, successors in title, and assigns.

ARTICLE XXXIV.

AGENT FOR SERVICE OF PROCESS

The following named individual is designated as the person to receive service of process for the Association, subject to any changes in the registered agent and registered agent address of the Association subsequently filed with the North Carolina Secretary of State: James W. Arp, 5511 Ramsey Street, Suite 201, Fayetteville, NC 28311.

ARTICLE XXXV.

LOCAL ORDINANCES; GENERAL STATUTES; CONFLICTING PROVISIONS

As previously stated, it is the intent of the Developer to submit the Property and all improvements located thereon to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina. It is the further intent of the Developer to comply with the city or county zoning ordinance, as the case may be. The applicable provisions of the city or county zoning ordinance, as the case may be, to which the Property may be subject are incorporated herein by reference. Where a conflict arises between any provision of this Declaration and said city or county zoning ordinance, then the city or county zoning ordinance shall prevail. Where a conflict arises between the provisions of the city or county zoning ordinance and the North Carolina General Statutes, then the North Carolina General Statutes shall prevail.

ARTICLE XXXVI.

DEVELOPER CONTRACTS AND TERMINATION
OF DEVELOPER CONTRACTS

- A. DEVELOPER CONTRACTS: Any management agreement between the Developer or the Association and a professional manager or any other agreement providing for services of the Developer shall not exceed a term of two (2) years and shall be subject to renewal by the consent of parties and shall be consistent with Section B of this Article. The termination of any professional contract entered into will not require a penalty or advance notice of more than ninety (90) days. The Developer may enter into a professional management agreement before control of the Board of Directors is passed in accordance with Article XXX of this Declaration. However, the management contract will give the Association the right to terminate the contract without cause upon the advance notice of not more than ninety (90) days, which right can be exercised at any time after the transfer of control pursuant to Article XXX.
- B. TERMINATION OF DEVELOPER CONTRACTS: Pursuant to N.C.G.S.47-C-3-105, if entered into by or on behalf of the Association before the Board of Directors elected by the Unit Owners pursuant to Section 47C-3-103(f) takes office, then (1) any management contract, employment contract, or lease for recreational or parking areas or facilities, (2) any other contract or lease between the Association and the Developer or an affiliate of the Developer, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners pursuant to Section 47C-3-103(f) takes office upon not less than ninety (90) days notice to the other party. Notice of the substance of the provisions of this section shall be set out in each contract entered

into by or on behalf of the Association before the Board elected by the Unit Owners pursuant to Section 47C-3-103(f) takes office. Failure of the contract to contain such a provision shall not affect the rights of the Association under this section. This section does not apply to any lease the termination of which would terminate the Condominium or reduce its size, unless the real estate subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this section.

ARTICLE XXXVII
AD VALOREM TAXES

Any city and/or county ad valorem taxes on the Common Areas, as well as city and/or county and/or PWC assessments for public and private capital improvements on the Common Areas, if any, shall be the responsibility of and paid by the Association from the assessments provided for under Article XXIV herein and subject to all provisions of said Article XXIV including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public or private capital improvements, which continues for a period of six (6) months, then each Owner of a Unit shall become personally obligated to pay the tax or assessment to the assessing governmental authority, with each Unit Owner's portion of such taxes or assessments to be determined by dividing the total taxes and/or assessments due by the total number of Units. If not paid by the Owner within thirty (30) days, said sum shall become a continuing lien upon any such Owner's Unit, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same, or elect to foreclose the lien.

ARTICLE XXXVIII
AVAILABILITY OF CONDOMINIUM DOCUMENTS

The Association shall make available to Unit Owners, Institutional Lenders, and the holders, insurers and guarantors of the first mortgage on any Unit, current copies of the Declaration, the Bylaws and other rules governing the Condominium, and other pertinent books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Declaration, Bylaws, other rules governing the Condominium, and the most recent annual audited financial statement, if such has been prepared. "Available" as used in this paragraph shall at least mean available for inspections, upon request, during normal business hours or under other reasonable circumstances.

