

09/21/99

Prepared by & return to: Guido De Maere, P.A.
P.O. Box 3591, Chapel Hill, NC 27514

NORTH CAROLINA
ORANGE COUNTY

AMENDMENTS TO DECLARATION
AND TO BYLAWS OF
GRAHAM COURT CONDOMINIUMS

This Instrument, signed and acknowledged by the undersigned and effective as of the date of recording of this instrument in the Office of the Register of Deeds of Mecklenburg County, North Carolina (as to the Declaration of Graham Court Condominiums), and in the Office of the Register of Deeds of Orange County, North Carolina (as to the Bylaws of Graham Court Condominium Association, Inc. and Graham Court Condominiums);

WITNESSETH: 9788-24-9992.001 thru .024
2

THAT WHEREAS, a Declaration of Graham Court Condominiums was recorded in Book 344, Page 36 et seq., Orange County Registry (hereafter "Declaration") together with certain plats and plans referred to in said Declaration; and

WHEREAS, the Declaration was purportedly amended by instrument recorded in Book 484, Page 433 et seq., Orange County Registry; and

WHEREAS, as Exhibit B to said Declaration, the Bylaws of Graham Court Condominium Association, Inc. and Graham Court Condominiums were recorded in Book 344, Page 44 et seq., Orange County Registry (hereafter "Bylaws"); and

WHEREAS, the Bylaws were purportedly amended by instruments recorded in Book 730, Pages 587 through 621 inclusive, Orange County Registry, with some of such instruments re-recorded in Book 753, Pages 348 through 359 inclusive, Orange County Registry; and

WHEREAS, Article X of the Declaration provides that the "Declaration may be amended at any time by an instrument in writing signed and acknowledged by unit owners holding seventy-five percent (75%) of the vote in Graham Court Condominium Association, Inc., which instrument shall be effective upon recordation thereof in the Mecklenburg County Public Registry"; and

WHEREAS, Section 14 of the Bylaws provides that the "Bylaws may be amended at any time by an instrument in writing signed and acknowledged by unit owners holding seventy-five percent (75%) of the vote in the Association, which instrument shall be effective upon recordation thereof in the Orange Public Registry"; and

WHEREAS, the undersigned are unit owners who, cumulatively, hold seventy-five

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percent (75%) or more of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association); and

WHEREAS, the undersigned wish to amend certain parts of the Declaration and of the Bylaws; and

WHEREAS, the undersigned also wish to provide for clarity as to the exact content, after such amendments, of the Declaration and the Bylaws by incorporating all amendments into a newly restated Declaration and newly restated Bylaws;

NOW, THEREFORE, in consideration of the premises the undersigned hereby amend the Declaration and the Bylaws as follows:

1) The Declaration, and all amendments thereto, all as recorded in the Mecklenburg County Registry and/or the Orange County Registry, prior to the recording of this instrument, are hereby amended by deleting it in its entirety and replacing it with the AMENDED AND RESTATED DECLARATION OF GRAHAM COURT CONDOMINIUMS attached hereto as Attachment I.

2) The Bylaws, and all amendments thereto, all as recorded in the Mecklenburg County Registry and/or the Orange County Registry, prior to the recording of this instrument, are hereby amended by deleting them in their entirety and replacing them with the AMENDED AND RESTATED BYLAWS OF GRAHAM COURT CONDOMINIUM ASSOCIATION, INC. AND GRAHAM COURT CONDOMINIUMS attached as Exhibit B to the AMENDED AND RESTATED DECLARATION OF GRAHAM COURT CONDOMINIUMS attached hereto as Attachment I.

This instrument may be signed and acknowledged in separate originals by various owners and the various pages with the signatures and acknowledgments may be combined with a single copy of the text pages of this instrument and such combination shall constitute one single original instrument which shall be recorded in all appropriate public registries.

This the 27th day of SEPTEMBER, 1999.

09/21/1999

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) B2 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: James A. Nunley (SEAL)
Printed name: James A. Nunley MD

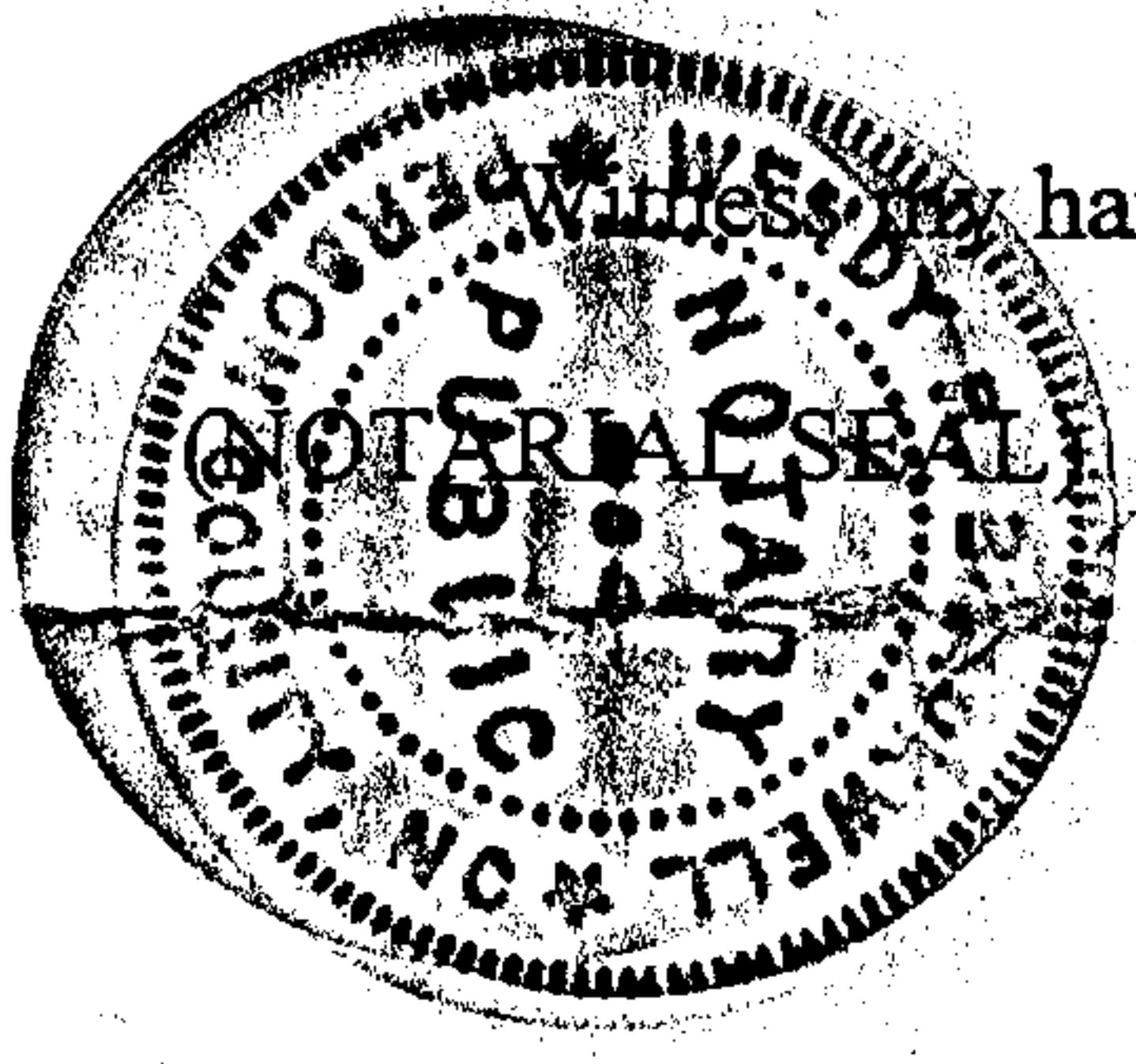
Signature: + Elise C Nunley (SEAL)
Printed name: Elise Nunley

STATE OF North Carolina

COUNTY OF Durham

I, Wendy R. Blackwell, a Notary Public for Person County, State of North Carolina, do hereby certify that James A. Nunley, MD and Elise C. Nunley personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 27th day of September, 1999.



Wendy R. Blackwell
Notary Public
My commission expires: 4-18-2001

09/21/1999

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) D-2 of Graham Court Condominiums, and as holders of 1/24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: Edwin C. Bryson, Jr. (SEAL)
Printed name: Edwin C. Bryson, Jr.

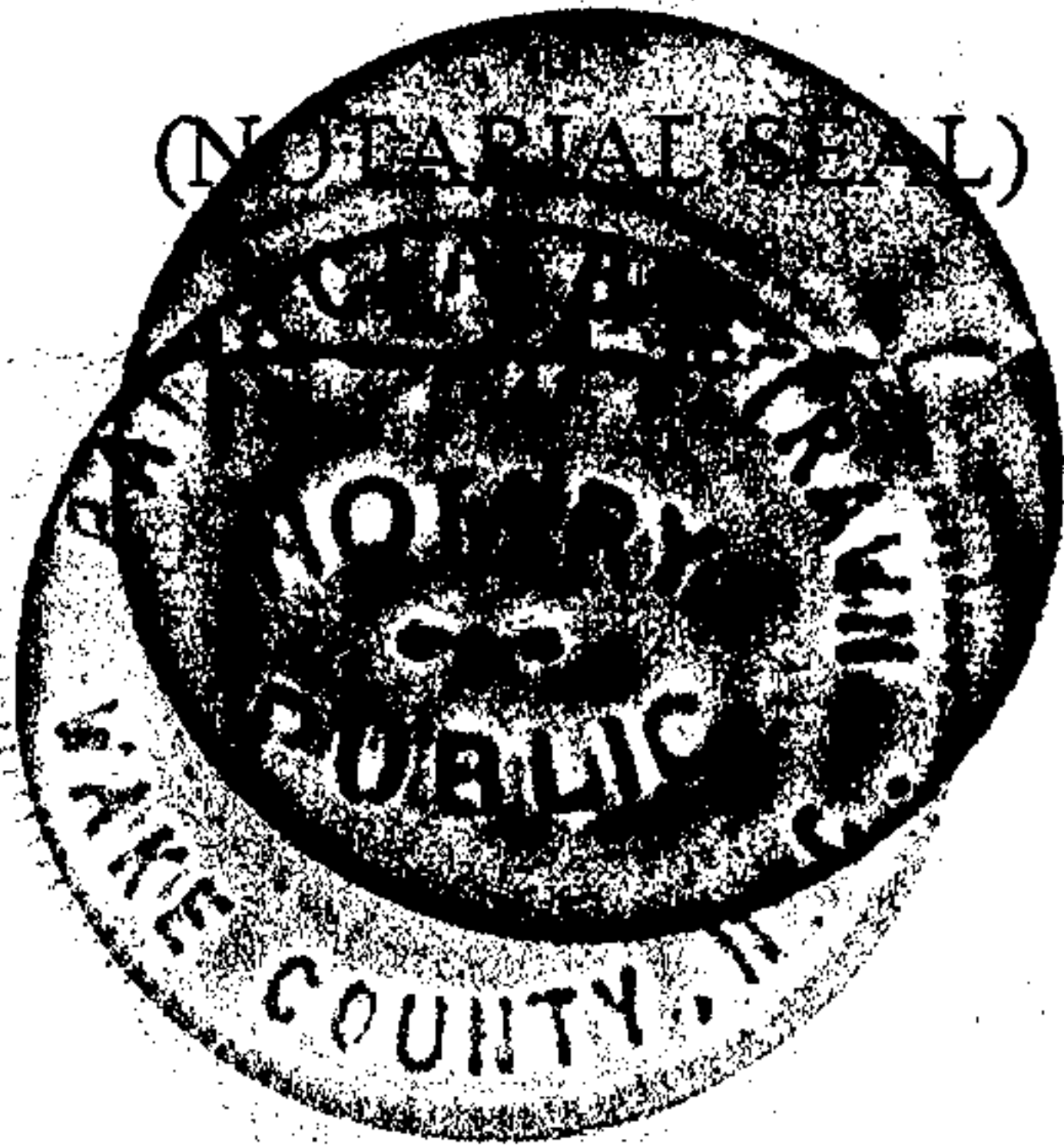
Signature: Katherine P. Bryson (SEAL)
Printed name: KATHERINE P. BRYSON

STATE OF North Carolina

COUNTY OF Wake

I, Patricia B. Strawn, a Notary Public for Wake County, State of North Carolina, do hereby certify that Edwin C. Bryson, Jr. and Katherine P. Bryson personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 28th day of September, 1999.



Patricia B. Strawn
Notary Public
My commission expires: 4/24/2000

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) B1 of Graham Court Condominiums, and as holders of 1/24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: RC Boucher (SEAL)
Printed name: RC BOUCHER

Signature: Kirsten Boucher (SEAL)
Printed name: KIRSTEN BOUCHER

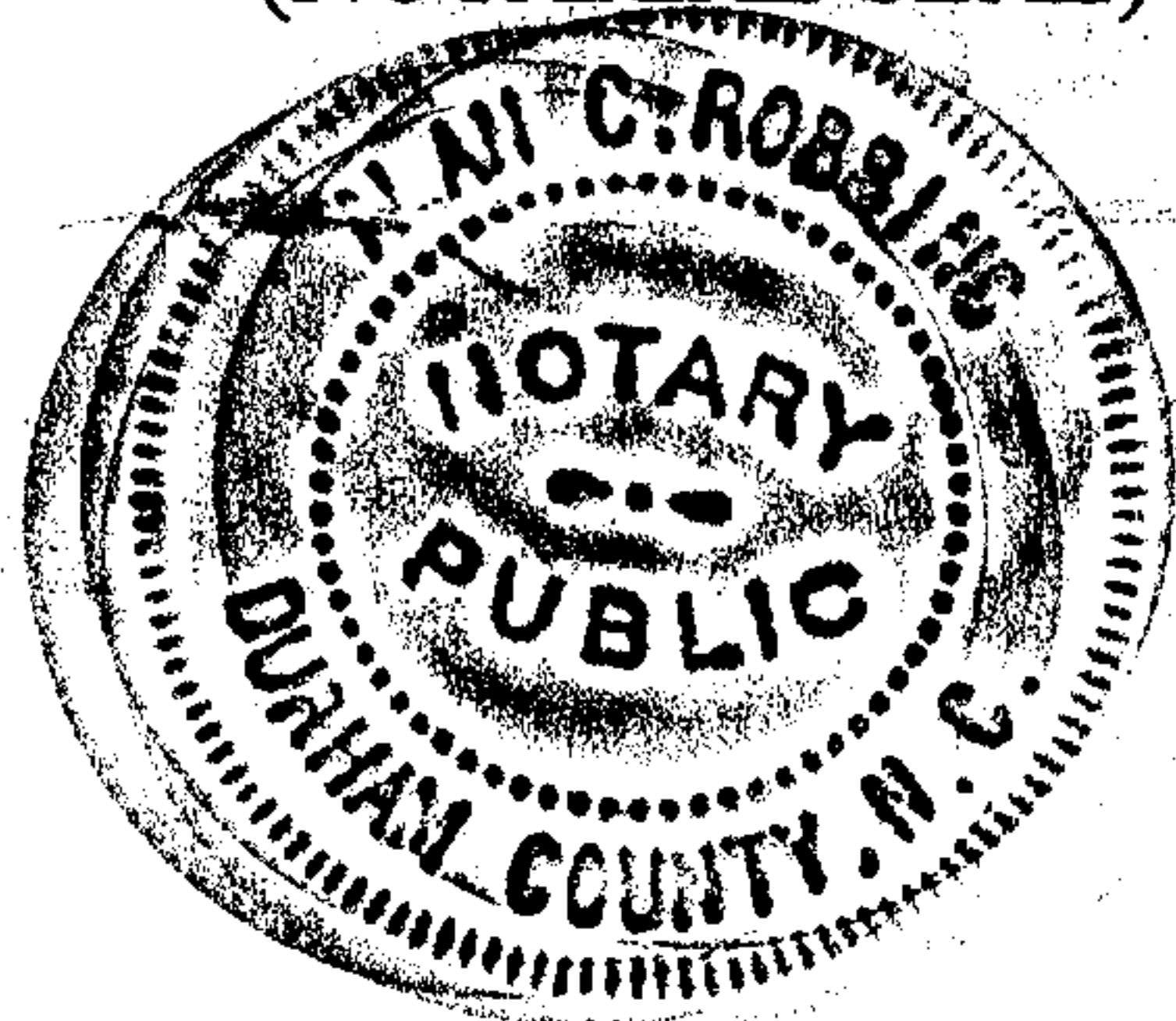
STATE OF North Carolina

COUNTY OF DURHAM

I, ALAN C. ROBBINS, a Notary Public for DURHAM County, State of North Carolina, do hereby certify that R.C. Boucher and Kirsten Boucher personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 28 day of September, 1999.

