

FILED Joyce H. Pearson
Register of Deeds Orange County, NC
By: *[Signature]*
Deputy

Prepared By and Return To:
Pendergrass Law Firm, PLLC
P O Drawer 33809
Raleigh, NC 27636

FOR MULTIPLE PIN SHEET
SEE BOOK 347 PAGE 9

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

DECLARATION OF CONDOMINIUM
FOR TWIN MAGNOLIAS CONDOMINIUM

THIS Declaration of Condominium is made this 2nd day of August, 2007 by
TWIN MAGNOLIAS HOLDINGS, LLC, a North Carolina limited liability company
(Declarant).

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Orange
County, North Carolina, more particularly described on Exhibit "A" attached hereto
(the "Land"); and

WHEREAS, Declarant desires to submit the Land and the improvements located
thereon (collectively, the "Property" as more fully defined in Section 1.23 hereafter) to
the terms and provisions of N.C.G.S. Chapter 47C entitled the North Carolina
Condominium Act and by so doing intends to protect the value and the desirability of
the Property, further a plan for the condominium ownership of the Property, create a
harmonious and attractive development, and promote a mutually beneficial
development and operation of condominium units on the Property.

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be
held, sold and conveyed subject to the following easements, restrictions, covenants, and
conditions, which shall run with the Property and be binding on all parties having any
right, title or interest in the Property or any part hereof, their heirs, successors and
assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

Section 1.1: "Affordable Housing Units" shall mean and refer to Unit 18 and Unit
22 of Twin Magnolias Condominium and shall further mean a dwelling unit defined as
such by Section 15-182.4 of the Land Use Ordinance of the Town of Carrboro, more
specifically for purposes of this Declaration as (i) a Unit that is offered for sale at a price
that does not exceed two and one-half times an amount equal to eighty percent (80%) of
the annual median income level for a family of four (4) in the Raleigh-Durham-Chapel
Hill Metropolitan Statistical Area or offered for rent at an amount that does not exceed
twelve percent (12%) of the monthly median income level for a family of four (4) in the
Raleigh-Durham-Chapel Hill Metropolitan Statistical Area, and (ii) which shall remain
as Affordable Housing Units for not less than one hundred (100) years.

Section 1.2: "Association" means TWIN MAGNOLIAS CONDOMINIUM
OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors
and assigns formed on August 2, 2007 by filing Articles of Incorporation (the "Articles")
with the North Carolina Secretary of State, a true copy of such Articles being attached
hereto as Exhibit "B".

Section 1.3: "Board of Directors" means the body designated in this Declaration to act on behalf of the Association, and sometimes referred to as the Executive Board. Accordingly, Executive Board and Board of Directors for purposes of this Declaration shall be synonymous and may be used interchangeably.

Section 1.4: "Buildings" means and refers to the structures constructed on the Land wherein the Units are situated which contain a total of twenty-two (22) Units. There are eleven (11) Buildings situated on the Land each containing two (2) Units. The Units are numbered as follows:

105-A, 105-B, 105-C, 105-D, 105-E, 105-F, 105-G, 105-H,
105-I, 105-J, 105-K, 105-L, 105-M, 105-N, 105-O, 105-P,
105-Q, 105-R, 105-S, 105-T, 105-U, 105-V

The Buildings are more particularly described and shown on the Plat(s) and Plan(s) referenced hereafter which Plat(s) and Plan(s) show all particulars of the Buildings.

Section 1.5: "Bylaws" means the bylaws of the Association, as adopted by the Association as the same may be amended from time to time.

Section 1.6: "Certificate of Completion" means that certain Certificate of Completion for Twin Magnolias Condominium executed by James W. Parker, Jr., Professional Engineer, the original of which is attached hereto and marked as Exhibit "C".

Section 1.7: "Common Elements" shall include all portions of the Condominium other than the Units, including, without limitation, (i) all improvements located upon the Land outside of the Buildings, including any signage now existing or hereinafter erected, entrance features, landscaped areas (including landscape timbers around the perimeter of the Land), gazebos, outdoor lighting, underground utility lines, (including but not limited to electrical lines, telephone lines, cable television lines, water lines, gas lines and sewer lines located outside any street rights-of-way, whether public or private, and outside the Town of Carrboro utility easements), walkways, irrigation systems, parking areas and driveways, (ii) all portions of the Buildings located outside of the Units, including, but not limited to, wood studs, exterior walls, canopies, porches and overhangs surrounding the entrances to the Buildings, the windows and entrance doors to each Unit, decks and steps, other than those hereinafter described as Limited Common Elements, if any, (iii) the foundations, roof and structural components of the Buildings and any area(s) denominated as Common Elements on the Plat(s) and Plan(s).

Section 1.8: "Common Expenses" means and refers to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws and the North Carolina Condominium Act and ad valorem taxes, public assessments, or governmental liens or charges levied against the Common Elements.

Section 1.9: "Condominium" means the Land described on Exhibit "A" attached hereto and the Building(s) and other improvements located thereon, portions of which are designated for separate ownership and the remainder of which are designated for common ownership solely by the Owners of those portions.

Section 1.10: "Condominium Documents" means this Declaration, the Articles of Incorporation and Bylaws of the Association, the Plat(s) and Plan(s) any Rules and Regulations governing the use of the Property as may be adopted from time to time and all attachments, exhibits, modifications, or amendments thereto, respectively.

Section 1.11: "Declarant" means TWIN MAGNOLIAS HOLDINGS, LLC, a North Carolina limited liability company, its successors and assigns.

Section 1.12: "Declaration" means this Declaration of Condominium for Twin Magnolias Condominium as it may be amended from time to time in the future.

Section 1.13: "Executive Board" means the body designated in this Declaration to act on behalf of the Association and sometimes referred to as the Board of Directors. Accordingly as used herein, Executive Board and Board of Directors shall be synonymous and may be used interchangeably.

Section 1.14: "Institutional Lender" means any lender which holds a Promissory Note evidencing a loan to a Unit Owner secured by a Deed of Trust against such Unit.

Section 1.15: "Land" means and refers to that certain real Property more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

Section 1.16: "Limited Common Elements" means any portion of the Common Elements allocated by the Declaration or the Plats and Plans for the exclusive use of one or more but fewer than all of the Units, if any.

Section 1.17: "Member" means every person or entity who holds membership in the Association.

Section 1.18: "Mortgage" means and refers to a mortgage or deed of trust constituting a lien on a Unit.

Section 1.19: "Mortgagee" means and refers to the owner and holder of a Deed of Trust.

Section 1.20: "Owner" means the record Owner, whether one or more persons or entities, of fee simple title to any Unit which is a part of the Property, together with an undivided interest in the Common Elements as hereinafter set forth, and shall also include any tenants under any long-term leases and contract sellers, but excluding those having such interest merely as security for the performance of an obligation. For purposes of this section a long-term lease shall be a lease for a term of at least 50 years.