ARTICLE XXXIX
CONTINUING RIGHTS OF DECLARANT UPON SALE OF BUILDING PADS
TO THIRD PARTY BUILDERS;

(Design Approval Rights; Repurchase Option; Duty of Cooperation to Annex
Constructed Buildings into Condominium)

Upon the sale or conveyance of building pads located upon the Property or the Additional Real Estate by Declarant, or its successors and/or assigns, to Luxury Condos (or to any other Builder pursuant to its rights as stated in Article I.D.), then such conveyances shall be subject to the following rights of Declarant:

- 0288 A. The Declarant shall have the right to approve the final design of any building or other improvement to be constructed upon any portion of the Property or the Additional Real Estate. Before commencing construction on any such building or other improvement, Luxury Condos (or any other Builder, as the case may be) must first obtain the written approval of Declarant as to the final site plan, landscaping plan, and architectural drawings for such building or improvement. Such approval shall be in the Declarant's reasonable discretion. One of the primary factors that Declarant shall take into account shall be the extent to which the proposed building or improvement will blend with the aesthetic and quality aspects of the larger Condominium development. Such approval rights of Declarant shall also apply if Luxury Condos (or any other affected Builder) changes the design of any proposed building or improvement at any stage during the construction.
- B. After the sale or conveyance of any building pad located upon the Property or the Additional Real Estate to Luxury Condos (or to any other Builder, as the case may be), Luxury Condos (or other Builder, as the case may be) shall have a period of twelve (12) months (from the filing date of the deed conveying the building pad) in order to commence construction upon any said pad. If Luxury Condos (or any affected Builder) does not commence construction within said period of time, then Declarant hereby reserves the right to repurchase any said building pad from Luxury Condos (or any affected Builder) at a price of ninety-five percent (95%) of the original price for which it sold to Luxury Condos (or any such Builder) (said price to be based strictly upon the original purchase price upon which revenue stamps were based for said pad and not to include any closing expenses that may have been paid by Luxury Condos (or any affected Builder)). The Declarant may exercise its repurchase option by giving Luxury Condos (or any affected Builder) written notice of Declarant's exercise of said option, said notice to be delivered via hand-delivery to said party; via reputable overnight courier to said party's principal place of business or other registered address; or via certified United States mail (return receipt requested). Closing of said repurchase by Declarant shall occur on or before thirty (30) days after the affected party is served with such notice, with the exact day to be determined in the discretion of the Declarant. Commencement of construction by Luxury Condos (or any affected Builder) after receipt of such notice by Declarant shall not affect the rights of the parties hereunder; Declarant shall continue to have the right to repurchase the affected building pad in accordance with its rights herein despite the delinquent commencement of construction and shall further have the right to require that Luxury Condos (or any affected Builder) restore the affected building pad to its original condition (prior to the delinquent commencement of construction after receipt of such notice by Declarant). Nothing in this section shall obligate the Declarant to exercise its repurchase option as stated herein. In addition, the failure of the Declarant to exercise its repurchase option as stated herein shall not constitute a waiver of its right to exercise said repurchase option at any future time.
- C. After Luxury Condos (or any other Builder, as the case may be) commences construction of a building or other improvement upon any building pad located upon the Property or the Additional Real Estate, Luxury Condos (or other affected Builder, as the case may be) shall have a period of nine (9) months in order to complete said construction (in conformity with the plans as approved by Declarant) and obtain a certificate of occupancy for all Units within any such building. If Luxury Condos (or other affected Builder) does not complete construction within said period of time, and such delay is not due to force majeure matters outside the reasonable control of Builder, then Declarant may serve Luxury Condos (or other affected Builder) with a written notice of a violation of this provision. Such notice shall be served upon Luxury Condos (or other affected Builder) via hand-delivery, via reputable overnight courier, or via United States mail (in the same manner as described

in Section B above). Upon receipt of such notice, Luxury Condos (or other affected Builder) shall have an additional ninety (90) days to complete the improvements. After the expiration of such period, if the improvements are still not complete, then Luxury Condos (or other affected Builder) shall pay to Declarant the sum of \$500.00 per day (for each additional day that a certificate of occupancy is not issued for all Units within the new building) as liquidated damages for Luxury Condos' (or other affected Builder's) failure to complete the improvements in a timely manner, and Declarant shall have the right to file a lien upon the building pads so affected to secure such monetary damages. Said lien may be foreclosed upon by the Declarant in the same manner as described in Article XXIV. Luxury Condos (or other affected Builder) shall also be liable to the Declarant for, and the lien shall also secure, all costs incurred by the Declarant related to the filing and/or foreclosure of said lien to collect any such liquidated damages, including all reasonable attorneys' fees and court costs.