(NOTARIAL SEAL)



Alan C. Robbins
Notary Public
My commission expires: Jan. 29, 2001

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) A3, A4 of Graham Court Condominiums, and as holders of 2/24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

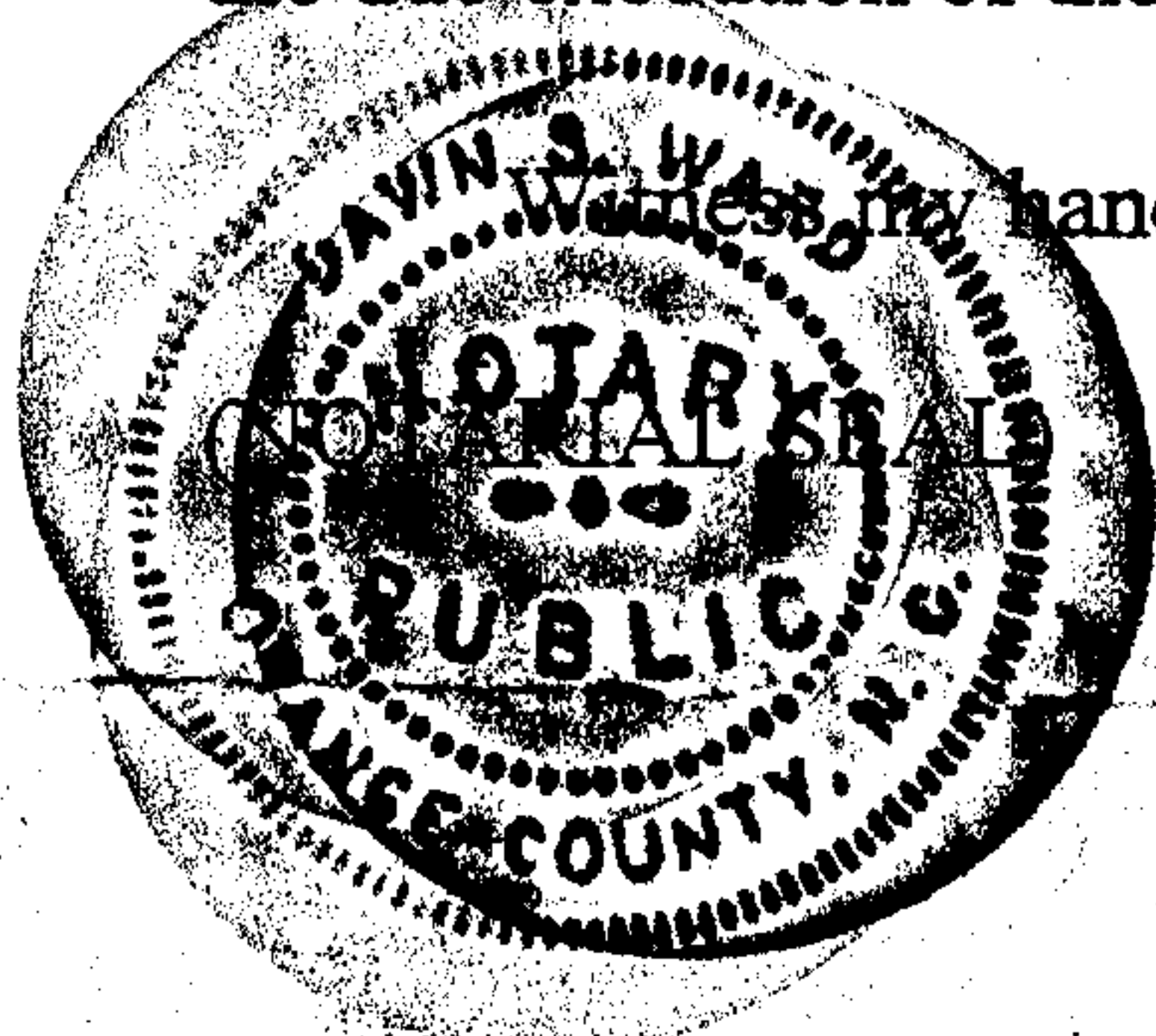
Signature: F. June Maxwell (SEAL)
Printed name: F. JUNE MAXWELL

Signature: _____ (SEAL)
Printed name: _____

STATE OF NC

COUNTY OF Orange

I, Dawn S. Ward, a Notary Public for Orange County, State of NC, do hereby certify that F. June Maxwell and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.



Witness my hand and Notarial Seal, this the 30 day of September, 1999.

Dawn S. Ward
Notary Public
My commission expires: 10/14/2003

09/21/1999

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) C1 and B5 of Graham Court Condominiums, and as holders of 2 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: *Joseph R. Sharkey* (SEAL)
Printed name: Joseph R. SHARKEY

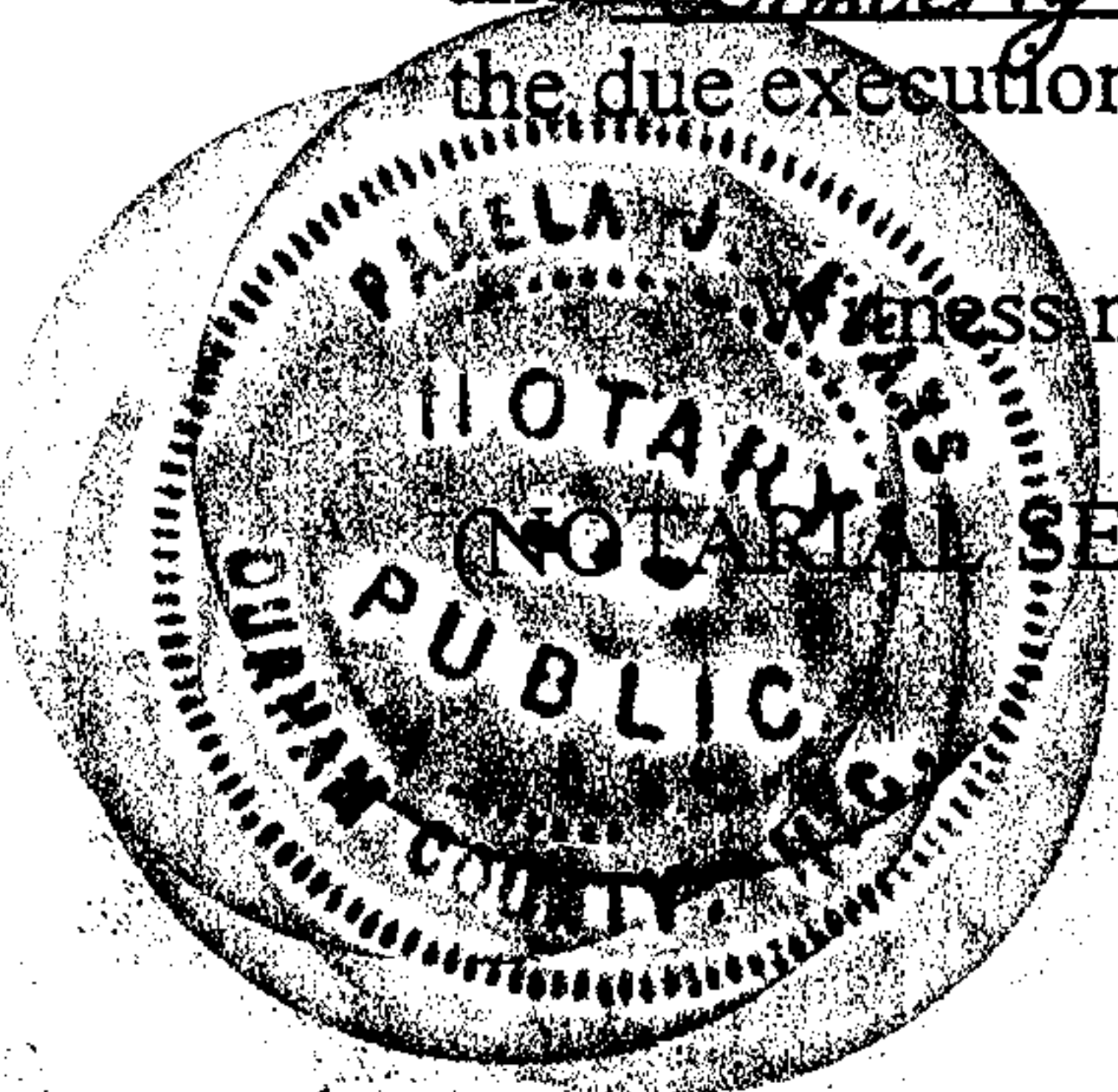
Signature: *Wimberly Sharkey* (SEAL)
Printed name: WIMBERLY SHARKEY

STATE OF North Carolina

COUNTY OF Durham

I, Pamela J. Evans, a Notary Public for Durham County, State of North Carolina, do hereby certify that Joseph R. Sharkey and Wimberly Sharkey personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

In witness my hand and Notarial Seal, this the 1st day of October, 1999.



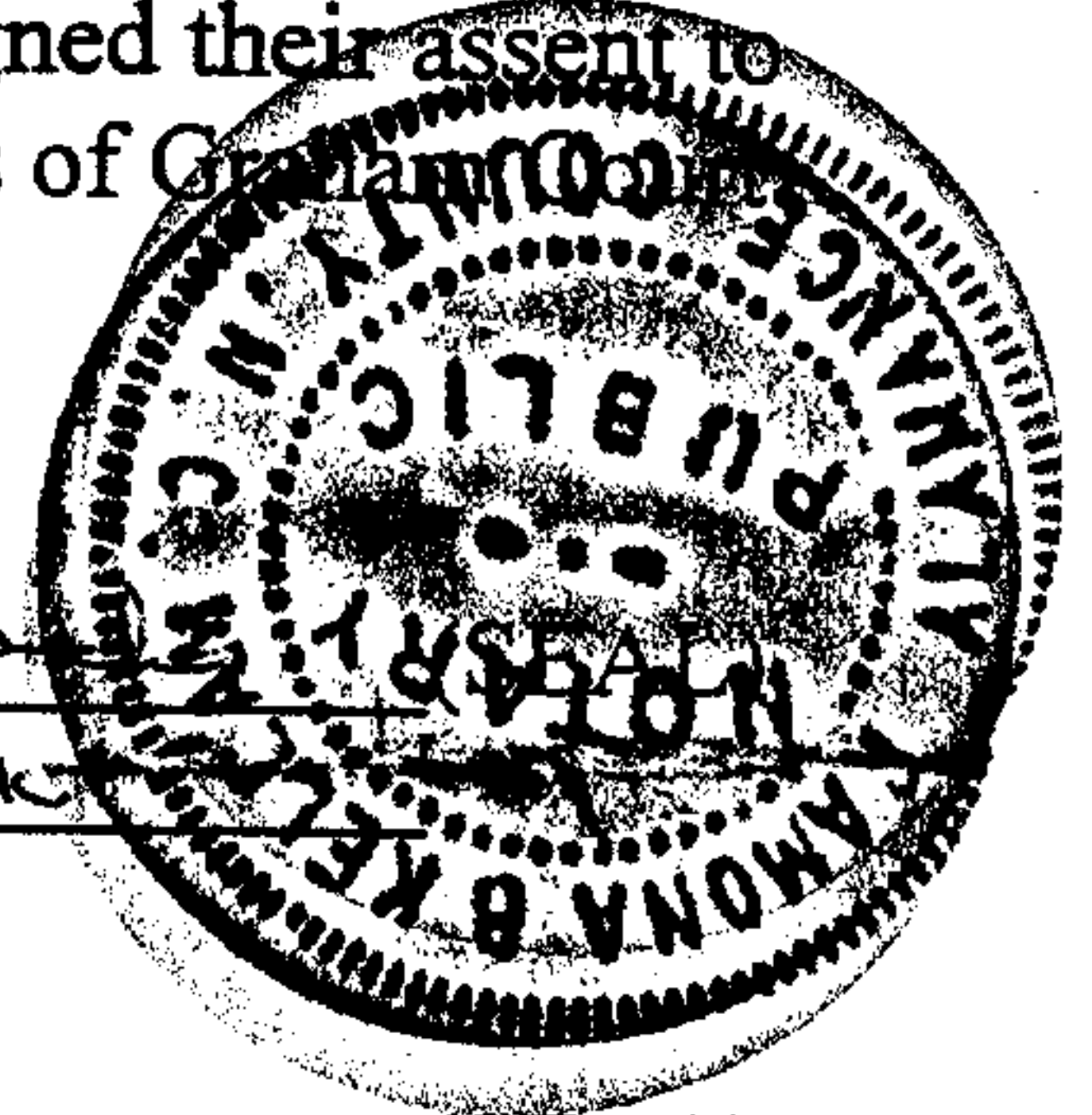
Pamela J. Evans
Notary Public
My commission expires: 8/27/2003