Section 1.21: "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) the date Declarant has conveyed the last of all Units to an unaffiliated third party; or (ii) the date upon which Declarant voluntarily surrenders control of the Condominium to the Association. Notwithstanding any term or provision hereof, and subject to the provisions of Chapter 47C of the North Carolina General Statutes, Declarant, acting alone, shall have the right and authority to correct any term or provision of this Declaration to conform such Declaration to N.C.G.S. Chapter 47C and other applicable law and to the extent necessary to bring th Declaration into compliance with applicable Town of Carrboro ordinances affecting Affordable Housing or otherwise. To give effect to the foregoing said Declarant shall be the only necessary signatory on any document necessary to correct any term or provision of this Declaration, which authority shall survive the surrender of Declarant's control to the extent permitted by applicable law all as more fully set forth in Section 2.7 hereof.

Section 1.22: "Plat(s) and Plan(s)" mean the Plat(s) and Plan(s) for Twin Magnolias Condominium recorded in ~~Condominium File~~ Plat Book 102 Pages 93 through 96 in the Orange County Register of Deeds and any additional recordings or re-recordings which may occur at a future date. The Plat(s) and Plan(s) are hereby incorporated herein by reference as if the same were attached hereto. The Plat(s) and Plan(s) contain all of the certifications and information required by N.C.G.S. § 47C-2-109, and the Plat(s) and Plan(s) have been filed under the name of the Condominium in the Unit Ownership File in the Orange County Public Registry.

Section 1.23: "Property" shall mean and refer to the Land, the Building(s) and all other improvements and structures located on the Land, all easements, rights and appurtenances belonging or appertaining to the Land, and all articles of personal Property intended for common use in connection therewith.

Section 1.24: "Rules and Regulations" shall mean any governmental requirement to which the Condominium is subject, whether at the Federal, State or local level, as well as any guideline, requirement or other limitation imposed on the Condominium or any Unit in the Condominium by a vote of a majority of the Members of the Association.

Section 1.25: "Thrift Shop" shall mean and refer to the PTA Thrift Shop at 103 Jones Ferry Road, Carrboro, NC, (PIN 9778-75-6819).

Section 1.26: "Unit" means a physical portion of the Condominium designated for separate ownership or occupancy. The location and dimensions of each of the Buildings and of each of the Units within the Buildings are shown on the Plat(s) and Plan(s). The vertical boundaries of each Unit shall consist of the face of the unfinished wood studs around the perimeter of each Unit to which sheetrock has been attached. The lower boundary of each Unit shall be the horizontal plane of the top surface of the finished flooring of such Unit and the upper boundary shall be the horizontal plane constituting the finished ceiling at its highest point above the lower boundary of such Unit. The boundaries of each Unit are more particularly shown and described on the Plat(s) and Plan(s). All lath, furring, wallboard, plasterboard, plaster, sheetrock, light fixtures, plumbing fixtures, appliances, whether installed or moveable, cabinets, paneling, tiles, wallpaper, paint, finished flooring, floor coverings, carpet, interior trim work, interior wall partitions, interior doors, and other similar improvements, shall constitute a part of each Unit.

Notwithstanding the foregoing definitions, all definitions set forth in N.C.G.S. § 47C-1-103 are hereby incorporated by reference and the terms defined therein shall have the meanings set forth therein when used in this Declaration or in other Condominium Documents, unless the applicable term is expressly defined otherwise in this Declaration or such other Condominium Documents, and unless the context otherwise plainly requires a different meaning.

ARTICLE II SUBMISSION OF PROPERTY TO CONDOMINIUM ACT AND DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Section 2.1: Declarant hereby submits the Property to the provisions of the North Carolina Condominium Act contained in N.C.G.S. Chapter 47C (the "Condominium Act"). The Property will be administered in accordance with the provisions of the Condominium Act, the Declaration, the Articles, Bylaws, the Rules and Regulations and the other Condominium Documents, as applicable.

Section 2.2: The name of the Condominium shall be "Twin Magnolias Condominium."

Section 2.3: The Property is located in Carrboro, Orange County, North Carolina and is identified by PIN #9778-75-7354.

Section 2.4: Declarant hereby establishes within the Property the twenty-two (22) Units shown on the Plat(s) and Plan(s) and does hereby designate all such Units for separate ownership. The Owner of each Unit shall also own, as an appurtenance to such Unit, an undivided interest in the Common Elements. The undivided interest appurtenant to each Unit is set out on Exhibit "D" attached hereto and made a part hereof. The fractional interest in the Common Elements as shown on Exhibit "D" has been determined by a ratio formulated upon the relation that the square footage of each Unit bears to the aggregate square footage of all twenty-two (22) Units. Reference is hereby made to the Plat(s) and Plan(s) for a separate description of the boundaries of each Unit, identified by Unit Number as shown thereon.

Section 2.5: Each Owner shall be a member of the Association. An Owner shall be entitled to one (1) vote for each Unit owned. For Units jointly owned, such Owners shall collectively be entitled to only one (1) vote per Unit.

Section 2.6: There are no Limited Common Elements with the exception of the Limited Common Elements created under Article V herein or as may be shown on the Plat(s) and Plan(s).

Section 2.7: To the extent permitted by N.C.G.S. Chapter 47C and other applicable law, the Declarant reserves the following Special Declarant Rights for the Property, which shall be exercisable at any time:

- (a) To appoint and remove any Executive Board members until such time as the Declarant has surrendered control of the Condominium to the Association;
- (b) To amend this Declaration at any time and from time to time to bring it into compliance with N.C.G.S. Chapter 47C entitled the "North Carolina Condominium Act" and other applicable law, to correct any other deficiency in the documents creating or establishing the Condominium, including but not limited to the recording or re-recording of corrective Plat(s) and Plan(s) and to bring the Declaration into compliance with any applicable Town of Carrboro Ordinances pertaining to Affordable Housing or otherwise;
- (c) To subject additional real estate to the Declaration, and therefore the Condominium, provided such additional real estate is to be a part of the Common Elements.

The provisions of this Section 2.7(b) and 2.7(c) shall be and are hereby intended to survive the Period of Declarant Control. Accordingly and notwithstanding any provision contained in this Declaration to the contrary, only the signature of the Declarant shall be required to amend the Declaration for the purposes set forth in this Section 2.7 (b) and (c).

ARTICLE III PROPERTY RIGHTS

Section 3.1: Ownership of a Unit shall vest fee simple title to such Unit in the Owner.

Section 3.2: Every Owner shall own an undivided interest in the Common Elements and, except to the extent that use of the Limited Common Elements has been allocated exclusively to certain Unit(s), shall have a right and easement of enjoyment in the Common Elements and an unrestricted right of ingress and egress across the Common Elements to such Owner's Unit, which shall be appurtenant to and shall pass with the title to every Unit. The undivided interest of every Unit Owner in the Common Elements shall be the percentage set forth in Exhibit "D" attached hereto. The undivided interests set forth in Exhibit "D" have been determined by a ratio formulated upon the relation that the square footage of each Unit bears to the aggregate square footage of all twenty-two (22) Units using as a numerator the square footage of a particular Unit and using as a denominator the total square footage of all of the Units. The relationship of that numerator and denominator, as a percentage, shall constitute the undivided percentage interest in the Common Elements owned by a particular Unit Owner. The undivided interest in the Common Elements and the right and easement of enjoyment in such Common Elements are subject to the following:

- (a) The Association by a majority vote of its Members shall have the right to adopt such Rules and Regulations as they deem necessary to regulate the use and enjoyment of the Common Elements including but not limited to making permanent and temporary assignments of parking spaces and to establish regulations concerning the uses thereof;
- (b) The Association shall have the right to dedicate, transfer, or encumber all or any part of the Common Elements subject to approval by the Owners as provided in the Condominium Act;
- (c) In case of any emergency originating in or threatening any Unit, regardless of whether the Owner is present at the time of such emergency, the Board

of Directors of the Association or any other person authorized by it, or the Managing Agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate and without advance notice.