- D. As of the final completion of construction of any building upon any building pad located upon the Property, the Declarant and Luxury Condos (or other affected Builder, as the case may be) shall work together with their legal counsel promptly and in good faith to jointly execute an amendment to this Declaration to be recorded in the local registry (said amendment to include a plat of the footprint of the new building, as well as its as-built architectural drawings), so as to legally annex the new building into the Condominium in full compliance with Chapter 47C of the North Carolina General Statutes. Such amendment shall be consented to, and executed by, Luxury Condos' (or other affected Builder's, as the case may be) construction mortgage lender, such that said lender's lien rights are fully subordinated to said recorded amendment (and such that any subsequent foreclosure of said lien rights will not also foreclose and sever the improvement from being part of the Condominium scheme of development). Luxury Condos (or other affected Builder, as the case may be) shall be responsible for all legal and recording expenses related to the requirements of this paragraph.
- E. In the event of any violation of this Article, as well as in the event of any violation of any other provision of this Declaration, then the Declarant shall be entitled to all remedies at law and/or in equity, including the remedy of specific performance.
- F. Luxury Condos (or any other Builder, as the case may be) hereby agrees by acceptance of any deed from Declarant for one or more building pads, to indemnify, defend and hold harmless Declarant, the Association, or any Unit Owner, from any liability and/or any expense related to the activities upon the Property (or in the vicinity thereof) of Luxury Condos (or any other Builder, as the case may be), its successors, assigns, contractors, subcontractors, employees, agents, and invitees. In addition, Luxury Condos (or any other Builder, as the case may be) hereby agrees by acceptance of any such deed from Declarant to assume full control and responsibility of required erosion control measures (as required by the North Carolina Department of Environmental, Health and Natural Resources ("DEHNR") upon any conveyed building pad (or in the vicinity thereof) prior to and during any period of construction. Luxury Condos (or any other Builder, as the case may be) shall be responsible for all compliance with any required erosion control after taking title to any building pad and shall indemnify, defend and hold harmless Declarant for any alleged violation and/or actual fines assessed by DEHNR (or any other regulatory or municipal agency having jurisdiction) related to any lack of erosion control compliance.
- G. Any reference to Declarant or Builder or any other party in this Article, as well as elsewhere in this

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Declaration, shall also refer to their successors and/or assigns.

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0291 IN WITNESS WHEREOF, the Declarant and Luxury Condos (as a Builder within Phase One and Phase Two of the Condominium) have executed this Declaration as of the dates set forth in the below notary acknowledgments.

DECLARANT:

LAKESHORE HARBOR, LLC

By: *James W. Arp* (SEAL)

Print Name: James W. Arp

Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF *Cumberland*

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: James W. Arp as Member/ Manager of Lakeshore Harbor, LLC, a North Carolina limited liability company.

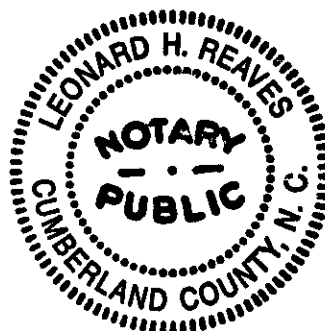
Date: *August 3, 2007*

Official Signature of Notary: *Leonard H. Reaves*

Notary's Printed Name: *Leonard H. Reaves*

My commission expires: *My Commission Expires August 25, 2009*

[Affix Notary Seal or Stamp]



BUILDER (WITHIN PHASE ONE AND PHASE TWO):

LUXURY CONDOS LLC

By: [Signature] (SEAL)

Print Name: Jerry Christopher Manning

Title: MANAGING MEMBER

[It is noted that Luxury Condos is the fee owner and Builder of a portion of improvements within Phase One and Phase Two of the Condominium. Said Phase One and Phase Two improvements are being annexed into the new Condominium scheme created by this Declaration. As such, Luxury Condos joins in the execution hereof]

STATE OF NORTH CAROLINA

COUNTY OF Cumby

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Jerry ✓ as Member/
Manager of **Luxury Condos LLC**, a North Carolina limited liability company. Christy Manning