09/21/1999

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IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) # A-1 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: Gregory Kent Essick
Printed name: Gregory Kent Essick

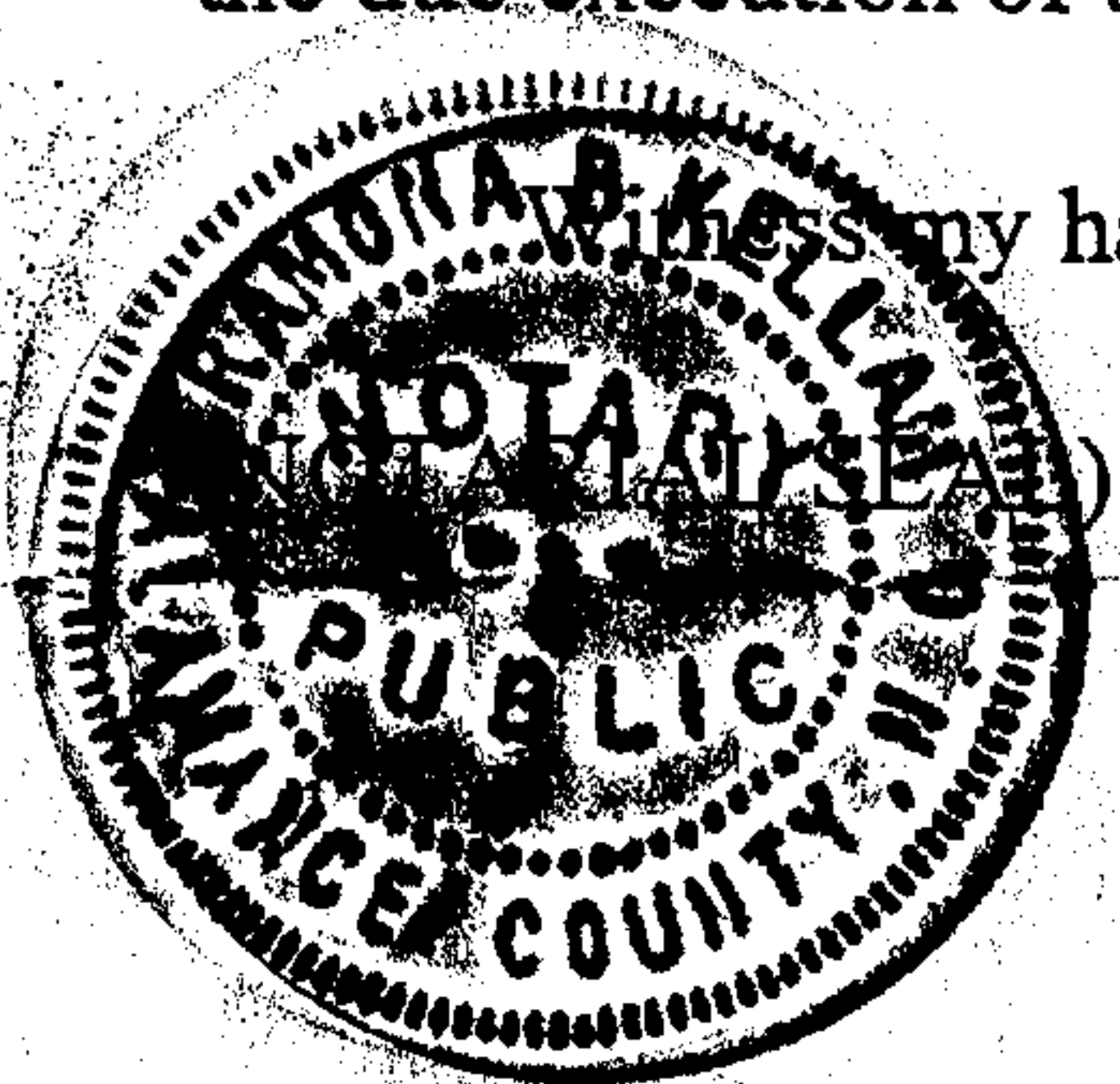


Signature: _____
Printed name: _____ (SEAL)

STATE OF North Carolina

COUNTY OF Orange

I, Jamona Kellan, a Notary Public for Alamance County, State of North Carolina, do hereby certify that Gregory Kent Essick and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.



In witness my hand and Notarial Seal, this the 14th day of October, 1999.

Jamona B. Kellan
Notary Public
My commission expires: 10-1-2000

09/21/1999

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IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) C6 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: ALVIN C. BLALOCK

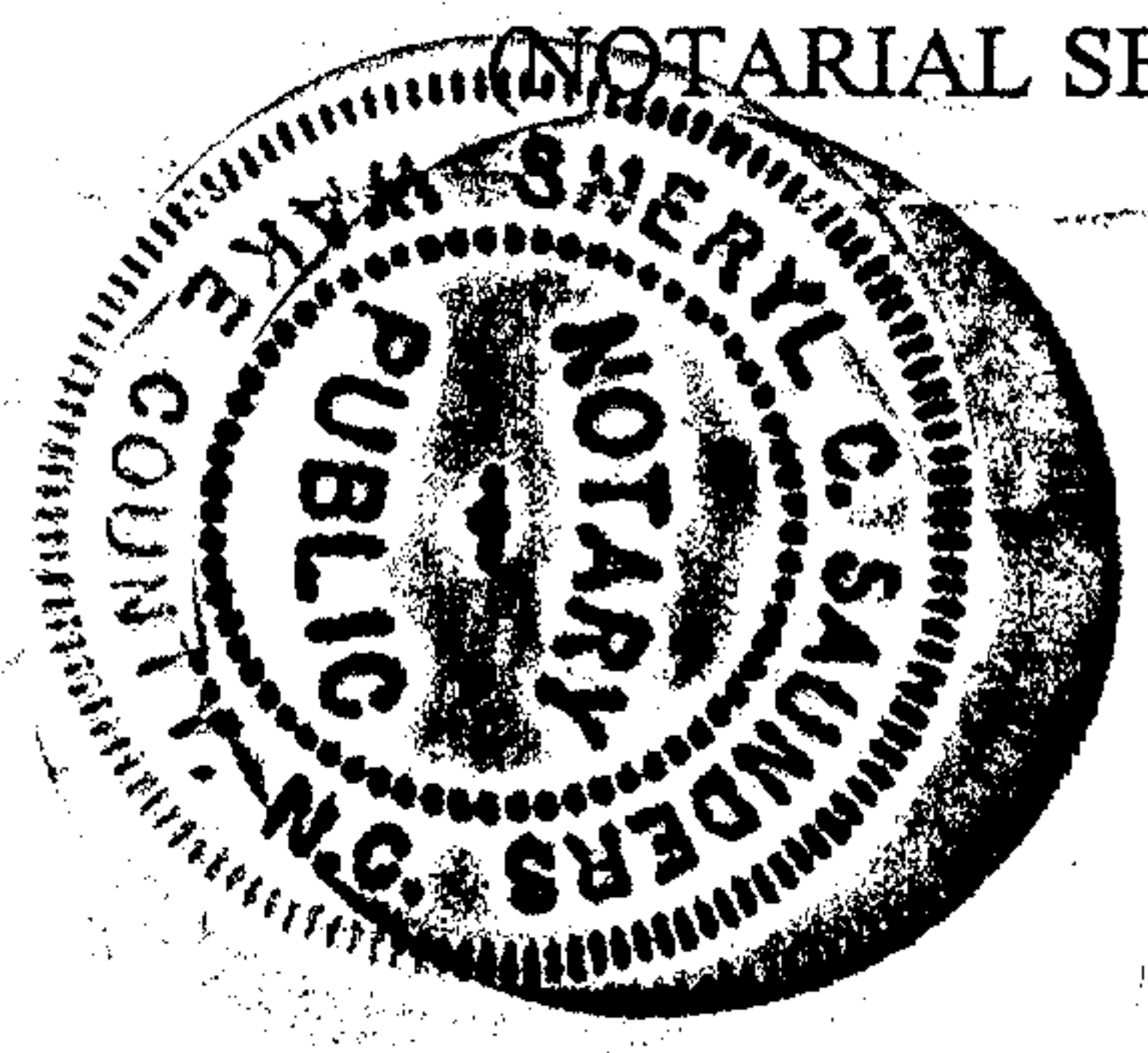
Signature: _____ (SEAL)
Printed name: _____

STATE OF North Carolina

COUNTY OF Wake

I, Sheryl C. Saunders, a Notary Public for Wake County, State of North Carolina, do hereby certify that Alvin C. Blalock and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 4th day of October, 1999.



Sheryl C. Saunders
Notary Public
My commission expires: Oct. 19, 2002

09/21/1999

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IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) 1 D3 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: Wade H. Hargrove

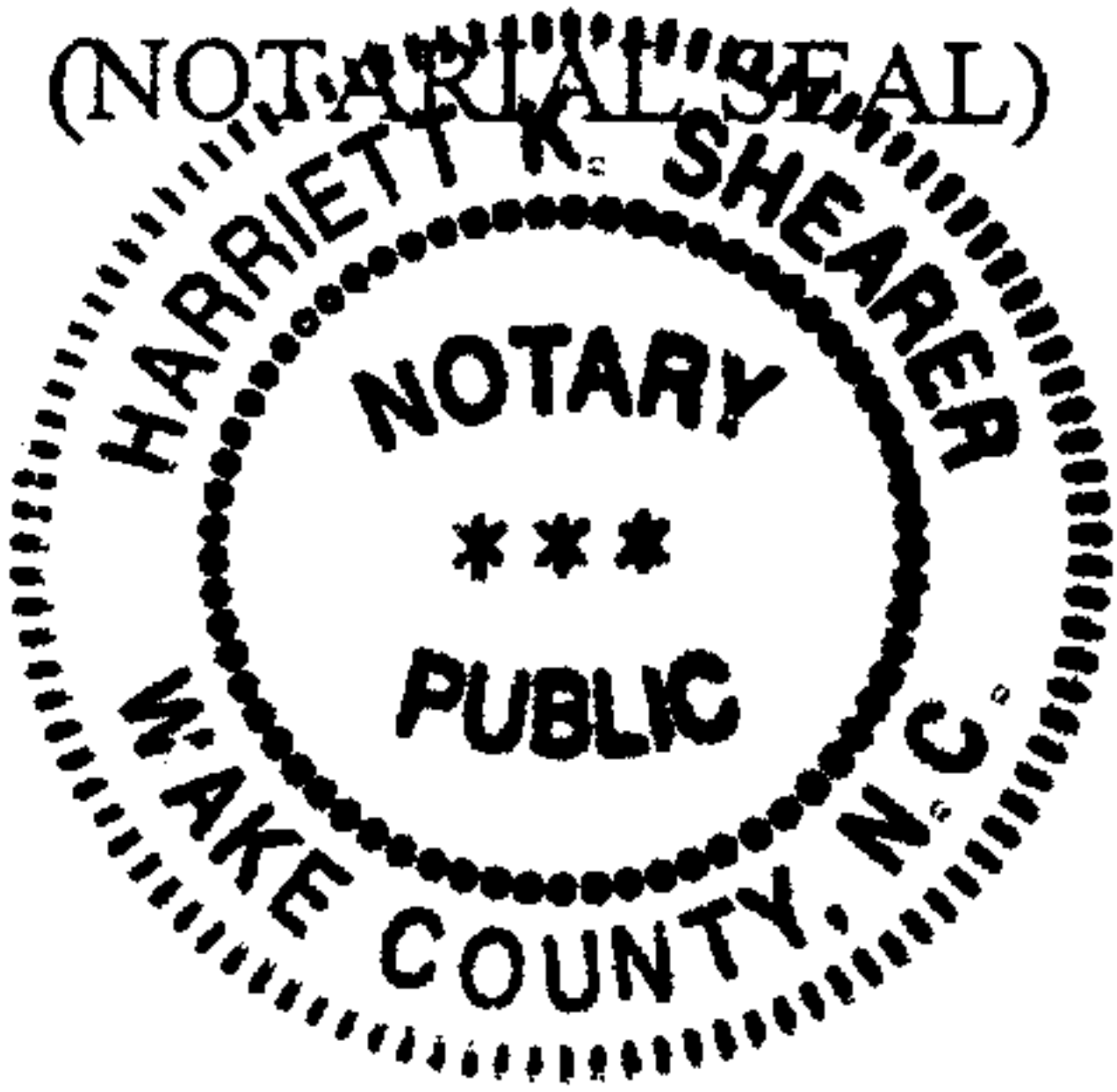
Signature: Sandra D. Hargrove (SEAL)
Printed name: Sandra D. Hargrove

STATE OF North Carolina

COUNTY OF Wake

I, HARRIETT K. Shearer, a Notary Public for Wake County, State of NC, do hereby certify that Wade H. Hargrove and Sandra D. Hargrove personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 6th day of October, 1999.