- (d) Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements, the Owner of each Unit shall permit other Owners or their representatives, or the duly constituted and authorized Agent of the Association, to enter such Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.
- (e) No Owner of a Unit shall permit any structural modification or alteration to be made to such Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in their sole discretion, that such structural modifications or alterations would adversely affect or in any manner endanger the Condominium in part or in its entirety.

The Association, through the Board of Directors (or its Architectural Control Committee), shall regulate the external design, appearance, use, location and maintenance of the Condominium and of improvements thereon, including the fence built between the Condominium and the Thrift Shop next door, and the fence between the rear yard of the Strayhorn House at 107 Jones Ferry Road and the Land, in such a manner so as to preserve and enhance values and maintain a harmonious relationship among structures and the natural vegetation and topography. No Owner shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium (including painting or other decoration, the installation of electrical wiring, television or radio antennae or any other objects or devices which may protrude through the walls or roof of the Condominium or the installation of window curtains or drapes which present other than a white or "off" white appearance from the exterior of a Unit) or in any manner alter the appearance of the exterior portion of any Building without the written consent of the Association being first obtained. No Unit Owner shall cause any object to be fixed to the Common Elements or to any Limited Common Elements (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the Common Elements or Limited Common Elements without the written consent of the Association being first obtained.

Any Unit Owner desiring to make any improvement, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the proposed improvement, alteration or change, to the Board of Directors which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition of the granting of approval of any request made under this Article, the Association may require that the Unit Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Unit Owner, and any subsequent Owner of the Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such improvement, alteration or change shall be a part of the annual assessment or share set forth in Article IV hereof, and subject to the lien rights described in said Article.

Section 3.3: Subject to the provisions hereof, any Owner may delegate his right of enjoyment to the Common Elements to permitted tenants, employees, licensees and customers of an Owner or tenant in possession of a Unit.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.1: Each Owner by acceptance of a deed to a Unit, whether or not it shall be so expressed in such deed, hereby covenants and agrees to pay the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Except as otherwise set forth herein, the liability of each Owner for the common expenses of the Association shall be in accordance with the respective percentage ownership interests in the Common Elements owned by the respective Owners as set forth in Exhibit "D" attached hereto. Any assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Unit, (or in the case of a Unit subject to a long term lease, the leasehold and its appurtenant undivided interest in the Common Elements), when filed of record in the office of the Clerk of Superior Court of Orange County and shall accrue interest at a rate set by the Association not to exceed 18% per annum. The Association may bring an action at law against the Owner, or foreclose the lien against the applicable Unit. Fees (including reasonable attorney fees), charges, late fees, fines, and interest are also enforceable as assessments.

Each assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the applicable Unit at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 4.2: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. The sale or transfer of any Unit shall not affect the assessment lien. The sale or transfer of any Unit pursuant to a mortgage or tax foreclosure or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 4.3: The annual assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the Owners and Unit occupants and promote the beneficial development and operation of the Units and in particular for the acquisition, improvement and maintenance of the Condominium services and facilities devoted to this purpose, and for the use and enjoyment of the Common Elements, however, the annual assessments shall not be used to maintain, repair or replace any Limited Common Elements, unless a majority of the Unit Owners shall approve of such. The annual assessments shall be used to pay for outside lighting of the Buildings and the Land, exterior cleaning and landscaping of the Land, pick-up and removal of trash from the dumpster(s) located on the Land, insurance premiums for the coverages set forth in Article X hereof, reserves for the future repair, maintenance and replacement of Common Elements and for such other items and services necessary to carry out the aforementioned purposes.

A portion of the annual assessments, as determined by the Board of Directors, shall be set aside as reserves for the future repair, maintenance and replacement of Common Elements hereinabove referenced and shall be maintained and administered for said purpose by the Board of Directors as a separate fund.

The Association may also levy a special assessment payable in a manner as specified by the Association for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Owners of a majority of the Units.

In addition to the annual assessment authorized above, the Board of Directors may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Unit Owners owning two-thirds (2/3) of the Common Elements who are voting in person or by proxy at a meeting duly called for such purposes.

In order to ensure that the Association will have sufficient monies available to meet operational needs during the initial months of the Condominium's existence, a Working Capital Fund may be established. No payment made into the Working Capital Fund shall be considered an advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration, the By-Laws and applicable law.

Section 4.4: The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the first year the fiscal year shall commence with the conveyance of the first Unit by the Declarant to a third party). Such budget shall reasonably project all expenses for the forthcoming year (including the cost of water and sewer services to the Units and the Common Elements) which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, and the budget shall take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors of the Association, copies of said budget shall be delivered to each Owner of a Unit and the assessment for said year shall be established based upon such budget, although the lack of delivery of a copy of said budget to each Owner shall not affect the liability of the Owner for such assessment.

The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, shall designate therein a sum to be collected and maintained as a reserve fund for replacements of and capital improvements to the Common Elements (hereinafter referred to as the "Capital Improvement Fund"). This fund shall be for the purpose of enabling the Association to replace structural components and mechanical equipment constituting a part of the Common Elements, as well as the replacement of portions of the Common Elements. The amounts to be allocated for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to the Common Elements. Any interest earned on the monies in the Capital Improvement Fund may, in the sole discretion of the Board of Directors of the Association, be expended for current operation and maintenance. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his or her proportional interest in the Common Elements as shown in Exhibit "D" and the Association shall annually notify each Unit Owner of the amount of this balance in the Capital Improvement Fund. However, such balance shall not be subject to withdrawal by a Unit Owner.

The initial annual assessment shall be set by the Executive Board, at its first meeting following the conveyance of the last Unit to a Unit Owner by the Declarant, such initial assessment to be in an amount sufficient to cover the Associations projected costs and expenses for its' first year of operation, such initial assessment to be allocated to each Unit in accordance with the undivided Common Element percentages set forth in Exhibit "D" hereof.

- (a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased effective January 1 of each successive year, without a vote of the membership but by a vote of a majority of the Board

of Directors, by up to twelve percent (12%) of the previous year's maximum annual assessment and shall also be allocated to each Unit in accordance with the undivided Common Element percentages set forth in Exhibit "D" hereof.