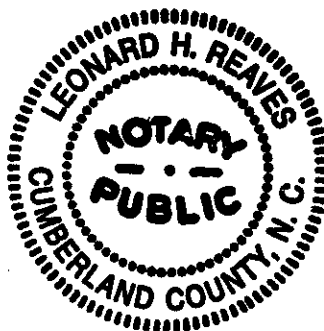
Date: 8-2-2007

Official Signature of Notary: [Signature]

Notary's Printed Name: Leonard H. Reeves

My commission expires: My Commission Expires August 25, 2009

[Affix Notary Seal or Stamp]



(Legal Description of the Property)

Phase One

BEING all of Lot 11 and Lot A as shown on plat entitled "Subdivision Survey of Lakeshore Harbour Phase One (Buildings 11 & A) and Phase Two (Building 10)", said plat having been recorded in Condominium Plat Book 7, Page 164, Cumberland County Registry.

It is noted by drafting attorney that the above Lot A includes an improved one-story garage building that contains five (5) individual Garage Units.

Phase Two

BEING all of Lot 10 as shown on plat entitled "Subdivision Survey of Lakeshore Harbour Phase One (Buildings 11 & A) and Phase Two (Building 10)", said plat having been recorded in Condominium Plat Book 7, Page 164, Cumberland County Registry.

Common Area

BEING all of Lot G (clubhouse), all of Starboard Way (private R/W), and all other areas designated as "Common Area" on plat entitled "Lakeshore Harbour Condominium Complex Building Lot Map", said plat having been recorded in Condominium Plat Book 7, Pages 160 through 163, aforesaid Registry.

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EXHIBIT A-2

(Legal Description – the Additional Real Estate)

BEING all of the land shown on that certain plat entitled “Lakeshore Harbour Condominium Complex Building Lot Map”, said plat having been recorded in Condominium Plat Book 7, Pages 160 through 163, Cumberland County Registry, as well as any land within a one (1) mile radius thereof.

(the Plats and Plans)

BEING all of Lot 10, Lot 11, and Lot A as shown on plat entitled "Subdivision Survey of Lakeshore Harbour Phase One (Buildings 11 & A) and Phase Two (Building 10)", along with those as-built architectural drawings prepared by Thomas Goetz, said plat and drawings having been recorded in Condominium Plat Book 7, Pages 164 through 167, Cumberland County Registry.

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EXHIBIT C

(Schedule of Unit Owners' Undivided Interests in the Common Elements)

Phase One

<u>Building # 11</u>	<u>Percentage Interest in Common Elements</u>
Unit 101	4.16%
Unit 102	4.16%
Unit 103	4.16%
Unit 104	4.16%
Unit 201	4.16%
Unit 202	4.16%
Unit 203	4.16%
Unit 204	4.16%
Unit 301	4.16%
Unit 302	4.16%
Unit 303	4.16%
Unit 304	4.16%

Phase Two

Building # 10

Unit 101	4.16%
Unit 102	4.16%
Unit 103	4.16%
Unit 104	4.16%
Unit 201	4.16%
Unit 202	4.16%
Unit 203	4.16%
Unit 204	4.16%
Unit 301	4.16%
Unit 302	4.16%
Unit 303	4.16%
<u>Unit 304</u>	<u>4.16%</u>

Total: 24 Units	100%
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EXHIBIT D

(Articles of Incorporation of Association)

[See pages that follow]



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

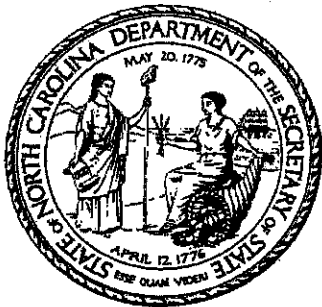
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

**LAKESHORE HARBOUR OF FAYETTEVILLE HOMEOWNERS ASSOCIATION,
INC.**

the original of which was filed in this office on the 18th day of June, 2007.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 18th day of June, 2007

Elaine F. Marshall
Secretary of State

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SOSID: 922834
Date Filed: 6/18/2007 7:29:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C200716600337

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.