Harriett K. Shearer
Notary Public
My commission expires: 7/20/2002

09/21/1999

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IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) AS of Graham Court Condominiums, and as holders of ONE/24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: MICHAEL DOUGHERTY

Signature: _____ (SEAL)
Printed name: _____

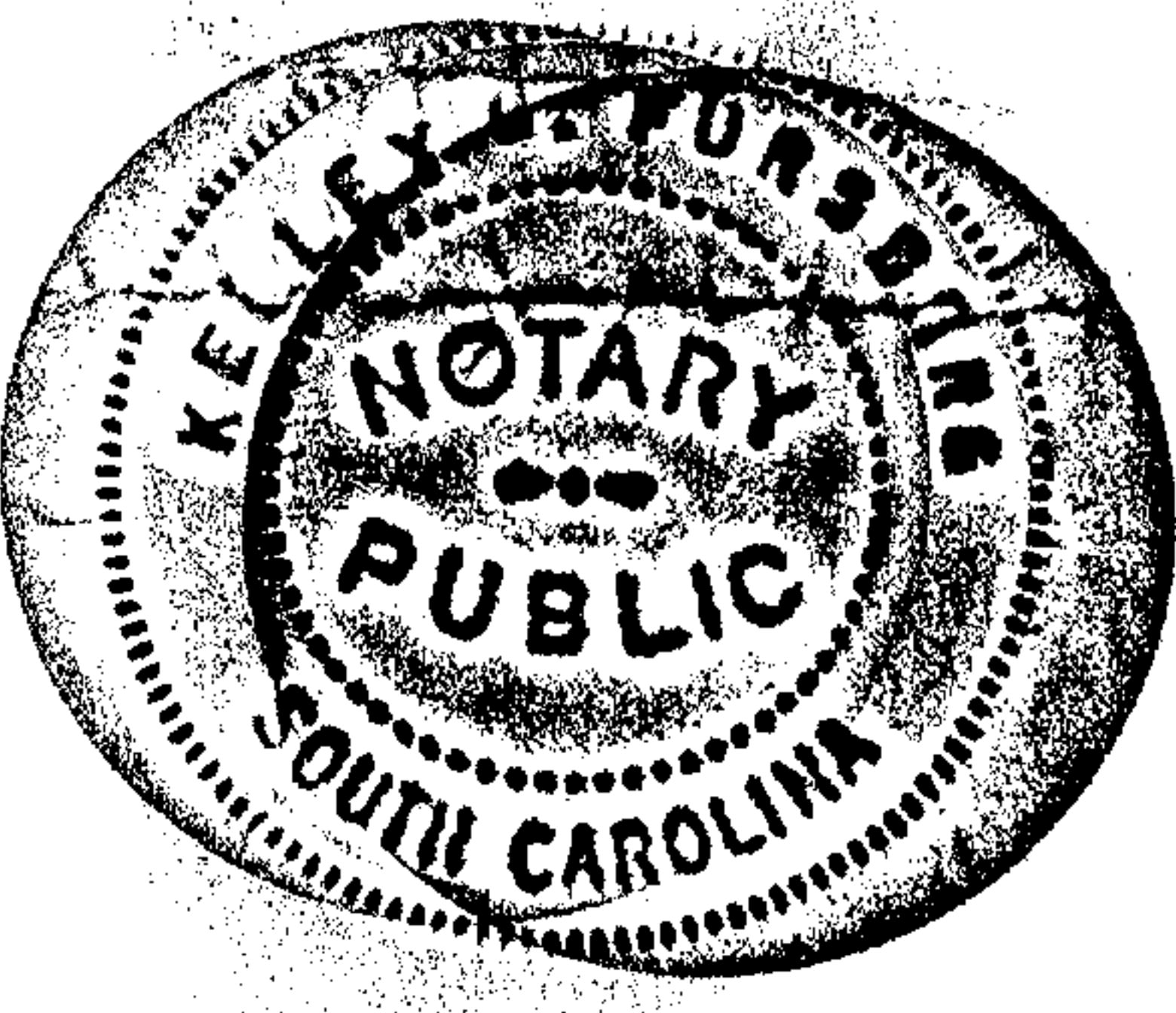
STATE OF South Carolina

COUNTY OF Charleston

I, Kelley G. Forsberg, a Notary Public for Charleston County, State of South Carolina, do hereby certify that Michael Dougherty and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 6th day of October, 1999.

(NOTARIAL SEAL)



Kelley G. Forsberg
Notary Public NOTARY PUBLIC FOR SOUTH CAROLINA
My commission expires: My commission expires June 14, 2005

09/21/1999

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IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) 2C, 4D, 3B of Graham Court Condominiums, and as holders of 3 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: N M Smith Jr

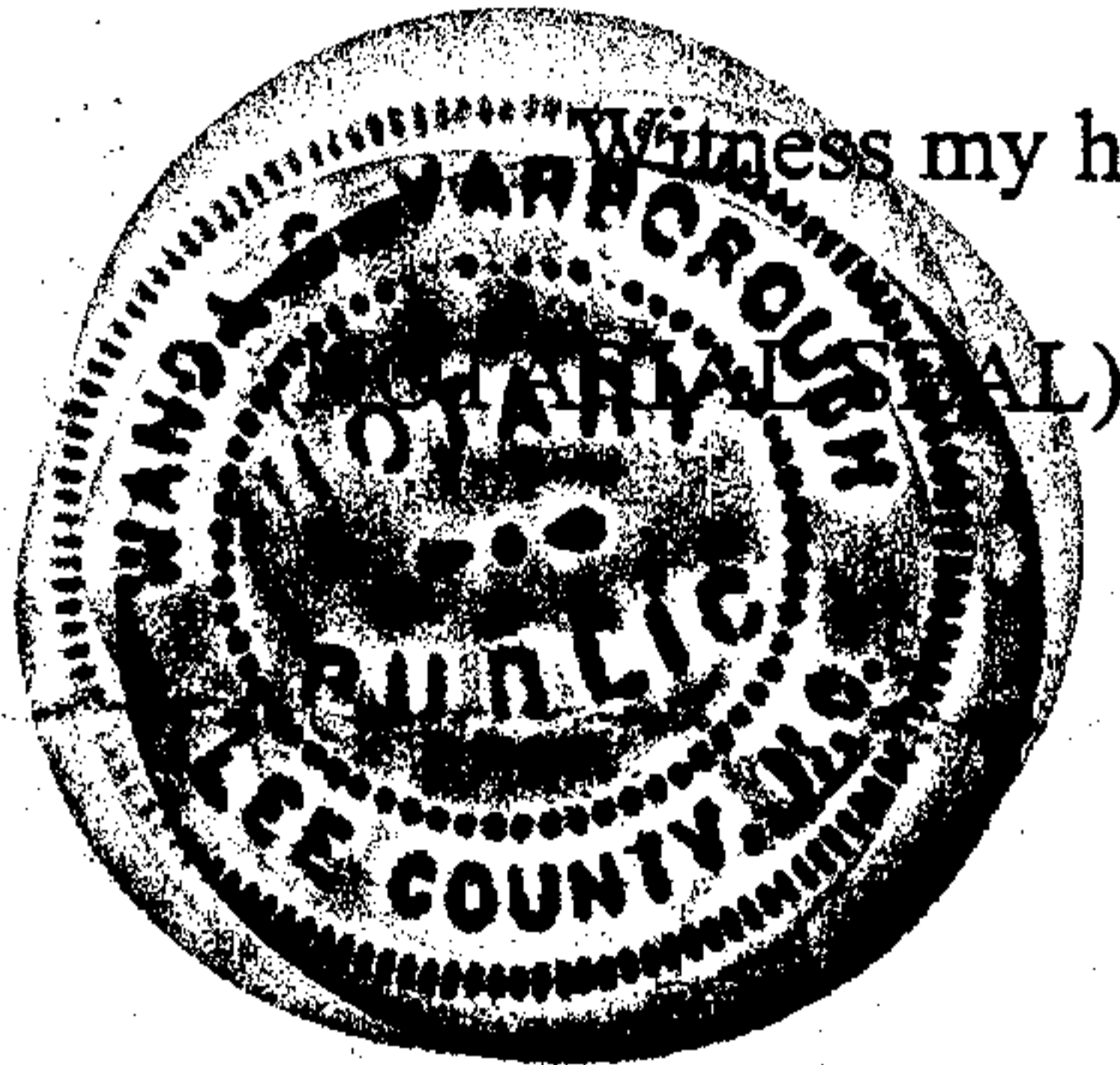
Signature: _____ (SEAL)
Printed name: _____

STATE OF NC

COUNTY OF Lee

I, Wanda J. Yarbrough, a Notary Public for Lee County, State of NC, do hereby certify that N.M. Smith Jr and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 8 day of Oct, 1999.



Wanda J. Yarbrough
Notary Public
My commission expires: 4-17-2001

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) C-5 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: *Walter R. Poole* (SEAL)
Printed name: Walter R. Poole

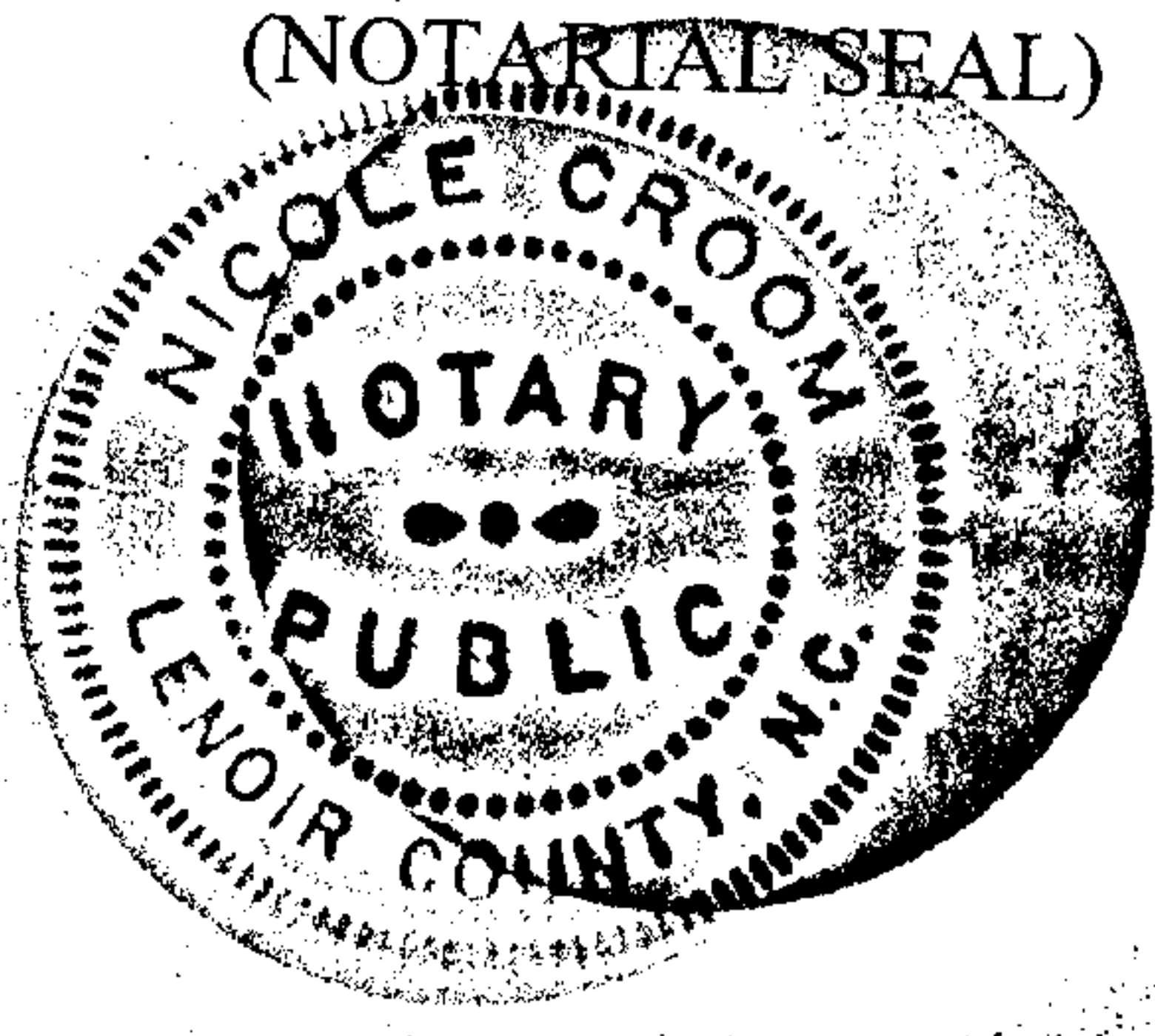
Signature: *Sylvia K. Poole* (SEAL)
Printed name: SYLVIA K. POOLE

STATE OF North Carolina

COUNTY OF Lenoir

I, Nicole Croon, a Notary Public for Lenoir County, State of North Carolina, do hereby certify that Walter R. Poole and Sylvia K. Poole personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 8th day of October, 1999.



Nicole Croon
Notary Public
My commission expires: 6-30-2001

09/21/1999

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) 34 of Graham Court Condominiums, and as holders of 1 / 24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: *Robert B. Smith, Jr.* (SEAL)
Printed name: Robert B. Smith, Jr. / MANAGER

Signature: *Martha E. Smith* (SEAL)
Printed name: _____

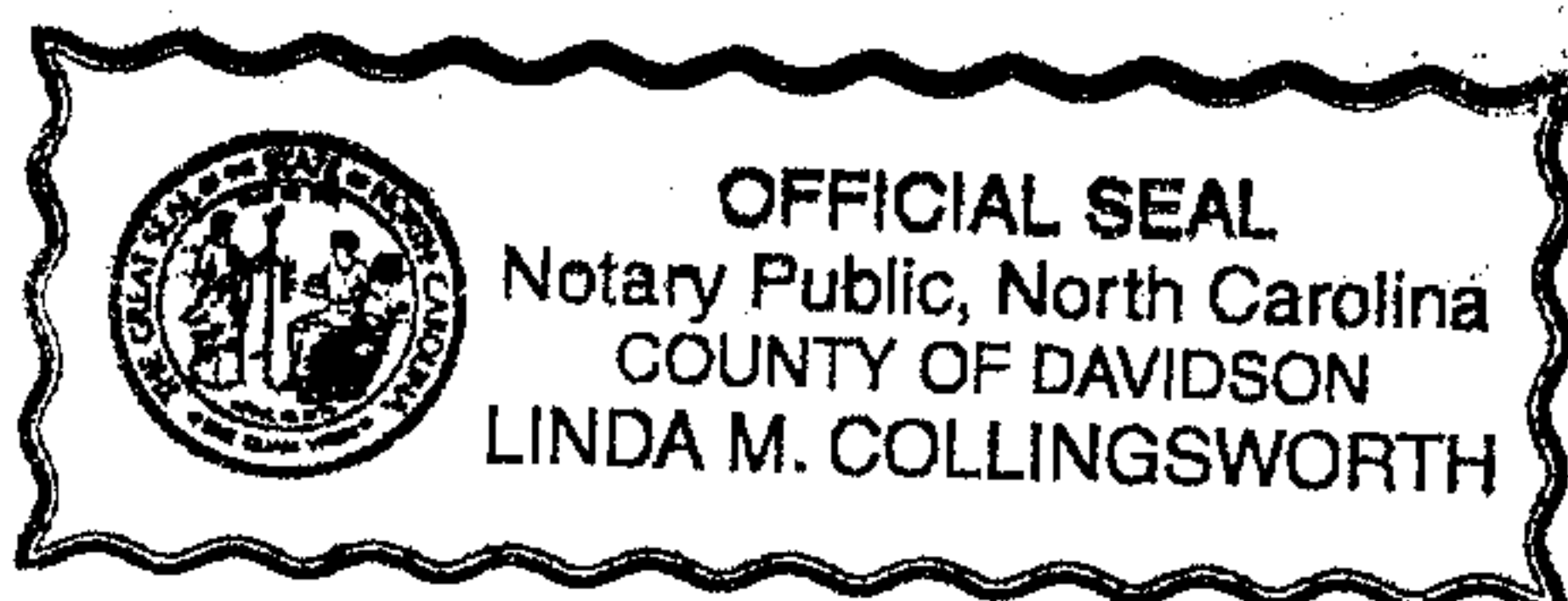
STATE OF North Carolina

COUNTY OF DAVIDSON

I, Linda M. Collingsworth, a Notary Public for Davidson County, State of North Carolina, do hereby certify that Robert B. Smith, Jr., Manager of and Smith Special, LLC personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 11th day of October, 1999.