- (b) For any annual increase in the annual assessment in excess of twelve (12) percent per year, such increase shall require the vote of a majority of the Owners of the Units who are voting in person or by proxy, at a meeting duly called for such purpose. Written notice setting forth the purpose of such meeting shall be sent to all Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.
- (c) The Executive Board may fix and collect the annual assessment at an amount not in excess of the maximums hereinabove set forth.
- (d) Nothing herein shall be deemed to preclude the Unit Owners, by a majority vote, from assessing Units an additional sum, as part of the annual assessment, depending on the particular characteristics of a Unit, such as its size, the nature of its use by its Owner, or such other criteria as a majority of Unit Owners determine justifiable for surcharging such Unit. The amount of any such surcharge however must be reasonably related to the rationale for such surcharge.

Section 4.5: Annual assessments and special assessments provided for herein shall commence at a date established by the Association. Once such assessments are established, written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Executive Board and set forth in such notice. While the annual assessments are made on an annual basis, they may be billed and collected monthly, quarterly, semi-annually or annually as determined by the Executive Board. Special Assessments shall also be billed and collected monthly, quarterly, semi-annually, annually or in a lump-sum as established by the Executive Board.

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

The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within ten (10) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate allowed by law until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at a place to be specified by the Board of Directors from time to time.

The Owner or Owners of each Unit [or in the case of a Unit subject to a long term lease, the Leaseholder], shall be personally liable, jointly and severally, to the

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

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

Recognizing that (a) proper operation and management of the Condominium requires the continuing payment of costs and expenses therefore, (b) that such proper operation and management results in a benefit to all of the Owners of Units, and (c) that the payment of such Common Expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Unit [or in the case of a Unit subject to a long term lease, the leasehold and its appurtenant undivided interest in the Common Elements], which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each such Unit. Such lien shall secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and also secure all costs and expenses, including a reasonable attorneys' fee, which may be incurred by the Association in enforcing this lien upon such Unit and its appurtenant undivided interest in the Common Elements. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Owner of any Unit from the date on which the payment of any assessment or installment thereof becomes delinquent, and shall be entitled to the appointment of a Receiver for said Unit to the extent permitted by law. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advance made for such purpose. All person, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Unit expressly subject to such lien rights.

The lien herein granted to the Association shall be enforceable from and after the time of recording a claim of lien in the Public Records of Orange County, North Carolina, which claim of lien shall state the description of the Unit encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claims of lien, the same shall be satisfied of record.

The lien provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Accordingly any person, firm or corporation acquiring title to any Unit and its appurtenant undivided interest in Common Elements by virtue of any foreclosure of a first deed of trust or judicial sale relating to a first deed of trust, shall be liable and obligated only for such assessments as shall accrue and become due and payable for said Unit and its appurtenant undivided interest in Common Elements subsequent to the date of their acquisition of such Unit, they shall not be liable for the payment of any assessments which were in default and delinquent at the time they acquired such Unit. In the event of the acquisition of title to a Unit by foreclosure, deed

in lieu of foreclosure or judicial sale, any unpaid assessment or assessments pertaining to the Unit so acquired shall be absorbed and paid by all Owners of all Units as part of the Common Expense. Provided, however, nothing herein contained shall be construed as releasing the party liable for such unpaid assessment from the payment thereof or the enforcement or collection of such payment by means other than foreclosure of the Unit.

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

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

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

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

ARTICLE V COMMON ELEMENTS

Section 5.1:

- (a) "Common Elements" shall include all portions of the Condominium (including the Limited Common Elements) other than the Units, including, without limitation, (i) all improvements located upon the Land outside of the Buildings, including any signage now existing or hereinafter erected, entrance features, landscaped areas (including landscape timbers around the perimeter of the Land), gazebo, outdoor lighting, underground utility lines, (including but not limited to electrical lines, telephone lines, cable television lines, water lines, gas lines and sewer lines located outside any street rights-of-way, whether public or private, and outside the Town of Carrboro utility easements), walkways, irrigation systems, parking areas and driveways, (ii) all portions of the Buildings located outside of the Units, including, but not limited to, wood studs, exterior walls, canopies, porches and overhangs surrounding the entrances to the Buildings, the windows and entrance doors to each Unit, decks and steps, other than those hereinafter described as Limited Common Elements, if any, (iii) the foundations, roof and structural components of the Buildings and any area(s) denominated as Common Elements on the Plat(s) and Plan(s).

The Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements (including the right to grant and establish upon, over and across the Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and the Common Elements) which do not materially prejudice

the rights of the Owner of any Unit in the use and enjoyment of such Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all of the Owners of the Units. However, where any alterations and improvements are exclusively or substantially for the benefit of an Owner or Owners requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

An easement is hereby established over the Common Elements for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

All Units shall be subject to easements for the encroachment of initial improvements constructed by the Declarant to the extent that such initial improvements actually encroach including but not limited to, such items as overhanging eaves, gutters and downspouts, walls, the fence between the Condominium and the Thrift Shop next door and the fence between the rear yard of the Strayhorn House at 107 Jones Ferry Road and the Land.

- (b) The Limited Common Elements shall include those portions of any pipe, chute, flue, duct, wire, conduit, or any other fixtures lying partially within and partially outside the designated boundaries of a Unit which serve only that Unit, and any portion thereof serving more than one Unit but not all Units or any portion of the Common Elements pursuant to N.C.G.S. § 47C-2-102(2). Furthermore, any entrance porches, stoops, decks, steps, windows and all exterior doors and windows or other fixtures designated to serve a single Unit but located outside the Unit's boundaries are Limited Common Elements allocated exclusively to that Unit, pursuant to N.C.G.S. §47C-2-102(4). Notwithstanding the foregoing or anything herein to the contrary, any portions of the heating, ventilating and air-conditioning systems, including, fans, compressors, return air grills and thermostats, utility lines providing water, sewer, telephone, gas, cable television or other services (other than the portions of any such utility trunk or main lines located underground or within the concrete slab upon which the Building is located and the central control box or panel to which such service lines are connected) whether located inside or outside the designated boundaries of a Unit (including within the metal studs and the plenum area inside the Building), but which serve a single Unit, shall not be designated as Common Elements or Limited Common Elements but shall instead be the personal property of the Owner of the Unit or Units that they serve.

Section 5.2: The walls connecting adjacent Units are "party walls" and are situated on or about the boundary line separating such Units. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use as determined by the Executive Board. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes a party wall to be exposed to the elements and/or causes damage to another Unit, shall bear the entire cost of protecting the Unit against such elements or damage as applicable.

Section 5.3: The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the Unit and shall pass to such Owner's successors in title.

Section 5.4: If any Owner desires to sell his Unit, such Owner may, in order to assure a prospective Purchaser that no adjoining Owner has a claim for contribution may request a certification that no right of contribution exists, whereupon it shall be the duty of the adjoining Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 5.5: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by binding arbitration in Orange County, North Carolina in accordance with the then applicable rules of the American Arbitration Association.

ARTICLE VI MAINTENANCE

Every Owner shall perform promptly all maintenance and repair work within his Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of such Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans or other appliances or equipment, including any utility fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors within the Unit, including painting, decorating and furnishings and all other accessories which such Owner may desire to place or maintain in this Unit. Whenever the maintenance, repair or replacement of any item for which the Owner of a Unit is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair or replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Owner of a Unit who has exclusive use of any Limited Common Elements shall maintain such at his own expense. All glass doors, window frames, panes and screens are a part of the respective Units and shall be maintained by the respective Unit Owners.