1. The name of the corporation is: Lakeshore Harbour of Fayetteville Homeowners Association, Inc.
2. _____ (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).
3. The street address and county of the initial registered office of the corporation is:
Number and Street: 5511 Ramsey Street, Suite 201
City, State, Zip Code: Fayetteville, NC 28311 County: Cumberland
4. The mailing address *if different from the street address* of the initial registered office is:
(same as street address)
5. The name of the initial registered agent is:
Jim Arp
6. The name and address of each incorporator is as follows: _____
J. Holden Reaves, Esq., P.O. Box 53187, Fayetteville, NC 28305 (Cumberland County), Incorporator
7. (Check either a or b below.)
a. ☒ The corporation will have members.
b. ☐ The corporation will not have members.
8. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.
9. Any other provisions which the corporation elects to include are attached.
10. The street address and county of the principal office of the corporation is:
Number and Street: 5511 Ramsey Street, Suite 201
City, State, Zip Code: Fayetteville, NC 28311 County: Cumberland
11. The mailing address *if different from the street address* of the principal office is:
(same as street address)

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12. These articles will be effective upon filing, unless a later time and/or date is specified: N/A

This is the 14 day of June, 2007.



L. Holden Reeves, Esq., Incorporator

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

Revised January 2000

CORPORATIONS DIVISION

P. O. BOX 29622

Form N-01

RALEIGH, NC 27626-0622

Attachment to
Articles of Incorporation of
Lakeshore Harbour of Fayetteville Homeowners Association, Inc.

Provision for Dissolution

Upon dissolution of the corporation, other than incident to a merger or consolidation, after all liabilities and obligations of the corporation have been paid, or adequate provision made therefore, then (a) assets held upon special condition shall be disposed of in accordance therewith; and (b) other assets shall be distributed in accordance with the corporation's plan of distribution pursuant to Section 55A-14-03 of the North Carolina General Statutes.

IN WITNESS WHEREOF, the Incorporator has executed this Provision for Dissolution this the 14 day of June, 2007.

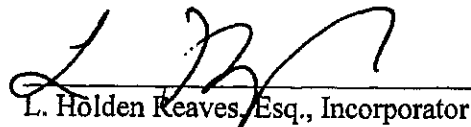

L. Holden Reaves, Esq., Incorporator

EXHIBIT E

**BYLAWS
OF
LAKESHORE HARBOUR OF FAYETTEVILLE
HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I.
BUSINESS ADDRESS**

The business address of Lakeshore Harbour of Fayetteville Homeowners Association, Inc. (the "Association") shall be 5511 Ramsey Street, Suite 201, Fayetteville, North Carolina 28311. The business address may be changed by the Board of Directors of the Association or upon approval of the membership.

**ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any of the units in any phase of Lakeshore Harbour Condominiums (the "Condominium" or "Condominiums"), located in Cumberland County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership.

**ARTICLE III.
PURPOSES OF THE ASSOCIATION**

The purposes and duties of the Association shall be:

- A. To manage the Condominium pursuant to the terms and provisions of Article 3 of Chapter 47C of the North Carolina General Statutes, these Bylaws, any Rules and Regulations promulgated by the Association or its Board of Directors and that Restated Declaration of Condominium of Lakeshore Harbour Condominiums of record in the Cumberland County Registry, as the same may be amended from time to time ("the Declaration");
- B. To enforce the provisions of these Bylaws, the Declaration, and any Rules and Regulations promulgated by the Association or its Board of Directors;
- C. To promote and protect the enjoyment and beneficial use and ownership of all of the units of the Condominium (the "Units").

No part of the net earnings of the Association shall inure to the benefit of its members, the members of its Board of Directors or its officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV. ASSESSMENTS

The Association shall make and collect assessments against the Units as stated in the Declaration and as provided in Chapter 47C of the North Carolina General Statutes.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in the county in North Carolina in which the Condominium is located, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held during the same month of the calendar year as determined by the Board of Directors, for the following purposes:

1. to ratify or reject the summary of the proposed budget submitted by the Board of Directors pursuant to Article VI below;
2. to elect the Board of Directors of the Association (subject to the provisions of Article XXX of the Declaration) for the coming fiscal year; and
3. to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any rules and regulations governing the Condominium.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or upon the written request of not less than twenty percent (20%) of the members.