(NOTARIAL SEAL)



Linda M. Collingsworth
Notary Public
My commission expires: 5-14-2003

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) C-4 of Graham Court Condominiums, and as holders of 0.24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: MEL L. COHEN

Signature: [Handwritten Signature] (SEAL)
Printed name: BRENDA COHEN

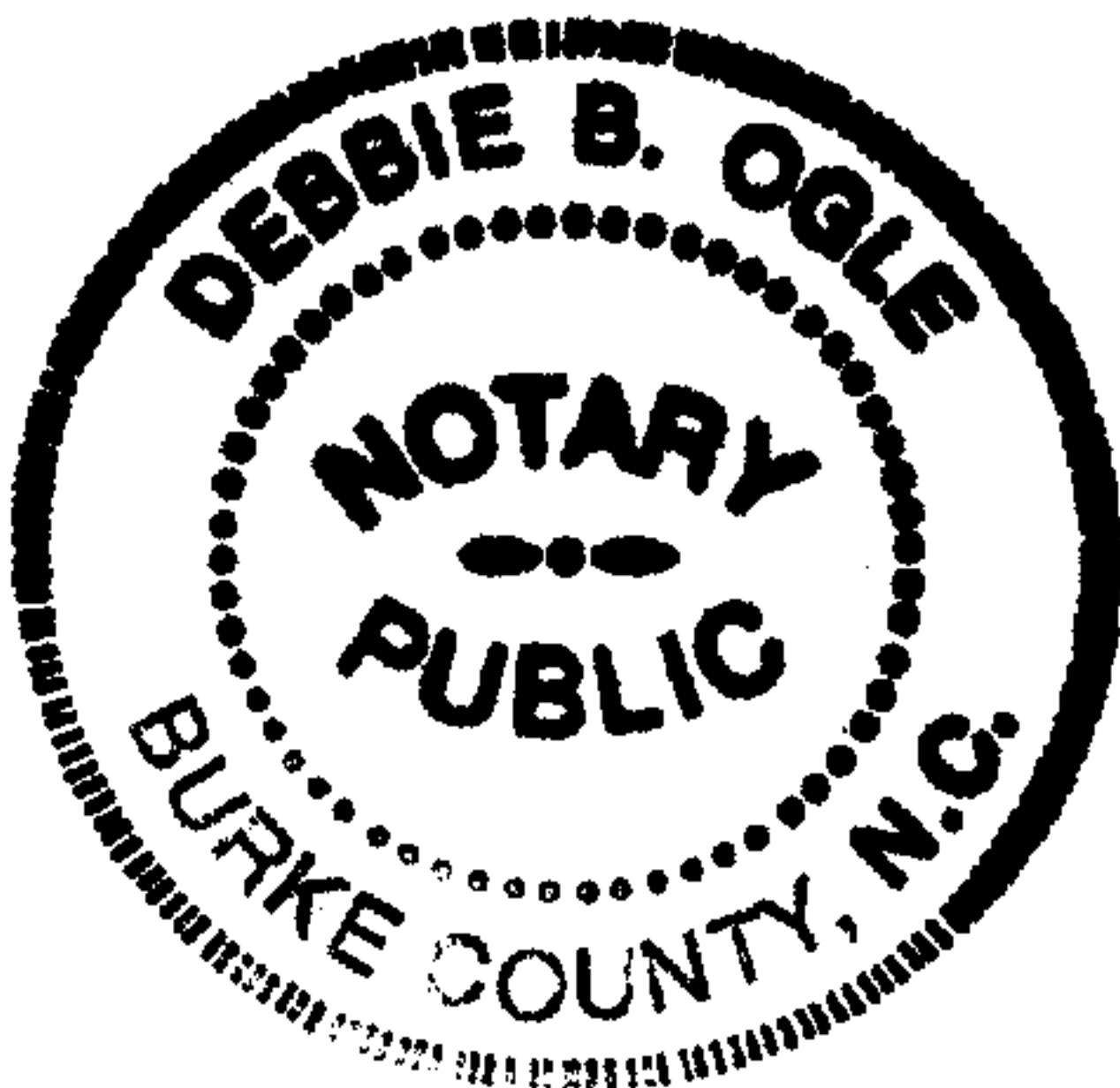
STATE OF North Carolina

COUNTY OF Burke

I, Debbie B. Ogle, a Notary Public for Burke County, State of North Carolina, do hereby certify that Mel L. Cohen and Brenda Cohen personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 11th day of October, 1999.

(NOTARIAL SEAL)



Debbie B. Ogle
Notary Public
My commission expires: 12/07/2000

IN WITNESS WHEREOF, the undersigned, as owners of Unit(s) A-6 of Graham Court Condominiums, and as holders of 1 /24 of the vote in Graham Court Condominium Association, Inc. (also referred to as the Association), have signed their assent to the foregoing instrument entitled "Amendments to Declaration and to Bylaws of Graham Court Condominiums" by setting hereunto their hands and seals.

Signature: [Handwritten Signature] (SEAL)
Printed name: Harry H. Harkins, Jr.

Signature: _____ (SEAL)
Printed name: _____

STATE OF Georgia
COUNTY OF FULTON

I, Felicia Herrington, a Notary Public for UNION County, State of Georgia, do hereby certify that HARRY H. HARKINS, JR. and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 12th day of October, 1999.

(NOTARIAL SEAL)

[Handwritten Signature]
Notary Public
My commission expires: 6/2/2002



Page 14 of 14 signature pages

NORTH CAROLINA-ORANGE COUNTY

The foregoing certificates of Wendy R. Blackwell, Patricia B. Strawn, Alan C. Robbins, Dawn S. Ward, Pamela J. Evans, Ramona B. Kellan, Sheryl C. Saunders, Harriett K. Shearer, Kelly G. Forsberg, Wanda G. Yarborough, Nicole Croom, Linda M. Collingsworth, Debbie B. Ogle and Felicia Herrington, Notaries Public of the designated Governmental units are certified to be correct. Filed for registration this the 2nd day of December, 1999, at 9:01:13 o'clock, AM in Record Book 2018 Page 202.

JOYCE H. PEARSON, REGISTER OF DEEDS

BY: [Handwritten Signature]
Deputy Register of Deeds

AMENDED AND RESTATED

DECLARATION

OF

GRAHAM COURT CONDOMINIUMS

THIS DECLARATION made by GRAHAM COURT ASSOCIATES, a North Carolina general partnership consisting of Kenneth G. Browder, Jr., Brian L. South, Kenneth G. Browder, Sr. and Ernest B. White, with its principal office and place of business in the City of Charlotte, Mecklenburg County, North Carolina, hereinafter called "Declarant":

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of the land hereinafter described and the two multi-unit residential buildings and other improvements erected thereon, said land and improvements being hereinafter referred to as the "Condominium Property"; and

WHEREAS, by this Declaration, Declarant intends to submit said Condominium Property to the North Carolina Unit Ownership Act (Chapter 47A of the North Carolina General Statutes), hereinafter called the "Unit Ownership Act", thereby creating a condominium known as GRAHAM COURT CONDOMINIUMS; and

WHEREAS, the condominium form of ownership provides for a separate title to each residential unit which will include an undivided interest in the property that remains, and under the Unit Ownership Act it is necessary to explicitly set forth the rights, privileges and obligations of the Declarant, future unit owners, Association of Unit Owners, mortgagees and others who

may acquire an interest in the Condominium Property.

NOW, THEREFORE, pursuant to the matters set forth in the premises, the Declarant, on behalf of itself, its successors and assigns and all persons having or acquiring any interest of any kind in the Condominium Property, hereby submits such property to the provisions of the Unit Ownership Act and, pursuant thereto, does hereby declare:

ARTICLE I

NAME

The name of the Condominium Property is GRAHAM COURT CONDOMINIUMS.

ARTICLE II

DESCRIPTION OF LAND

The real property submitted to the Declaration, as amended , under the Unit Ownership Act is all of that parcel of land, with buildings and improvements erected thereon, situated, lying and being in the Town of Chapel Hill, Orange County, State of North Carolina, and being more particularly described on attached Exhibit A.

ARTICLE III

DESCRIPTION OF BUILDINGS

Filed simultaneously herewith and incorporated herein by reference are a Site Plan and Floor Plans dated August 15, 1984, entitled "Graham Court Condominiums-Revised" prepared and certified by Jon A. Condoret, Registered Architect. Two three-story buildings are situated upon the Property, as shown on the Site Plan, constructed primarily of brick and frame materials with asphalt shingle roofs. The buildings are designated as Building 1 (or One) and Building 2

(or Two) on the Site Plan and Floor Plans. Building One has an address of 233 McCauley Street and Building Two has an address of 235 McCauley Street. Each building has a basement. Each building contains twelve two-bedroom residential living units and each building also contains certain corridors, foyers and stairways, all as shown on the respective First, Second and Third Floor Plans.

ARTICLE IV

DESCRIPTION OF UNITS

Located within Building One and Building Two are twenty-four (24) condominium units. All units contain two bedrooms, one bathroom, living room, sun room, dining room and kitchen (totaling approximately 975 square feet each), and are designated on the Floor Plans as Units A-1, A-2, A-3, A-4, A-5, A-6, B-1, B-2, B-3, B-4, B-5, B-6, all of which are located in Building One and C-1, C-2, C-3, C-4, C-5, C-6, D-1, D-2, D-3, D-4, D-5, D-6, all of which are located in Building Two. Each unit is bounded both as to horizontal and vertical boundaries by the interior unfinished surface of its perimeter walls (including windows and doors in such walls), ceilings and floors. Each unit also includes a separate heating and air conditioning system and a separate hot water heater system, which systems are deemed to be part of the condominium unit and not part of the common area. Any satellite dish, or similar equipment, serving a specific unit, together with any connection of such dish or equipment to the unit served, shall be considered part of such condominium unit and not part of the common area. The immediate common area to which each unit has access is the foyer or stairway in the front of the unit and the fire escape stairway in the rear of each unit.

ARTICLE V

DESCRIPTION OF COMMON AREAS AND FACILITIES
AND PERCENTAGE INTERESTS

The common areas and facilities consist of the entire Condominium Property and every part thereof, other than the units as herein above described, and include without limitation the following:

- (a) The land, yards, gardens, landscaping, parking and driveway areas, roofs, basements, crawl spaces, exterior walls, interior walls between units, all space and material above the unfinished interior surface of the plaster on the third-story ceilings, all space and material below the unfinished interior surface of the floor of the first floor units and every other part of the buildings and land other than the units.
- (b) The foundations and structural members, including columns, girders, beams and supports.
- (c) All central and appurtenant installations, equipment, motors, pumps, tanks, and other apparatus not located within a unit, including pipes, shafts, wires and cables used in connection therewith required to provide power, light, telephone, gas, water, vacuuming or other utility or service.
- (d) Easements for access, maintenance, repair, reconstruction or replacement of the foregoing structural members, equipment, installations and appurtenances and for all other services necessary or convenient to the existence, maintenance, safety and use of the property.

09/21/99

Nothing herein contained shall be construed to prohibit the Home Owners Association of Graham Court Condominiums from assigning to each unit owner an individual parking space in the paved parking area, or from prohibiting parking on unpaved areas, or from assigning to each unit certain designated storage space in the common basement area, or from making any rules and regulations as may be designated and intended to serve the common good and convenience of the unit owners. Each of the unit owners shall have an undivided 1/24th interest in and to the common areas and facilities. The aforesaid fractional interest has been determined in accordance with the provisions of Section 47A-6 of the Unit Ownership Act.

ARTICLE VI

LIMITED COMMON AREAS AND FACILITIES

There will be no limited common areas or facilities.

ARTICLE VII

RESTRICTION AS TO USE

Each of the twenty-four (24) condominium units is intended for and hereby restricted to single-family residential use only.

ARTICLE VIII

SERVICE OF PROCESS

The name of the person designated to receive service of process under the Unit Ownership Act is Guido De Maere, whose address is : 100 Europa Drive, Suite 110, Chapel Hill, Orange County, NC 27514. The name and address of such process agent shall hereafter be the same as the registered agent for Graham Court Condominium Association, Inc., as such agent

and/or such agent's address may be shown from time to time in the records of the Secretary of State of North Carolina.

ARTICLE IX

ASSOCIATION - BY-LAWS

The management, operation and administration of Graham Court Condominiums shall be performed by Graham Court Condominium Association, Inc., a non-profit, non-stock, membership corporation organized under Chapter 55A of the North Carolina General Statutes. The members of Graham Court Condominium Association, Inc. referred to in this Declaration or in the By-Laws as the "Association" or the "Association of Unit Owners", shall be limited to and consist of all of the unit owners. All of the Association's activities shall be limited to said management, operation and administration of Graham Court Condominiums in conformity with the Unit Ownership Act, The North Carolina Condominium Act (to the extent such act is automatically applicable to this condominium pursuant to NCGS 47C-1-102 and/or pursuant to specific adoption of all or any part of such Act in this Declaration and/or in the By-Laws) this Declaration and the By-Laws hereinafter referred to.

The By-Laws of the Association, attached hereto as Exhibit B, and recorded simultaneously herewith, govern the management, operation and administration of GRAHAM COURT CONDOMINIUMS and contain certain covenants, conditions and restrictions which run with the Condominium Property and are binding on all parties having or acquiring any interest therein.

ARTICLE X
AMENDMENTS

This Declaration may be amended at any time by an instrument in writing signed and acknowledged by unit owners holding seventy-five percent (75%) of the vote in Graham Court Condominium Association, Inc., which instrument shall be effective upon recordation thereof in the Orange County Public Registry; provided, however, the fractional undivided interest of each unit owner in the common areas and facilities as herein above set forth shall not be altered except with the unanimous consent of all unit owners expressed in an amended Declaration duly recorded.

ARTICLE XI
SUCCESSORS BOUND

The provisions contained in this Declaration and the By-Laws as each or both are properly amended from time to time shall be binding on all persons, fiduciaries or entities having or acquiring any right, title or interest in the Condominium Property or in any part thereof.

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EXHIBIT A

All that certain lot, parcel or tract of land, situated, lying and being on the south side of McCauley Street in the Town of Chapel Hill, North Carolina, and more particularly described as follows:

BEGINNING at a stake in the southerly right-of-way margin of McCauley Street, which stake is 81.7 feet in an easterly direction from the east side of Ransom Street, and running thence S. 20-24-39 E. 210.53 feet to a point, said point being also the corner of a concrete wall; thence N. 68-19-36 E. 24.83 feet to a point, said point also being the corner of a concrete wall; thence S. 21-47-08 E. 40.16 feet to a stake; thence N. 68-28-15 E. 100.52 feet to a stake; thence N. 22-43-24 W. 40.28 feet to a stake; thence S. 67-40-03 W. 75.35 feet to a point; thence N. 21-22-28 W. 209.16 feet to a point in the southerly right-of-way margin of McCauley Street; thence with the southerly right-of-way margin of McCauley S. 68-31-11 W. 189.34 feet to the point or place of BEGINNING, according to a survey dated August 1984 by Bob G. Roberts, Senior, Registered Surveyor.