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

The maintenance responsibility of any private streets and driveways shall rest with the Association pursuant to the provisions of Carrboro Town Ordinances.

ARTICLE VII ARCHITECTURAL CONTROL

No building, fence, wall or other structure or improvement shall be commenced, erected or maintained upon the Condominium, other than those described herein, nor shall any exterior addition or change therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by a majority vote of the Board of Directors of the Association. The foregoing restriction specifically applies to any changes to the interior or exterior appearance of each Unit, any signs, lettering, advertising or other information permanently or temporarily posted on, attached to or affixed to the exterior of a Unit or any exterior signage, any lettering, advertising or other information permanently or temporarily posted on, attached to or affixed to the exterior of a Unit.

The exterior color of all or any part of any Building cannot be changed unless the color scheme of the entire Condominium is similarly changed. Any such change requires the approval of two-thirds (2/3) of the Owners at a duly called meeting at which a quorum is present.

ARTICLE VIII USE RESTRICTIONS

Section 8.1: No Unit may be used for transient hotel or commercial purposes and shall, at all times, be used in accordance with any applicable zoning ordinances to which the Condominium is subject. To the extent of a usage conflict between a restriction contained herein and the applicable zoning classification, the terms of this Declaration shall be deemed to control.

Section 8.2: The use of Units by Owners and their tenants, guests or other occupants of a Unit shall be limited to residential purposes.

Section 8.3: No obnoxious or offensive activity shall be conducted upon any Unit nor shall anything be done thereon which may be or may become an annoyance or nuisance.

Section 8.4: No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any Unit without the consent and approval of the Board of Directors.

Section 8.5: No signs or other attachments to the exterior of a Unit, the exterior of the Building or upon the Common Elements shall be permitted without the prior written approval of the Declarant during the Period of Declarant Control and by a majority vote of the Board of Directors thereafter.

Section 8.6 The Common Elements shall not be used for storage of supplies, personal property, trash or refuse of any kind. Sidewalks, landscaped areas, driveways and parking areas shall not be obstructed in any way, or used for other than their intended purposes. The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the Owner having the right to the use and enjoyment of such Limited Common Elements.

Section 8.7: The Unit Owners, by a majority vote, may adopt reasonable Rules and Regulations governing the use of the Units or Common Elements from time to time.

Section 8.8: Any lease of a Unit or portion thereof shall be in writing for a period of at least thirty (30) days, and shall provide that the terms of the applicable lease shall be subject in all respects to the Condominium Documents and that any failure by the tenant to comply with all of the terms of such Condominium Documents shall constitute a default under the applicable lease.

Section 8.9: Nothing shall be done or kept in any Unit or on the Common Elements which will impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium or which will increase the rate of insurance on the Common Elements or any Unit.

Section 8.10: Each Owner shall pay promptly all persons furnishing labor or materials with respect to any work performed on behalf of such Owner or its contractor on or about the Common Elements and shall not permit any lien to be filed against the Common Elements by reason of any work, labor, services or materials performed or furnished, or alleged to have been performed or furnished, to such Owner or to anyone possessing such Owner's Unit through or under such Owner. If such a lien is filed, such Owner shall forthwith cause the same to be discharged of record or bonded to the satisfaction of the Executive Board thereafter.

Section 8.11: No Owner shall place or allow to be placed or maintained on the exterior of any Unit any sign, advertising matter or any other thing of any kind, except for "for sale" signage, including letters or advertising materials on the front of any Unit, or any interior sign visible from outside of a Unit unless the same is permitted by the Executive Board or otherwise permitted by the Rules and Regulations established for all Owners.

Section 8.12: All Owners, their tenants, guests and their respective invitees shall park their cars in the Common Elements only in such areas designated for such purposes by the Executive Board. If any Owner, its tenants, invitees, employees, agents, guests, or their respective employees shall fail to park their cars in the designated parking areas, then the Executive Board shall have the right to charge the applicable Owner a parking charge on a per diem basis for such violation which shall be immediately due and payable, and if not paid within thirty (30) days of such Owner's receipt thereof, shall be a lien on the applicable Owner's Unit which may be foreclosed upon in the same manner as liens for unpaid assessments set forth in Section 4.1 hereof.

Section 8.13: Neither an Owner, nor such Owner's tenants or their respective agents, employees, contractors or customers, shall deposit, dispose of, introduce, store or discharge any hazardous substances, materials, elements or compounds on any Unit or upon the Common Elements in violation of any local, state or federal law, rule or regulation regarding environmental, hazardous, toxic, dangerous, restricted or otherwise regulated wastes, substances or materials now or hereafter in effect.

Section 8.14: No Owner of any Unit shall permit the use of his Unit for transient hotel or commercial purposes. Corporate or partnership members, shall permit the use of a Unit only by its principal officers, directors or partners, or other guests or lessees. Such corporate or partnership member shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration of Condominium and with the rules and regulations which may be promulgated by the Association from time to time, acknowledging that the party's right to use such Unit shall exist only so long as the corporation or partnership shall continue to be a member of the Association. Upon demand by the Association to any corporate or partnership member to remove a party for failure to comply with the terms and provisions of this Declaration of Condominium and/or the Rules and Regulations of the Association or for any other reason, the corporate or partnership Member shall forthwith cause such party to be removed, failing which, the Association, as agent of the Owner, may take such action as it may deem appropriate to accomplish such removal. All such action by the Association shall be at the cost and expense of the Owner, who shall reimburse the Association therefor upon demand, together with such attorneys' fees as the Association may have incurred in the process of such removal.

Section 8.15: The uses of the Common Elements, including the Limited Common Elements, by the Owner or Owners of all Units, and all other parties authorized to use the same, shall be at all times subject to such reasonable Rules and Regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association but including the following:

- (a) The rights of the Association to limit the number of guests or members;
- (b) The right of the Association to prohibit animals, livestock or poultry of any kind from being kept or maintained in any Common Elements or in any dwelling except that dogs, cats or other household pets may be kept or maintained within a Member's Unit provided that they are not kept or maintained for commercial purposes, and that no animal shall be permitted upon the Common Elements unless the same is under a leash and the person responsible for the same has adequate tools or appliances for cleaning up after the animal.
- (c) The right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for any period during which any assessment against his Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations.
- (d) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility whether owned or leased by the Association for use by the Members.

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

ARTICLE IX EASEMENTS

Section 9.1: The Executive Board reserves at any time, the right to grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines, pipes, ducts, sewer lines, gas mains, telephone and television or cable television wires, cables and equipment, electrical conduits, and wires over, under, along and on any portion of the Common Elements; and each Owner hereby grants to the Executive Board an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. The Executive Board shall, at any time, have the right and easement to run conduits, utility lines and other cables, wires and equipment in the plenum area between the top horizontal plane of each Unit and the roof of any Building in order to provide utilities and other services to Owners and their tenants; provided, however, the ownership and responsibility for the future maintenance and replacement of such conduits, lines, cables, wires or other equipment shall be the sole responsibility of the Owner of the Unit served thereby. Easements for installation and maintenance of utilities and drainage facilities, if any, are also reserved as shown on the Plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may obstruct or change the flow of drainage channels in the easements.