Section 5. Notice of Meetings. Written notice of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days (unless otherwise provided in the Declaration) before the date of any members' meeting, either personally or by regular or electronic mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. The notice shall state the time and place of the meeting and shall also state the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove an Officer/Director. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. If sent by electronic mail, such electronic mail shall be deemed to be delivered when transmitted to the member at his/her email address as it appears on the record of members of the Association. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses and current email addresses, as applicable. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the local tax collector's office to determine the addresses of the Owner(s) of a Unit. The notice of meeting must state the time and place of the meeting and all items on the agenda for the meeting.

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

Section 6. Voting Rights. On matters of the Association's business submitted to vote of the membership, there shall be one (1) vote per Unit, regardless of the number of Owners of a Unit. There shall be no requirement of a quorum for submitting any matter to a vote at any Annual Meeting or Substitute Annual Meeting properly called and convened pursuant to these Bylaws. At any special meeting of members, twenty percent (20%) of the Units (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote. Except as otherwise provided by the Declaration, Chapter 47C of the North Carolina General Statutes, or these Bylaws, all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast; however, any budget that is proposed by the Association during the Declarant Control Period may only be rejected by a rejection vote of at least seventy-five (75%) of the total votes cast.

Section 7. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates one year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Unit _____, on all matters submitted to vote at that meeting of *****, to be held on _____, _____. The undersigned hereby ratify and confirm all such votes cast on behalf of said Unit at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Unit.

This the _____ day of _____, _____.

Name

Section 8. Voting List. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors of at least three (3) individuals, who shall be entitled to act on behalf of the Association. The Board of Directors shall be appointed by Lakeshore Harbor, LLC (the "Declarant") until such time as the Period of Declarant Control of the Association has terminated pursuant to Article XXX of the Declaration. At the first meeting of the membership of the Association following the termination of the Period of Declarant Control, the members of the Board of Directors shall be elected by the membership of the Association and those persons who receive the highest number of votes at a meeting at which a quorum is present shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor. All Directors elected by the membership of the Association must be Unit Owners.

Section 2. Powers and Duties. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend the Declaration, terminate the Condominium, elect members of the Board (except to fill any vacancy in its membership for the unexpired portion of a term) or determine the qualifications, powers, duties or terms of office of members of the Board. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any member, his/her agents or mortgagees.

B. The Board will adopt a proposed budget for the Association to be approved or rejected by the membership of the Association at its Annual Meeting. The proposed budget shall be adopted at a meeting of the Board to be held not more than sixty (60) days before the Annual Meeting of the membership of the Association. A summary of the proposed budget, including the amount of any proposed assessments against the Units, shall be mailed to the membership not more than fourteen (14) nor less than thirty (30) days after the adoption of the proposed budget. The proposed budget shall be deemed ratified unless at the meeting more than fifty percent (50%) of the Units existing at that time vote to reject it. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the membership ratifies a budget subsequently proposed by the Board of Directors.

C. The Board may fine any unit owner an amount not to exceed the greater of One Hundred Dollars (\$100.00) or the maximum amount permitted by Chapter 47C of the North Carolina General Statutes for any single violation of the Declaration, these Bylaws or any rules and regulations promulgated by the Board, subject to the maximum amount permitted by Chapter 47C of the North Carolina General Statutes at the time of said violation. In such event, the Board shall provide the Unit Owner fined an opportunity to be heard before an adjudicatory panel to be appointed by the Board pursuant to Article X below. Multiple fines may be assessed against any Unit Owner for multiple violations. Any such fines shall be deemed assessments against the Unit of such Owner, and shall be collectable as provided in the Declaration.

D. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Notwithstanding any other provision herein, the Board of Directors is authorized, on behalf of the Association, to submit any dispute with or claim against the Owner(s) of any Unit(s) to voluntary arbitration pursuant to any arbitration program then in effect in the local county in which the Condominium is located.

Section 3. Removal of Directors. Any director may be removed at any time with or without cause by a vote of at least sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the membership of the Association at which a quorum is present. However, directors who are appointed by the Declarant may only be removed by the Declarant.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a director, his/her successor shall be selected and appointed by the remaining members of the Board of Directors to serve until the next meeting of the membership of the Association; or until a successor is appointed by the Declarant if such vacancy is the result of the death, disability, resignation or removal of an initial director or a director who was appointed by the Declarant.