AMENDED AND RESTATED
BY -LAWS
OF
GRAHAM COURT CONDOMINIUM ASSOCIATION, INC.
AND
GRAHAM COURT CONDOMINIUMS

Section 1: Definitions

The following words and phrases as used in these By-Laws shall have the following meanings unless otherwise specifically required by the context:

Section 1.1. Association: Graham Court Condominium Association, Inc., which is also referred to as "Association of Unit Owners".

Section 1.2. Buildings: The multi-unit residential buildings described in Article III of the Declaration.

Section 1.3. Common Area: All of the Condominium Property (including facilities and every part thereof, excluding the Units, as more particularly defined in Article V of the Declaration..

Section 1.4. Common Expenses: (a) Expenses of administration, maintenance, repairs and replacements of the Common Area and Facilities, (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against the Unit Owners, and (c) expenses declared to be Common Expenses by the provisions of the Unit Ownership Act or the Condominium Documents.

Section 1.5. Condominium Documents: The Declaration of Graham Court Condominiums, Articles of Incorporation of Graham Court Condominium Association, Inc., these By-Laws, and the Regulations governing the use of Graham Court Condominiums, as amended from time to time.

Section 1.6. Condominium Property of Graham Court Condominiums: All of the property submitted to the Unit Ownership Act by the Declaration including the land described in Article II of the Declaration the Building and all other improvements thereon, whether the same be Common Area or Units or any part thereof, and all easements and rights appurtenant thereto.

Section 1.7. Declarant: Graham Court Associates, a partnership consisting of Kenneth G. Browder, Jr., Brian L. South, Kenneth G. Browder, Sr. and Ernest B. White, organized in Mecklenburg County, North Carolina and doing business in Orange County, North Carolina.

Section 1.8. Declaration: The Declaration of Graham Court Condominiums which is the instrument by which the Condominium Property is submitted to the provisions of the Unit Ownership Act, as the same may be amended from time to time.

Section 1.9. Fractional Interests: The fractional undivided interest of each Unit Owner in the Common Area is as set forth in Article V of the Declaration.

Section 1.10. Person: Individual, corporation, partnership, association, trustee, fiduciary or any other legal entity and shall mean the plural or combination of same where applicable.

Section 1.11. Unit: One of the twenty-four (24) residential units in the Buildings, as more particularly defined in Article IV of the Declaration.

Section 1.12. Unit Owner: The record owner or owners of a Unit, excluding any lender, trustee or creditor whose interest in the Unit is merely as security for the performance of an obligation.

Section 1.13. Unit Ownership Act: Chapter 47A of the North Carolina General Statutes, as it may be amended from time to time.

Section 2: Administration of Graham Court Condominiums

Section 2.1. Corporation: Graham Court Condominium Association, Inc., a North Carolina corporation, was formed solely for the purpose of administering, managing and being in charge of the operation of Graham Court Condominiums. The Association shall not engage in any other activities and shall confine itself to the management of Graham Court Condominiums.

Section 2.2. Authority: The Association, its Board of Directors, its officers and its members, shall at all times act in conformity with the unit Ownership Act of North Carolina, the Declaration, the Articles of Incorporation of the Association, these By-Laws and the Rules and Regulations adopted by the Board of Directors pursuant to these By-Laws.

Section 3: Offices - Seal - Fiscal Year

Section 3.1. Principal Office - Registered Office: The principal office and registered office of the Association, until lawfully changed hereafter, shall be located at 100 Europa Drive, Suite 110, Chapel Hill, NC 27514, or at such other location as may be designated in the Articles of Incorporation of Graham Court Condominium Association, Inc., as said Articles of Incorporation may be amended from time to time.

Section 3.2. Other Offices: The Association may have other offices at such other places within the State of North Carolina as the Board of Directors may from time to time determine or as the

affairs of the Association may require.

Section 3.3. Seal: The seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Board of Directors. When obtained, said seal shall be impressed in the margin of this section of these By-Laws.

Section 3.4. Fiscal Year: The fiscal year of the Association shall be the calendar year.

Section 4: Membership

Section 4.1. Qualification: Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from unit ownership.

Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of recordation of the conveyance in the Orange Public Registry of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of Will in the case of testacy. Until decedent's Will is probated, the Association may rely on the presumption that a deceased owner died intestate.

Section 4.2. Place of Meetings: All meetings of the membership shall be held at the Principal office of the Association or at such other location within Orange County, North Carolina, as the notice for that meeting may state. Provided, by action duly taken by the membership, any one or more meetings may be held at any other location, whether within or without the State of North Carolina.

Section 4.3. Annual Meetings: The first annual meeting of the members shall be held at the date and hour designated by the Declarant within one hundred twenty (120) days after the first conveyance by the Declarant of a Unit to Unit Owner (excluding Declarant). Thereafter, the annual meetings of the members shall be held on the second Sunday of November of each year, at three (3) o'clock p.m., Eastern Standard Time. If the second Sunday in November should be a legal holiday the annual meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings the Board of Directors shall be elected in accordance with Section 5.4. of these By-Laws, and the members shall transact such other business as may properly come before them.

Section 4.4. Substitute Annual Meetings: If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions Of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all

purposes as the annual meeting.

Section 4.5. Special Meetings: Special meetings of the members may be called at any time by the President, Secretary, or Board of Directors of the Association, or by any member pursuant to the written request of the holders of not less than twenty percent (20%) of the votes of the membership.

Section 4.6. Notice of Meetings - Waiver: Written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) or more than fifty (50) days before the date of any membership meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member entitled to vote at such meeting. Notice shall be deemed given upon deposit in the mail depository of each Unit located in the building.

Notice given to any one tenant-in-common or tenant-by-entirety of a Unit shall be deemed notice to all co-owners of the subject Unit.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Non-Profit Corporation Act.

Any member may waive the necessity of formal notice to him by signing a written waiver either before or after the meeting and upon execution of said waiver, said member shall not be entitled thereafter to object to the meeting being held or matters being passed upon at said meeting because of lack of notice thereof.

Section 4.7. Quorum: Except as otherwise provided in these By-Laws, the presence in person or by proxy of members holding one-half (1/2) of the total vote of the membership shall constitute a quorum at all meetings of the members. If a quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented.

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

Section 4.8. Voting Rights: The total number of votes of all Unit Owners shall be twenty-four (24) and the owner or owners of each Unit shall be entitled to cast one (1) vote.

In the case where a Unit is owned by two or more persons (whether individually or in a

fiduciary capacity), the votes allocated to that Unit may be cast by any one of the co-owners, in person or by proxy. If more than one of the co-owners vote, the act of the majority voting binds them all. If the vote made by the co-owners is evenly split on a particular matter, each co-owner shall be entitled to vote a percentage of the total votes assigned to the Unit in proportion to its ownership of the Unit. Provided, however, should any instrument creating co-ownership designate the person or persons to cast the votes applicable to the subject Unit, the terms of said instrument shall prevail so long as it is on file in the office of the Secretary of the Association and has not been revoked.

The owners of life estates in the Units shall be entitled to cast the votes appurtenant to such Units as are so owned. The above provisions concerning co-ownership shall also apply to those owning joint or multiple life estates in any particular Unit.

Section 4.9. Proxies: Members may vote either in person or by agents duly authorized by a written proxy executed by the subject member or by his duly authorized attorney in fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place.

Insofar as possible, all of the above provisions concerning the voting by co-owners shall apply to the votes cast for any one Unit by two or more proxy holders.

Section 4.10. Majority Vote: The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a higher percentage vote is required by these By-Laws or by law.

Section 4.11. Actions without Meeting: Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by persons who would be entitled to vote the twenty-four (24) votes upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the Minute Book of the Association.

Section 5: Board of Directors

Section 5.1. General Powers: The business and affairs of the Association shall be managed by the Board of Directors.

Section 5.2. Right of Declarant to Appoint Members of Board of Directors: So long as a total of eight (8) or more condominium units are owned by the Declarant or one of the individual partners of the Declarant or any combination of the Declarant and any of said individual partners,

then, and in that event, but in any event no longer than December 31, 1984, the Declarant or its designee shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the Association. The Declarant may designate any of its individual partners to exercise the function of selecting the majority of the Board of Directors and said designee may, in turn, designate a person to perform said function so long as said person is a unit owner and is one of the persons named in the Declaration as a partner of Graham Court Associates.

Notwithstanding any other provision of the Declaration of these By-Laws, this Section 5.2. may only be amended by a vote of unit owners holding not less than seventy-five percent (75%) of the votes of the membership.

Section 5.3. Number, Term and Qualification: The initial Board of Directors will consist of four members whose names are set forth in the Articles of Incorporation. From and after the date of the first annual membership meeting there shall be four Directors. The initial Board shall serve until their successors are elected at the first annual membership meeting. Each Director shall hold office until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies. Directors shall be members of the Association or related in the first degree to a member of the Association, but need not be residents of North Carolina, and each Director shall be at least twenty-one years of age.

Section 5.4. Nominations: Nominations for election to the Board of Directors shall be made from the floor at the annual meeting.

Section 5.5. Election of Directors: At each annual membership meeting the Declarant or its designee shall appoint a majority of the Directors for a term of one (1) year. The members shall elect the remaining Directors for a term-of one (1) year. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.6. Removal: Subject to the provisions of Section 5.2 hereof, any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association at any special or regular meeting of the membership. "Majority vote" as used herein shall mean any vote in excess of one-half of the total votes outstanding. If any directors are so removed, new directors may be elected by the membership at the same meeting.

Section 5.7. Vacancies: A vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual or substitute annual meeting or at a special meeting of members called for that purpose or by unanimous consent of the members without meeting. The members may elect a director at any time to fill any vacancy not filled by the directors. As indicated in Section 5.5,

the membership shall have the first right to fill any vacancy created by the membership's removal of a director. Provided, however, so long as the provisions of Section 5.2 hereof are in effect the Declarant or its designee shall select the person to fill a vacancy created by the death or removal of a person who was appointed by the Declarant or its designee.

Section 5.8. Chairman: There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board. In the absence of the Chairman, the President shall preside at all meetings of the Board of Directors.

Section 5.9. Compensation: No member of the Board of Directors shall receive any compensation from the Association for acting as such. Provided, however, each director shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association. Further provided, each director, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 5.10. Loans to Directors and Officers: No loans shall be made by the Association to its directors or officers. The directors of the Association who vote for or assent to the making of a loan to a director or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.11. Liability of Directors: To the extent permitted by the provisions of the North Carolina Non-Profit Corporation Act in effect at the applicable time, each director is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as a director. Each indemnity shall be subject to approval by the members only when such approval is required by said Act.

Section 5.12. Meetings Of Directors:

A. Regular Meetings: Regular meetings shall be held at least semi-annually without notice, at such hour and place as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. Special Meetings: Special meetings shall be held when called by the President of the Association, or by any three directors, after not less than three nor more than fifty days written notice to each director.

C. Notices of Special Meetings: The notice provided for herein may be waived by

written instrument signed by those directors who do not receive said notice. Notices shall be deemed received upon the happening of any one of the following events: (i) one day following deposit of same in the United States mail with proper postage paid and addressed to the director at his last known address on file with the Association, (ii) deposit of same in his mail box at The Condominiums should he reside there, or (iii) delivery to the director. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting unless the subject director gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called.

D. Quorum: A majority of the directors then holding office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.13. Action without Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.14. Presumption of Assent: A director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 5.15. Powers and Duties: The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Condominiums except such powers and duties as by law or by the Condominium Documents may not be delegated by the Unit Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

A. Operation, care, upkeep and maintenance of the Common Area;

B. Determination of the funds required for operation administration, maintenance and other affairs of the Condominiums and collection of the Common Expenses from the Unit Owners, as provided in Section 9 of these By-Laws;

Section 6: Officers

Section 6.1. Enumeration of Officers: The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. All officers shall members of the Board of Directors.

Section 6.2. Election and Term: The officers of the Association shall be elected annually by the Board of Directors. Such elections shall be held at the first meeting of the Board next following the annual or substitute annual meeting of the members. Each officer shall hold office until his death, resignation, removal or until his successor is elected.

Section 6.3. Removal: Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 6.4. Vacancy: A vacancy in any office may be filled by the election by the Board of Directors of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6.5. Multiple Offices: Any of the offices enumerated in Section 6.1 hereof may be held simultaneously by one person. Provided, however, the person holding the office of President shall not also hold the office of Treasurer.

Section 6.6. President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the members. In the absence of an elected chairman, he shall also preside at all meetings of the Board of Directors. He shall see that the orders and resolutions of the Board of Directors are carried out; shall sign all written instruments regarding the Common Area and shall co-sign all checks and promissory notes, if any. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these By-Laws.

Section 6.7. Vice-Presidents: The Vice-Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 6.8. Secretary: The Secretary shall keep the minutes of all meetings of members and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct, he shall, in general, perform all duties incident to the office of Secretary of a

corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.9. Treasurer: The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records in books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign all checks and promissory notes of the Association; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting; and shall deliver a copy of each to the members. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.10. Assistant Secretaries and Treasurers: The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President of the Board of Directors.

Section 6.11. Loans to Officers: The Association shall not make any loans, either directly or indirectly, to any officer of the Association. Any officer or officers participating in the making of such loan shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof. Nothing herein is intended to otherwise limit the liability of directors in connection with such loans, as set forth in Section 5.9.

Section 6.12. Compensation: No officer shall receive any compensation from the Association for acting as such. Provided, however, each officer shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association.

Section 6.13. Indemnification: To the extent permitted by the provisions of the North Carolina Non-Profit Corporation Act in effect at the applicable time, each officer is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the members only when such approval is required by said Act.

Section 7: Maintenance-Ordinary Repair-Alterations to Common Area

Section 7.1. By the Association: The Association shall maintain, repair and replace at its expense all parts of the Common Area whether located inside or outside of a Unit (including, but not limited to, fire escapes, entrance steps and stairwells), the cost of which shall be charged to the Unit Owners as a Common Expense; provided, however, any such maintenance, repairs or replacements necessitated by the negligence or misuse of a Unit Owner may be charged to such Unit Owners. The Association shall have the irrevocable right, to be exercised by the Board of

Directors or its agent, to have access to each Unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Area therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to other Unit or Units.