Section 9.2: All Units and Common Elements shall be subject to easements for the encroachment of improvements from adjacent Units which existed upon creation of the Condominium to the extent that such improvements actually encroach, provided such encroachment does not interfere with the reasonable use of the Common Elements or Units so encroached upon. If any Building, any Unit or any portion of the Common Elements is partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings and is thereafter rebuilt, encroachment

of parts of the Common Elements upon any Unit or upon any portion of the Common Elements due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as any of the Buildings shall stand.

Section 9.3: The Association shall have a right of entry upon the Units and any Limited Common Elements to effect emergency repairs and a reasonable right of entry upon the Units to effect other repairs, improvements, replacement or maintenance, as necessary, whether such repairs, improvements, replacements or maintenance is made for the benefit of the Unit entered or another Unit.

Section 9.4: In the event that any Unit shall encroach upon any Common Elements, or any other Unit or Units, as a result of initial construction or for any other reason not caused by the purposeful or negligent act of the Unit Owner, or agents of such Owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachments upon the Common Elements or upon a Unit for so long as such encroachment shall naturally exist; and in the event that any portion of the Common Elements shall encroach upon any Unit, then an easement shall exist for the continuance of such encroachment of the Common Elements upon any Unit for so long as such encroachment shall naturally exist. If any Unit or Common Element shall be partially or totally destroyed as a result of a fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such unit and/or Common Element in accordance with Article XI hereof, there exist encroachments of portions of the Common Elements upon any Unit or upon any portion of the Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

Section 9.5: All easements granted herein are appurtenant to and shall run with the Land, the Buildings and each Unit and shall inure to the benefit of and be binding upon the Association, Owners, Tenants, occupants, and mortgage holders, lessors, lessees and any other person or entity having an interest in the Condominium.

ARTICLE X INSURANCE

Section 10.1: Property Insurance. Property insurance, with a commercially reasonably deductible not in excess of \$10,000.00, covering the Buildings and all improvements upon the Land, excluding the Units and further excluding such personal property as may be owned by the Unit Owners, shall be procured by the Association in an amount equal to 100% of the current replacement cost as determined annually by the Board of Directors in concert with the insurance company affording such coverage. Such policy shall contain an Agreed Amount Endorsement or an Inflation Guard Endorsement, if available. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Notwithstanding the foregoing, the Owners, by a majority vote, at any duly called meeting of the Owners, may authorize the Board of Directors to procure comprehensive property insurance insuring the Buildings, Units, Common Elements, interior fixtures, appliances and related improvements, or any part thereof, installed in the Units, provided such insurance is readily available and further provided such insurance can be procured at reasonable market rates. In no event shall the Board of Directors undertake to provide insurance covering the contents of any Unit or to purchase individual Unit Owner policies for any Unit Owner.

The policies evidencing such coverage shall insure against the risk of direct physical loss including fire and extended coverage perils, as are typically covered by standard fire and extended coverage policies applicable to properties similarly situated; shall provide that each Unit Owner is an insured person with respect to such Owner's Unit and such Owner's allocated interest in the Common Elements; shall contain clauses providing for waiver of subrogation against any Owner, and any Owner's tenants,

employees or agents; shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association and all the insureds, including all Mortgagees, shall provide that no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery upon such policy; and shall provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each insurance policy shall provide for the issuance of certificates or mortgage endorsements to Mortgagees.

Section 10.2: Public Liability Insurance. The Executive Board shall obtain and maintain a policy of comprehensive general liability insurance and Directors and Officers liability insurance in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000 per occurrence. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to the Association and to all insureds. The Executive Board shall review such limits annually.

Section 10.3: Fidelity Coverage. The Executive Board shall obtain such coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary, but in no event less than one-half the annual income plus one-half of the associated capital resources as calculated at the time of such Board election rounded to the nearest \$5,000.00. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board.

Section 10.4: Other Insurance Policies. The Executive Board shall be authorized to obtain such other insurance coverage, including workman's compensation, as the Executive Board shall determine from time to time to be desirable or necessary.

Section 10.5: Premiums. Premiums upon insurance policies purchased by the Executive Board, and any amounts paid as a result of a deductible, shall be paid by the Executive Board and charged as a Common Expense.

Section 10.6: Distribution of Insurance Proceeds. All insurance policies procured by the Executive Board shall provide that all losses shall be adjusted with and all proceeds shall be payable to the Executive Board as insurance trustee. The sole duty of the Executive Board as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

- (a) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's fractional interest in the Common Elements.
- (b) Proceeds on account of damage to Units and Limited Common Elements shall be held in the following undivided shares:
 - (1) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Executive Board;
 - (2) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's Unit's allocated interest in the Common Elements.

- (c) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and Owner as their respective interests may appear.
- (d) Proceeds of insurance policies received by the Executive Board as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:
 - (1) If it is determined, as provided in Article XI below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired:
 - (A) the process attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;
 - (B) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, as their interests may appear; and
 - (C) the remainder of the proceeds shall be distributed to all the Unit Owners or Mortgagees, as their interests may appear, in proportion to their Common Element interests.
 - (2) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

ARTICLE XI

DUTY TO REPAIR OR RECONSTRUCT

Section 11.1 Reconstruction and Repair. In the event of damage to or destruction of any Building as a result of fire or other casualty, the Executive Board shall arrange for the prompt restoration and replacement of such Building unless (1) the Condominium is terminated in accordance with the provisions of Article XIII below, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Unit Owners decide not to rebuild by a vote of the Owners of at least eighty percent (80%) of the Units, including one hundred percent (100%) of Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding three (3) conditions occurs, the Executive Board shall arrange for the prompt repair and restoration of the damaged or destroyed Building, not including any improvements or personal property owned by an Owner inside his Unit or serving his Unit but located outside such Unit's boundaries, and further not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss in which event the Executive Board shall repair or replace such damaged property), and the Executive Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration and make appropriate progress payments in accordance with the provisions of Section 10.6(d)(2) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plat(s) and Plan(s). If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon such vote as if the Unit had been condemned under N.C.G.S. § 47C-1-107(a).

ARTICLE XII UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the Articles, Bylaws, the Plat(s) and Plan(s) and any Rules and Regulations as may be adopted, as all of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the Articles, the Bylaws, the Plat(s) and Plan(s) and any Rules and Regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and agreement that such provisions shall be deemed and taken to be covenants running with the Land, the Buildings and the Units and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XIII TERMINATION

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

A. The termination of the Condominium may be effected only by the unanimous agreement of all Unit Owners expressed in an instrument to that effect duly recorded; and provided, that the holders of all liens affecting any of the Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage undivided interest of the Unit Owner in the Property as provided in Subparagraph "C" below. The termination shall become effective when such agreement has been recorded in the public records of Orange County, North Carolina.