ARTICLE VII. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of

the President or any two directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. A majority of the number of the members of the Board of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the members of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the members of the Board of Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

ARTICLE VIII OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the membership may from time to time elect. The offices of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person.

Section 2. Election and Term. The initial officers of the Association shall be elected by the initial members of the Board of Directors of the Association. Subsequently, the officers of the Association shall be appointed by the Board of Directors. Members of the Board shall be eligible for appointment to serve as officers of the Association. The officers shall be appointed to one-year terms, and each officer shall hold

office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 3. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall execute any amendments to the Declaration approved by the membership of the Association.

Section 4. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or the Board of Directors.

Section 5. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association (if there exists a tangible seal) and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) be authorized to certify and oversee the recordation of amendments to the Declaration on behalf of the Association; (e) keep a register of the post office address and email address, if applicable, of each member which shall be furnished to the Secretary by such member; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 6. Treasurer. If the Association is self-managed and chooses not to delegate the handling of Association monies to a professional management company, then there shall be elected a Treasurer of the Association. The Treasurer shall be bonded by a reputable insurance or surety company and shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) prepare, execute and deliver certificates of Assessments as provided in the Declaration; and (d) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

ARTICLE IX.
CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X
ADJUDICATORY PANEL

Section 1. Appointment of Adjudicatory Panel. The Board of Directors shall, not less than annually, appoint an adjudicatory panel of five (5) individuals, all of whom shall be residents of the Condominium. Members of the Board shall be eligible to serve as members of the adjudicatory panel. Members of the panel shall be appointed to one-year terms, and each member shall sit until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 2. Hearings. In the event that a fine is assessed against a Unit Owner by the Board of Directors pursuant to Subsection 2(C) Article VI above, the adjudicatory panel shall provide to the Unit Owner so fined notice of the violation and an opportunity to be heard regarding the alleged violation and the assessed fine. If within ten (10) days of receipt of the notice the Unit Owner requests in writing a hearing, the Aajudicatory panel shall hear the matter within twenty (20) days of the date of the written request. Three (3) members of the panel shall constitute a quorum for the purpose of conducting a hearing. Following such a hearing, the adjudicatory panel shall confirm, deny or modify the fine imposed by the Board and shall notify the Unit Owner of its decision. The decision of the panel with regard to the fine shall be final.

ARTICLE XI.
INDEMNIFICATION

Any person who at any time serves or has served as an officer, member of the Board of Directors and/or member of the adjudicatory panel of the Association will be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her

in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrative action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

ARTICLE XII SECTION 528 STATUS

The Association shall elect and shall be managed in such fashion as to maintain tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIII AVAILABILITY OF DOCUMENTS

The Association shall keep records of (i) its governing documents; (ii) its actions (board resolutions, minutes of meetings and similar matters); and (iii) its financial condition (receipts and expenditures affecting its finances, operation and administration; budget; financial statements and similar items). Notwithstanding the foregoing, the Association is not required to maintain records in excess of three (3) years, unless otherwise required under applicable law. The Association documents and all books and records kept on behalf of the Association shall be available for examination and copying by a member or such member's authorized agent during normal business hours and upon reasonable notice to the Association and for a reasonable charge, except for privileged or confidential information.

ARTICLE XIV
GENERAL PROVISIONS

Section 1. Seal. Unless a tangible seal is obtained, the corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as handwritten on the margin hereof, is hereby adopted as the corporate seal of the Association. If a separate tangible seal is obtained by the Association that references the official corporate name of the Association, then said tangible seal shall automatically be adopted as the corporate seal of the Association.

Section 2. Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

Section 3. Amendments. Following the termination of the initial Period of Declarant Control provided for in Article XXX of the Declaration, the members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws by the vote of at least sixty-seven percent (67%) of all existing members at any meeting of the membership of the Association properly held and conducted pursuant to Article V above.

Section 4. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall control.

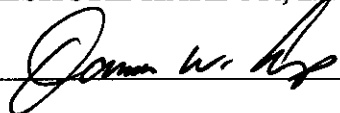
Section 5. References to Statutes. All references herein to any statutory provision shall be construed to include and apply to any subsequent amendments to or replacements of such provisions.