Section 7.2. By the Unit Owners: Each Unit Owner shall maintain his Unit (including its porch and/or sunroom), in a clean and habitable condition and shall repair and replace at his expense all portions of his Unit which become in need thereof (excluding any Common Area located within the Unit boundaries unless the maintenance, repairs or replacements were necessitated by the negligence or misuse of the Unit Owner), including all bathroom and kitchen fixtures, interior walls, carpeting, drapes and other items within the Unit. If the Unit Owner does not make repairs as required above within thirty (30) days from written demand by the Association that he do so, the same may be repaired by the Association and the cost thereof assessed against the Unit Owner by subject Unit Owner. In addition, and notwithstanding anything to the contrary in this Section 7.2., each Unit Owner shall be responsible for and bear the expense of maintaining in a clean, neat and habitable condition any Limited Common Area, the use of which is appurtenant to said Unit Owner's Condominium Unit.

Section 7.3. : Restrictions on Unit Owners: No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness or the safety of the Condominium Property or reduces the value thereof. The Unit Owner shall cause any work so performed or being performed on the Unit, which in the sole opinion of the Board of Directors violates the terms of this paragraph, to be immediately corrected and he shall refrain from recommencing or continuing any work so in violation without written consent of the Board. He shall not repair, alter, replace or move any of the Common Area located within his Unit without the prior written Consent of the Board. He shall not alter or replace any walls except non-weight-bearing partition walls which are wholly within his Unit. No unit owner or occupant shall alter or replace the screen, windows or railing enclosing his porch or balcony without the prior written consent of the Board of Directors.

Section 7.4. Duty to Report: Each Unit Owner shall promptly report to the Board of Directors or its agent any defect or need for repairs or replacement the responsibility for which is that of the Association.

Section .7.5. Alterations to Common Area: The Association is authorized as a Common Expense to make minor improvements to and alterations of the Common Area. Provided, however, no major or structural improvements to or alterations of the Common Area shall be made by the Association beyond that required by Section 8.8 without first obtaining the approval of the membership by a majority vote of the total outstanding votes of the Association.

Section 7.6. Approval of Payment Vouchers: All vouchers for payment of expenses incurred by the

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Association in the maintenance, repair, alteration and replacement of the Common Area shall be approved in writing jointly by the President and Treasurer. Said written approval shall be deemed given upon the President and Treasurer co-signing the Association's check in payment of the subject voucher. In the absence or disability of the President, the Vice-President may perform the duties herein of the President as set forth in Section 6.7 and in like manner, the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer. Notwithstanding the foregoing, the Board of Directors may authorize any officer or member or committee or Independent Manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration and/or replacement of the Common Area so long as the resolution granting such authority specifically limits the maximum amount which may be authorized by such officer, member, etc., on each occasion and so long as the subject resolution describes the items of expense payment of which may be authorized. Further, the members shall be notified of the adoption of such resolution by the Board of Directors as and when the same is adopted.

Section 8: Insurance - Repair of Casualty Damages

Section 8.1. Authority to Purchase: The Board of Directors shall have the authority to and shall obtain insurance policies upon the Condominium Property for the benefit of the Association, the Unit Owners and their mortgagees as their interest may appear, and provisions shall be made for the issue of certificates of mortgagee endorsements to the mortgagees of the unit Owners, and delivery of said certificates to mortgagees within ten (10) days from their issuance. The original of all such policies and endorsements thereto shall be deposited with the Association, as Insurance Trustee, and duplicates of said policies and endorsements shall be issued to each Unit Owner and his mortgagee, if any. Unit Owners may obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense. Policies obtained pursuant to the first sentence of this subsection shall provide that they are non-cancellable and non-amendable without ten (10) days' prior written notice to mortgagees named therein as additional insureds.

Section 8.2. Coverage:

A. Casualty: The Building and all other improvements upon the land and all personal property included in the Common Area shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Directors and acquiesced in by the insurance carrier. Such coverage shall provide protection against:

(1) Loss or damage by risks and/or hazards covered by standard extended coverage endorsement; and

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the Building, including but not

limited to vandalism and malicious mischief.

B. Public Liability: The liabilities of the Association shall be insured against in an amount of at least \$300,000.00 per casualty and in such further amounts as the Board of Directors, from time to time, determines appropriate, and each Unit Owner shall be named as an additional insured but only with respect to his liability arising out of the ownership, maintenance or repair of the Common Area. Each Unit Owner, at his own expense, shall keep in force comprehensive personal liability insurance covering liability for damage to person or property of others located within such Owner's Unit, or another Unit, or upon the Common Area and facilities in such amounts as the Board of Directors from time to time determines, but in no case less than \$100,000.00 for each Occurrence.

C. Other: Such other insurance coverages as the Board of Directors shall determine from time to time to be desirable.

Section 8.3. Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

Section 8.4. Receipt of Proceeds - Insurance Trustee: All insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the Unit Owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association, as Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes hereinafter stated and for the benefit of the Unit Owners and their mortgagees in the following shares:

A. Common Area: An undivided share of the proceeds received by the Association on account of damage to Common Area shall be held for each unit owner, as determined by the subject unit owner's fractional interest in the Common Area.

B. Units: Proceeds on account of damage to Units shall be held in the following shares:

(1) When any Building is to be restored - for the owners of the damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Association.

(2) When any Building is not to be restored - an undivided share for each Unit Owner, such share being the same as his Fractional Interest in the Common Area.

C. Mortgagees: In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, that no mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

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Provided, that there shall be no amendments to Sections 8.1 through 8.9, nor additions thereto, unless and until the Association shall have first provided each mortgagee of all Unit Owners with ten (10) days' prior written notice of such proposed amendments or additions as provided under Section 17.6, hereinafter set forth. No such amendment shall be effective unless such amendment shall have been adopted in accordance with the provisions of Section 15.1 of the By-Laws.

Section 8.5. Distribution of Proceeds: Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

A. Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided in Section 8.8. All proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them unless otherwise specified by the terms of the particular mortgage instrument concerned. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

B. Failure to Reconstruct or Repair: If it is determined as provided in Section 8.9 that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners as set forth in Section 8.9. Any remittances to Unit Owners and their mortgagees shall be paid jointly to them unless otherwise specified by the terms of the particular mortgage instrument concerned. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

Section 8.6. Association as Agent: The Association is hereby irrevocably appointed Agent for each Unit Owner and for each owner of a mortgage or other lien upon a Unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

Section 8.7. Waivers: All policies of physical damage insurance obtained by the Board of Directors pursuant to this Section shall contain waivers of subrogation against Unit Owners, the Association and others having an interest in the Condominium Property. Such policies shall provide that the same may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

Section 8.8. Duty to Repair: In the event of damage to or destruction of the Building as a result of fire or other casualty and the Condominium Property is not partitioned as provided in Section 8.9, the Board of Directors shall arrange for the prompt repair and restoration of all the Building (including any damaged Unit, but not including any of the following items not part of the Common Areas or of any Unit: furniture, furnishings, fixtures or equipment), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of

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the insurance proceeds shall constitute a Common Expense.

Section 8.9. Partition: If both Buildings shall be more than two-thirds (2/3) destroyed by fire or other disaster and the owners of all of the Units duly resolve not to proceed with the repair or restoration, then and in that event:

- (a) The entire Condominium Property shall be deemed to be owned as tenants-in-common by the Unit Owners; and
- (b) The undivided interest in the Condominium Property owned by each Unit Owner shall be his Fractional Interest in the Common Area previously appurtenant to his Unit or Units; and
- (c) Any liens or encumbrances affecting any Unit shall be deemed transferred in accordance with the existing priority to the percentage of undivided interest of the subject Unit Owner in the Condominium Property as herein above provided; and
- (d) The Condominium Property shall be subject to an action for sale in lieu of partition at the suit of any Unit Owner, in which event the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among the Unit Owners in the Proportion of their Fractional Interests in the Common Area previously appurtenant to their Units, after first paying off, out of the respective shares of the Unit Owners, to the extent sufficient for that purpose, all liens on the Unit of each Unit Owner.

The determination of whether the Buildings are "more than two-third (2/3) destroyed" for the purposes herein stated shall be determined as follows: An appraisal of the value of each Building (excluding the land) as of the day immediately preceding the damage shall be obtained from a licensed appraiser who is a member of the Chapel Hill Board of Realtors or any M.A.I. appraiser selected by the Board of Directors. The cost of repairs and restoration shall then be determined by the Board of Directors by securing not less than three independent bids, in writing, from three reputable building contractors in the community of their proposed charges for making said repairs or restoration, the lowest of which shall be deemed to be the said cost. If the said costs exceed two-thirds (2/3) of said appraised value, the Building shall be deemed more than two-thirds (2/3) destroyed.

Section 9: Assessments for Common Expenses - Surplus

Section 9.1. Initial Assessment - Annual Assessments: The initial Board of Directors shall fix the initial assessment which shall remain in effect until the first Annual Membership Meeting. At this meeting, the membership shall fix the monthly assessments to remain in effect for the remainder of the then calendar year. Following the first Annual Membership Meeting and not later than December

15 of each year the Board of Directors shall give written notice to the Unit Owners of the annual assessment fixed against each Unit for the immediately succeeding calendar year. In fixing the annual assessment for each calendar year, the Board shall first estimate the Common Expenses for such year and shall then estimate the cash required to meet such Common Expenses. In determining the cash requirement, the Board shall include a reasonable reserve for contingencies and replacements and shall deduct any expected income and any surplus from the prior year's fund. The portion of such estimated cash requirement assessed against each Unit shall be determined by the Fractional Interest of such Unit. The failure of the Board to comply with the written notice requirement herein above provided shall not alter or invalidate any obligation of a Unit Owner, any right of the Association against such Unit Owner or any lien against a Unit provided for in this Section. The first annual assessments, which shall be fixed by the initial Board of Directors at its organizational meeting, shall commence for all Units on the first day of the month immediately following the date of the conveyance by the Declarant of the first unit to a Unit Owner.

The basic annual assessment shall be determined by the Board of Directors on the assumption that each Condominium Unit is occupied by one or two persons and that normal water usage per unit is no more than the average two-person usage determined and published by Orange Water and Sewer Authority (or any successor water and/or sewer utility provider). The Board of Directors shall have the power to levy a per-capita surcharge designed to cover the anticipated cost of extra expenses (such as increased use of water, sewer, trash removal, etc.) attributable to the fact that a Condominium Unit is occupied by more than two persons. These surcharges shall be added to the annual assessment for each Unit so occupied for as long as such Unit is so occupied. The exact determination of the surcharges shall be left to the discretion, calculation and judgment of the Board of Directors. The surcharges shall become a part of the Annual Assessment and shall be subject to the same collection procedures and remedies.

Section 9.2. Monthly Installment: The annual assessments shall be paid to the Association in equal monthly installments on or before the first day of each month during any assessment period.

Section 9.3. Special Assessments: If for any reason the annual assessments prove inadequate to pay the Common Expenses, the Board may levy special assessments at any time. The special assessments shall be fixed against the Units according to the Percentage Interests and the period of the assessment and manner of payment shall be determined by the Board.

Section 9.4. Purpose of Assessments - Common Expenses: The annual and special assessments fixed and collected pursuant to this Section shall be used to pay the Common Expenses including but not limited to all expenses, costs and charges incurred by the Association in connection with the administration, operation and management of the Condominiums; the costs of maintenance, repair, replacement and restoration of the Common Area, or any part thereof; the cost of all insurance obtained by the Board of Directors pursuant to Section 8 of these By-Laws; the charges for water furnished the Condominiums and water and sewer services furnished thereto; and any and all other expenses, costs or charges agreed upon as Common Expenses by the Association or declared

Common Expenses by the provisions of the Unit Ownership Act, the applicable provisions of the North Carolina Condominium Act, the Declaration or these By-Laws.

Section 9.5. Lien: Each assessment provided for in this Section, together with interest and collection costs including attorneys fees, shall be a charge on and continuing lien upon the Unit against which the assessment is made when a notice of such lien has been filed of record in the Office of the Clerk of Superior Court for Orange County, North Carolina, in the manner provided by Article 8, Chapter 44 of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. Any grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the Unit being conveyed to him by the grantor, and such Unit conveyed shall not be subject to a lien for any unpaid assessments in excess of the amount therein set forth.

Section 9.6. Effect On Nonpayment of Assessments - Remedies of the Association: Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the delinquency date at the highest lawful rate per annum, and the Association may bring an action at law against the Unit Owner to perfect its lien against the Unit and to foreclose the same upon the Unit against which the delinquent assessments were charged, in which event, interest, costs and attorneys fees equal to fifteen (15%) percent of the principal amount shall be added to the amount of such assessment as may then be due. The Association, with the written consent of all the remaining Unit Owners, shall have the power to bid in at any foreclosure sale of a Unit and to acquire, hold, lease, mortgage and convey the same. No Unit Owner may waive or otherwise escape lien liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Unit.

Section 9.7. Priority of Assessment Lien: The lien of the assessments provided for in this Section shall be prior and superior to all other liens except (a) ad valorem taxes, (b) all sums unpaid on deeds of trust, mortgages or other encumbrances recorded against the Unit prior to the docketing of the assessment lien, and (c) materialmen's and mechanic's liens. The sale or transfer of any Unit shall not affect the assessment against such Unit. Provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by a superior lien holder shall extinguish the inferior assessment lien against the subject Unit but no such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien holder.

Section 10: Property Rights

Section 10.1. Units: Each Unit, together with its Fractional Interest in the Common Area, shall for

all purposes constitute a separate parcel of real property. A Unit Owner shall be vested with exclusive fee simple ownership and possession of his Unit which may be conveyed, transferred, leased, encumbered or devised in the same manner as any other real property subject only to the provisions of the Condominium Documents and the Unit Ownership Act.

Section 10.2. Deeding a Unit: A Unit shall be described in a deed or other instrument of conveyance by its Unit designation. Such instrument shall recite the book and page numbers and date of recording of the Declaration and these By-Laws; shall contain the description of the land described in Article I of the Declaration; shall state the use for which the Unit is intended and the restrictions on its use; and shall recite the Fractional Interest in the Common Area appurtenant to said Unit. It shall further recite that the conveyance is made together with the benefits, rights and privileges stated in the Condominium Documents and subject to all the duties and obligations set forth therein. Any such deed shall also contain such additional information as is required by law.

Provided that, in any event, in any deed or other instrument of conveyance a description of a Unit in compliance with NCGS 47C-2-104 shall be sufficient.

Section 10.3. Common Area - Fractional Interests: The Unit Owners shall own the Common Area as tenants-in-common with each Unit having appurtenant thereto its aforesaid undivided interest in and to said Common Area. The Fractional Interest appurtenant to each Unit has been determined by dividing the fair market value of such Unit as of the effective date of the Declaration by the aggregate fair market value of all of the Units as of said date. The stated Fractional Interest is permanent in character and cannot be altered without the consent of all Unit Owners expressed in an amendment to the Declaration duly recorded.