B. If it is determined in the manner elsewhere provided that the Condominium shall not be reconstructed after casualty, the Condominium plan of ownership shall be terminated and the Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the Association certifying as to the facts effecting the termination, which Certificate shall become effective upon being recorded in the public records of Orange County, North Carolina.

C. After termination of the Condominium, the Unit Owners shall own the Property as tenants in common in undivided shares and the holders of mortgages and liens against the Unit or Units formerly owned by such Unit Owners shall have mortgages or liens upon the respective undivided shares of the Unit Owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in Common Elements previously owned by each Unit Owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the Unit Owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a Common Expense.

D. Following termination, an action or suit may be brought upon the application of any Unit Owner to have the Property partitioned or sold in lieu of partition. In addition, the Board of Directors, pursuant to a vote of not less than a three-fourths (3/4) vote of its members, may bring an action or suit to have the Property sold in lieu of partition. In such latter event, any action for partition or other division of the Property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the Board of Directors, acting collectively as agent for all Unit Owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

**ARTICLE XIV
AMENDMENT OF DECLARATION OF CONDOMINIUM**

This Declaration of Condominium may be amended in accordance with N.C.G.S. 47C-2-117 which is incorporated herein by reference as if fully set forth.

No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of said Declarant being first had and obtained.

**ARTICLE XV
REMEDIES IN EVENT OF DEFAULT**

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

A. An action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any Member of his family, or his or their guests, employees, agents, contractors or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court, but in no event shall any Unit Owner be entitled to such attorneys' fees.

D. The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration of Condominium or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.

E. All rights, remedies and privileges granted to the Association or the Owners of a Unit, pursuant to any terms, provisions, covenants or conditions of the Declaration of Condominium or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

F. The failure of an Institutional Lender or Institutional Lenders, as said term is herein defined, to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration of Condominium or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XVI CONDEMNATION

In the event all or any part of the Property shall be taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in N.C.G.S. 47C-1-107.

ARTICLE XVII GENERAL PROVISIONS

Section 17.1 All powers granted in the Declaration, the Articles, the Bylaws or any Rule or Regulation to the Association shall be exercisable by the Executive Board, except as otherwise expressly provided in the Declaration, the Articles, the Bylaws, the Rules and Regulations or N.C.G.S. Chapter 47C.

Section 17.2 The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, Rules and Regulations and charges now or hereafter imposed by the provisions of this Declaration, the Articles, or the By-Laws. Upon notice to the Association of a violation hereunder and a failure of the Association to take action upon said violation within 90 days, any Owner, or other holder of an interest in the Condominium may undertake the enforcement of the provisions of the Declaration at his own expense.

Section 17.3 Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 17.4 The fiscal year of the Association shall begin on the first day of January and end the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVIII LIBERAL CONSTRUCTION

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

ARTICLE XIX AGENT FOR SERVICE OF PROCESS

The following name individual is designated as the person to receive service of process for the Association:

Georgann Eubanks
206 West Main Street
Carrboro, NC 27510

ARTICLE XX REFUSE COLLECTION

Refuse will be collected by the Town of Carrboro from Town-specified containers.

IN WITNESS WHEREOF, the Declarant, TWIN MAGNOLIAS HOLDINGS, LLC, a North Carolina member-managed limited liability company, has hereunto caused this instrument to be signed and sealed in its company name by its Member-Manager, all by authority of its Member duly given, this instrument being executed and delivered on the day and year first written above.

TWIN MAGNOLIAS HOLDINGS, LLC,
A Limited Liability Company

By: [Signature] (SEAL)
James K. Pendergrass, Jr., Member-Manager

STATE OF NORTH CAROLINA
COUNTY OF Johnston

I, Patricia C. Benson, a Notary Public of the County and State aforesaid, certify that James K. Pendergrass, Jr., Member-Manager of TWIN MAGNOLIAS HOLDINGS, LLC personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 2nd day of August, 2007.

Patricia C. Benson

Notary Public

Patricia C. Benson

Print Name

My Commission Expires: 8-1-2009

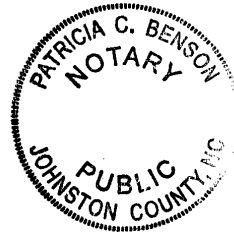


EXHIBIT "A"

20070803000240260 DECL
Bk:RB4347 Pg:34
08/03/2007 11:23:06AM 24/35

Parcel 1:

Being all of Lot A shown and more particularly described on that certain Plat entitled Twin Magnolias Subdivision bearing Project No. 1738202 and recorded in Plat Book 101, Page 114 in the office of the Orange County Register of Deeds.

Parcel 2:

Those certain easements more fully described in that certain instrument entitled Easement for Cross Pedestrian Access and Utilities recorded in Book RB4261, Page 185 in the office of the Orange County Register of Deeds.

EXHIBIT "B"
Articles of Incorporation



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

20070803000240260 DECL
Bk:RB4347 Pg:36
08/03/2007 11:23:06AM 26/35

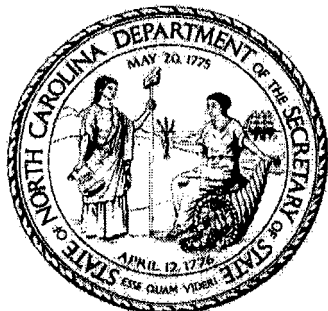
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

TWIN MAGNOLIAS CONDOMINIUM OWNERS' ASSOCIATION, INC.

the original of which was filed in this office on the 2nd day of August, 2007.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 2nd day of August, 2007

Elaine F. Marshall

Secretary of State

**ARTICLES OF INCORPORATION
OF
TWIN MAGNOLIAS CONDOMINIUM OWNERS' ASSOCIATION, INC.
A NON-PROFIT CORPORATION**

The undersigned, being a natural person of full age, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of Chapter 55A of the General Statutes of North Carolina and the laws of the State of North Carolina.

**ARTICLE I
NAME**

The name of the corporation is TWIN MAGNOLIAS CONDOMINIUM OWNERS' ASSOCIATION, INC. (hereinafter sometimes referred to as "the Association").

**ARTICLE II
DURATION**

The period of duration of the corporation is perpetual.

**ARTICLE III
PURPOSES AND POWERS**

The purposes and powers for which the corporation is organized are as follows:

(1) To operate and manage a condominium development known as TWIN MAGNOLIAS CONDOMINIUM established pursuant to Chapter 47C of the North Carolina General Statutes and located in Carrboro, Orange County, North Carolina;

(2) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of the Association in accordance with the terms, provisions, conditions and authorization contained in both these Articles and in the DECLARATION OF CONDOMINIUM FOR TWIN MAGNOLIAS CONDOMINIUM (the "Declaration") which shall be recorded in the Orange County Public Registry at such time as the real property described on Exhibit "A" attached hereto and the improvements thereon are submitted to the Declaration;

(3) To make, establish and enforce reasonable rules and regulations governing the use of the common elements, land, and other real and personal property which may be owned by the Association itself;

(4) To make, levy and collect assessments against condominium unit owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use said assessments to promote the acquisition, improvement and maintenance of the common elements, services and facilities devoted to this purpose and related to the use and enjoyment of the common elements, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof and the maintenance of insurance in accordance with the Bylaws of the Association (the "Bylaws"), including the employment of accountants, attorneys and other professional services providers to represent the Association when necessary for such other needs as may arise;

(5) To maintain, repair, replace and operate the properties for which the Association is responsible;

(6) To enforce by any legal means, the provisions of the Declaration, the Bylaws and the Rules and Regulations for the use of the Association Common Elements as each of those terms are defined in the Declaration;

(7) To delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Association's Executive Board or the membership of the Association; and

(8) To have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration and all powers reasonably necessary to implement the purposes of the Association.