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IN WITNESS WHEREOF, the foregoing were declared and adopted as the Bylaws of Lakeshore Harbour of Fayetteville Homeowners Association, Inc. on this the 3 day of August, 2007.

DECLARANT:

LAKESHORE HARBOR, LLC

By:  (SEAL)

Print Name: James W. Arp

Title: Manager

[These Bylaws have been adopted during the Period of Declarant Control]

EXHIBIT F

(Title Exceptions)

The Units are subject to all liens, covenants, conditions, easements and restrictions of record, if any, and all taxes which are not yet due and payable. The Units will be conveyed free and clear of any existing liens, said liens to be paid in full upon the closing of the sale of each Unit.

CONSENT OF BENEFICIARY

(Declarant's Mortgage Lender upon the Property and
the Additional Real Estate)

Branch Banking & Trust Company, being the Beneficiary under those certain Deeds of Trust from Lakeshore Harbor, LLC, to BB&T Collateral Service Corporation, Trustee, recorded in Book 7180, Page 640, and in Book 7322, Page 801, respectively, Cumberland County Registry (collectively, the "Deeds of Trust"), does hereby consent to the recordation of this Declaration, and said Beneficiary does hereby subordinate the lien and operation of the Deeds of Trust to the provisions of the Declaration and further agrees that from and after this date, the provisions of the Declaration including all exhibits, attachments and amendments thereto, shall be superior to the lien of said Deeds of Trust as if the Declaration had been recorded prior to the Deeds of Trust. Said Beneficiary executes this Consent of Beneficiary solely for the purposes set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed and sealed as of the 9 day of August, 2007.

BRANCH BANKING & TRUST COMPANY

By: Benjamin C. Ivy
SV President

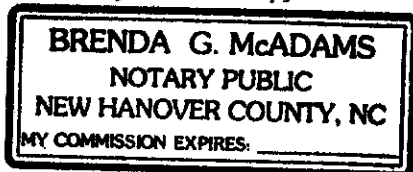
STATE OF NORTH CAROLINA

COUNTY OF New Hanover

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated: Benjamin C. Ivy as SV President of Branch Banking & Trust Company.

Date: 8-9-07Official Signature of Notary: Brenda G. McAdamsNotary's Printed Name: BRENDA G. McADAMSMy commission expires: 3-18-2008

[Affix Notary Seal or Stamp]



**however, lien rights in favor of the Association shall not take precedence over the lien of the Deed of Trust.

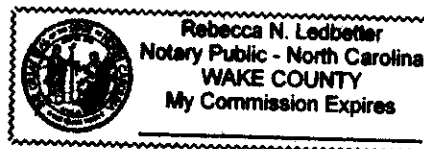
CONSENT OF BENEFICIARY**(Luxury Condo's Mortgage Lender upon the Condominium Buildings)**

First South Bank, being the Beneficiary under that certain Deed of Trust from Luxury Condos, LLC, to Thomas A. Vann, Trustee, recorded in Book 7593, Page 473, Cumberland County Registry (the "Deed of Trust"), does hereby consent to the recordation of this Declaration, and said Beneficiary does hereby subordinate the lien and operation of the Deed of Trust to the provisions of the Declaration and further agrees that from and after this date, the provisions of the Declaration including all exhibits, attachments and amendments thereto, shall be superior to the lien of said Deed of Trust (and superior to the liens of any future deeds of trust from Luxury Condos, LLC in favor of First South Bank for any future buildings within the Condominium that are later annexed into the Condominium by any amendments to the Declaration) as if the Declaration had been recorded prior to the Deed of Trust (and as if the amendments to the Declaration had been recorded prior to any future deeds of trust with respect to any future buildings, as the case may be). ** Said Beneficiary executes this Consent of Beneficiary solely for the purposes set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed and sealed as of the 14 day of August, 2007.

FIRST SOUTH BANKBy: Executive President**STATE OF NORTH CAROLINA****COUNTY OF** Wake

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated: James W. Hoare as Executive President of First South Bank.

Date: 08-14-2007Official Signature of Notary: Rebecca N. LedbetterNotary's Printed Name: Rebecca N. LedbetterMy commission expires: 02-09-2008

[Affix Notary Seal or Stamp]

**however, lien rights in favor of the Association shall not take precedence over the lien of the Deed of Trust or deeds of trust.