Section 10.4. Inseparability of Fractional Interests: The Fractional Interest in the Common Area cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instrument.

Section 10.5. No Partition: The Common Area shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Unit Ownership Act and these By-Laws.

Section 10.6. Use of Common Area: The Unit Owners may use the Common Area in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Unit Owners. The Board of Directors shall, if any questions arise, determine the purpose for which a part of the Common Area is intended to be Used. The Board shall have the right to promulgate rules and regulations limiting the use of the Common Area to Unit Owners and their guests as well as to provide for the exclusive use of a part of the Common Area by a Unit Owner and his guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee. The Declarant, his agent or any other person shall not retain or reacquire any

interest in the Condominium Property except such interest as is inseparable from that interest arising from ownership of one or more Units. No unit owner or occupant of a unit shall store or keep any personal property, trash or refuse anywhere in the Common Area without the written permission of the Board of Directors.

Section 10.7. Encroachments: If any portion of the Common Area or Facilities encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area as a result of a settling or shifting of the buildings, an easement for the encroachment and for the maintenance of the same so long as the Building stands, shall exist. If a Building, a Unit, any adjoining Unit, or any adjoining part of the Common Area, shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

Section 11: Restrictive Covenants - Regulations

Section 11.1. Resubdivision: No Unit may be divided or subdivided into smaller Units, nor any portion thereof sold or otherwise transferred, without first amending the Declaration to show the changes in the Units to be effected thereby.

Section 11.2. Nuisances: No nuisances shall be allowed upon the Condominium Property and no person shall engage in any use, practice or activity upon such property which is noxious, offensive or a source of annoyance to any Unit Owner or which interferes with the peaceful possession and proper use of the property by any Unit Owner. All parts of the property shall be kept in a clean and sanitary condition; and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist. No Unit Owner shall permit any use of his Unit or make any use of the Common Area which will increase the rate of insurance upon the property.

Section 11.3. Lawful Use: No immoral, improper or unlawful use shall be made of the property nor any part thereof; and all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

Section 11.4 Leasing: Entire Units may be rented provided the occupancy is only by the lessee and his family and guests. No room may be rented except as part of the entire Unit and no transient tenants may be accommodated.

All leases of individual units must contain a provision providing that the lessee agrees to abide by all condominium documents including rules and regulations and a further provision that if the lessee fails to abide by said documents or rules and regulations, the lease may be terminated

at the option of the lessor. All leases of all units must be in writing. Upon notification by the proper Association officer(s) that a tenant is in violation of an Association rule or regulation or the condominium documents and upon further notification that said tenant has been notified of said violation and has refused to comply then, in that event, the unit owner shall immediately take such steps as are necessary to terminate the lease and remove the lessee and his personal property from the premises.

Section 11.5. Regulations: Reasonable regulations governing the use of the Condominium Property may be made and amended from time to time by the Board of Directors; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the membership before such shall become effective. Copies of such regulation: and amendments thereto shall be furnished by the Association to all members upon request.

Section 12: Compliance and Defaults

Section 12.1. General: Each Unit Owner shall be governed by and shall comply with the terms of the Condominium Documents, and the regulations, resolutions and decisions adopted pursuant thereto as they may be amended from time to time. Any default by a Unit Owner shall entitle the Association or the other Unit Owners to the relief hereinafter provided in this Section.

Section 12.2. Remedies: The failure to comply with any of the terms of the Condominium Documents and/or the regulations, resolutions and decisions adopted pursuant thereto, shall be grounds for an action to recover sums due for damages or injunctive relief or both maintainable by the Association on behalf of the Unit Owners, or in a proper case, by an aggrieved Unit Owner. In any case of flagrant or repeated violation by a Unit Owner, he may be required by the Board of Directors to give sufficient sureties for his future compliance with such Condominium Documents, regulations, resolutions and decisions.

The Association, through its Board of Directors, is empowered to set up an adjudicatory panel and procedures for hearing, for opportunity for party charged to be heard, for presentation of evidence by the party charged and for notification of the panel decision. Such panel shall operate pursuant to and for the purposes described in NCGS 47C-3-107A and/or NCGS 47C-3-107, which said statutory provisions shall be applicable to Graham Court Condominiums.

Section 12.3. Property Damage: Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or misuse. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

Section 12.4. Non-waiver: The failure of the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall

not constitute a waiver of the right of the Board or a Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Board of Directors, its designated agent, or a Unit Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium 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 thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such party by the Condominium Documents or at law or in equity.

Section 13: Condemnation.

Section 13.1. General: In the event all or any part of the Condominium Property shall be taken in condemnation or by eminent domain, the award for such taking shall be payable to the Association and shall be disbursed by the Association as hereinafter provided in this Section.

Section 13.2. Common Area: If the taking is of Common Area and does not consist of taking any part of a Building, the Board of Directors shall arrange for restoration of the remaining Common Area and the Association shall disburse the proceeds of the condemnation award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Area is to be repaired or reconstructed, as provided for in Section 8 of these By-Laws.

Section 13.3. Units: If the taking includes any part of a Building, whether or not there is included in the taking any part of the Common Area, such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Section 8 hereof, whereupon the Condominium will be terminated in the manner therein prescribed. Provided, however, all of the Unit Owners may, within sixty (60) days from the date of such taking, amend the Declaration and these By-Laws to the end that the Condominium Property will continue to be subject to the Unit Ownership Act. Such amendments, if any, shall realign the Fractional Interests, establish the method of distributing the condemnation award, and include such other provisions as all of the Unit Owners deem reasonable and appropriate. Further provided, such amendment shall be executed by trustees in deeds of trust secured by the Units and shall not prejudice the creditors or other third parties who have an interest in the condemnation award with respect to their rights, if any, in such award.

Section 14: Amendments

Section 14.1. Amendments: The By-Laws may be amended at any time by an instrument in writing signed and acknowledged by Unit Owners holding seventy-five percent (75%) of the vote in the Association, which instrument shall be effective only upon recordation in the Orange Public Registry. Provided, however, where an unanimous vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in these By-Laws, no amendment of the subject by-law shall be made unless and until the owners holding one hundred

percent (100%) of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Condominium Property shall be bound to abide by any amendment to these By-Laws upon the same being passed as provided herein and duly set forth in an amended Declaration, duly recorded as provided herein. Provided, further, that no amendment to these By-Laws which changes or affects the rights of mortgagees as set forth in Section 8.1 through 8.9 shall be effective, without the joinder of all mortgagees.

Section 15: Termination.

Section 15.1. Agreement: This condominium may be terminated and the Condominium Property removed from the provisions of the Unit Ownership Act by an instrument to that effect executed by all of the Unit Owners and duly recorded, provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of undivided interest of the Unit Owners who shall own the property as tenants-in-common following such termination, which shall be the Fractional Interest of such Unit Owner in the Common Area.

Section 15.2. Destruction: In the event it is determined in the manner provided in Section 8 hereof, that the property shall not be repaired or reconstructed after fire or other casualty, the condominium will be terminated and the Condominium Documents revoked. The determination to repair or reconstruct after a fire or other casualty shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being duly recorded in the Orange Public Registry.

Section 15.3. Condemnation: In the event that one or more Units or any part or parts thereof, shall be taken in condemnation or by eminent domain and the consent of all owners shall not be expressed in amendments to the Declaration and these By-Laws, duly recorded within sixty (60) days after such taking as provided in section 13 hereof, the condominium will be terminated and the Condominium Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective sixty (60) days following said taking upon the certificate being duly recorded in the Orange Public Registry.

Section 16: Miscellaneous

Section 16.1. Ad Valorem Taxes: Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of tax assessed against his Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Area shall be listed for said taxes in the name of and paid by the Association.

Section 16.2. Severability: Invalidation of any covenant, condition, restriction or other provision of the Declaration or these By-Laws shall not effect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 16.3. Inspection: The Association shall have the right during reasonable hours to inspect each Unit upon prior oral or written notice to the occupant of said Unit. This right of inspection shall not be abused and shall only be exercised where the same is necessary for the Association to carry out its duties and responsibilities as set forth in the By-Laws and Regulations.

Section 16.4. Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Condominium Property and shall be binding upon all persons who own or hereafter acquire any interest in the Condominium Property.

Section 16.5. Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

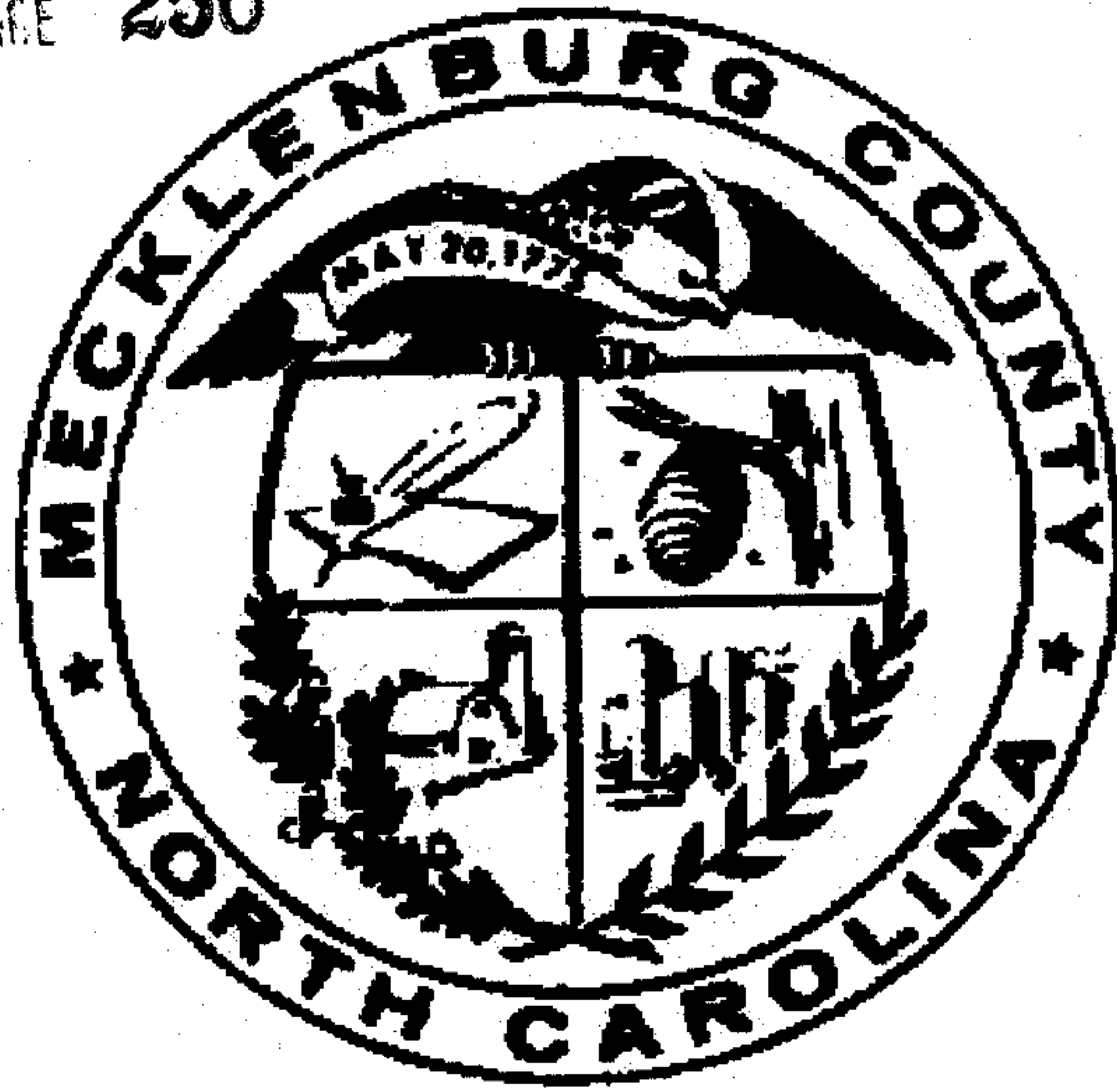
Section 16.6. Notification to Mortgagees: Any Owner who encumbers his Unit, or any part thereof, by deed of trust, mortgage, or otherwise (such encumbrances shall be referred to herein as "mortgage" and the beneficiary thereof as the "mortgagee") shall notify the Association of the name and address of the mortgagee, and the Association shall maintain all mortgagee information (whether obtained from such notifications or otherwise) in a book entitled "Mortgagees of Apartments". The Association may by mailing written notice to the mortgagees listed in said book: (a) notify each mortgagee appearing in said book the name of each company insuring the Condominium Property under the Master Policy and the amounts of the coverages thereunder; (b) report to their respective mortgagees any unpaid assessments due from particular Unit Owners from time to time; and (c) provide each mortgagee with not less than ten days' prior notice of the time, date and location of any meeting of Unit Owners at which proposed amendments of these By-Laws, the Declaration or the Articles of Incorporation of the Association shall be considered, together with a statement of said proposed amendments. Provided, that any such amendment shall be null and void, unless the Association shall have complied with (c) herein above prior to its adoption, or such notice is waived by all mortgagees of all Units.

Section 16.7. Independent Manager: The Board of Directors may employ or enter into a management contract with any individual or firm it deems appropriate and in the best interest of the Association concerning the routine management of the Condominium property; provided, however, such contract must contain a. provision that the Association through its Board of Directors shall have the right to cancel such contract with or without cause by giving sixty (60) days' prior notice to the Independent Manager. Upon entering such contracts, the Board of

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Directors may delegate to such person or firm (herein referred to in these By-Laws as "Independent Manager") such duties and responsibilities in the management of the Condominium Property as the Board of Directors deems appropriate. Provided, the Board of Directors may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the Non-Profit Corporation Act of North Carolina, and the Independent Manager shall at all times be answerable to the Board of Directors and subject to the direction of the Board of Directors.



JUDITH A. GIBSON
REGISTER OF DEEDS , MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 11/16/1999 09:04 AM
Book: RE 10903 Page: 643-691
Document No.: 1999204366
DEC/U 49 PGS
Recorder: LYNETTE FEELY

State of North Carolina, County of Mecklenburg

The foregoing certificate of ALAN C. ROBBINS , KELLEY G. FORSBERG , LINDA M. COLLINGSWORTH ,
PAMELA J. EVANS , SHERYL C. SAUNDERS , WANDA G. YARBOROUGH , DEBBIE B. OGLE , WENDY R.
BLACKWELL , PATRICIA B. STRAWN , RAMONA B. KELLAN , HARRIETT K. SHEARER , NICOLE CROOM ,
FELICIA HERRINGTON , DAWN S. WARD Notaries are certified to be correct. This 16TH of November 1999

JUDITH A. GIBSON, REGISTER OF DEEDS By: Stephanie Lindsey
Deputy/Assistant Register of Deeds



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