ARTICLE IV MEMBERSHIP

A. The Association shall have members which shall be limited solely to the owners of units in TWIN MAGNOLIAS CONDOMINIUM. Membership shall be automatically established by acquisition of fee title to a condominium unit whether by conveyance, devise, descent, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a designated condominium unit shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. Neither one's membership in the Association nor a member's share in the funds and assets of the Association may be assigned, hypothecated or transferred in any manner except as an appurtenance to TWIN MAGNOLIAS CONDOMINIUM.

ARTICLE V EXECUTIVE BOARD

A. The number of members of the Executive Board and the method of election of same shall be fixed by the Bylaws; however, the number of Board members shall not be less than three. The first election by the members of the Association for members of the Executive Board shall not be held until after the Declarant (i.e. TWIN MAGNOLIAS HOLDINGS, LLC, its successors or assigns) has relinquished control of the Association as set out in the Declaration. Thereafter, the election of members to the Executive Board shall take place at the annual meeting of the membership as provided in the Bylaws. After the Declarant has relinquished control, there shall be a special meeting of the membership for the purpose of electing a new Executive Board to serve until the next annual meeting and until new members of the Executive Board are elected and qualified.

B. To the fullest extent permitted by the North Carolina Non-Profit Corporation Act as it exists or may hereafter be amended, no person who is serving or who has served as a member of the Executive Board shall be personally liable for monetary damages for breach of any duty as a director. No amendment or repeal of this Article, nor the adoption of any other amendment to these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

ARTICLE VI INITIAL EXECUTIVE BOARD

The number of members constituting the initial Executive Board shall be three and the names and addresses of the persons who are to serve as the first Executive Board are as follows:

<u>NAME</u>	<u>ADDRESS</u>
James K. Pendergrass, Jr.	1511 Sunday Dr., Suite 220 Raleigh, NC 27607
Bernard Richards, Jr.	1511 Sunday Dr., Suite 220 Raleigh, NC 27607
Elizabeth W. Gilbert	1511 Sunday Dr., Suite 220 Raleigh, NC 27607

ARTICLE VII TAX STATUS

The corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, this corporation hereby elects tax-exempt status under Section 528 of the Internal Revenue

Code of 1986. This corporation shall not carry on any activities prohibited by a corporation electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law. It is further provided that no distributions of income of the corporation are to be made to members, directors or officers of the corporation; provided, however, that members of the corporation may receive a rebate of any excess dues and assessments previously paid.

ARTICLE VIII DISTRIBUTION OF ASSETS UPON DISSOLUTION

Upon dissolution of the corporation, the assets thereof shall, after all liabilities and obligations of the corporation have been paid, or adequate provision made therefore, be dedicated to an appropriate public agency to be used for purposes similar to those for which the corporation was created or, in the event that such dedication is refused acceptance, distributed to any association or associations organized for purposes similar to those set for in Article III above, all in accordance with any further provisions of the Bylaws of the corporation.

ARTICLE IX REGISTERED OFFICE AND AGENT

The address of the initial registered office of the corporation in the State of North Carolina is 1511 Sunday Drive, Suite 220, Raleigh, Wake County, North Carolina, 27607, and the name of the initial registered agent at such address is James K. Pendergrass, Jr.

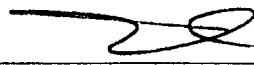
ARTICLE X PRINCIPAL OFFICE

The address of the principal office of the Association is 1511 Sunday Drive, Suite 220, Raleigh, Wake County, North Carolina, 27607, and the mailing address of the principal office of the Association is P O Drawer 33809, Raleigh, Wake County, North Carolina, 27636.

ARTICLE XI INCORPORATOR

The name and address of the incorporator is James K. Pendergrass, Jr., 1511 Sunday Drive, Suite 220, Raleigh, Wake County, North Carolina 27607.

2nd IN WITNESS WHEREOF, the incorporator has hereunto set his hand and seal this
day of August, 2007.


James K. Pendergrass, Jr.
Incorporator

NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned Notary Public, do hereby certify that James K. Pendergrass, Jr.,
Incorporator, personally appeared before me this day and acknowledged the due execution
of the foregoing instrument.

WITNESS my hand and notarial seal this the 2nd day of
August, 2007.

Elizabeth Millert
Notary Public
Elizabeth Gilbert
Print Name

My commission expires: 3-28-2011



EXHIBIT "A"

Parcel 1:

Being all of Lot A shown and more particularly described on that certain Plat entitled Twin Magnolias Subdivision bearing Project No. 1738202 and recorded in Plat Book 101, Page 114 in the office of the Orange County Register of Deeds.

Parcel 2:

Those certain easements more fully described in that certain instrument entitled Easement for Cross Pedestrian Access and Utilities recorded in Book RB4261, Page 185 in the office of the Orange County Register of Deeds.

EXHIBIT "C"
Certificate of Completion

EXHIBIT "C"

CERTIFICATE OF COMPLETION
FOR
TWIN MAGNOLIAS CONDOMINIUM

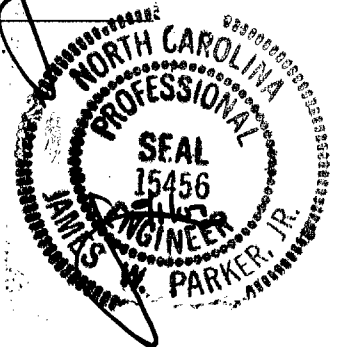
The undersigned, being a Professional Engineer licensed under the provisions of Chapter 89 [89C] of the North Carolina General Statutes, hereby certifies that all structural components and mechanical systems of all buildings containing or comprising any units created by the Declaration of Condominium for TWIN MAGNOLIAS CONDOMINIUM, to which this Certificate of Completion is attached and made a part, are substantially completed in accordance with the plans.

This Certificate of Completion is issued in accordance with and in satisfaction of the requirements of N.C.G.S. 47C-2-101.

This the 1st day of August, 2007.

By:

James W. Parker, Jr., P.E.
Professional Engineer
License No. 15456

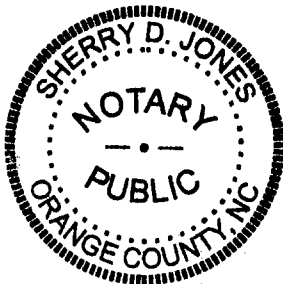


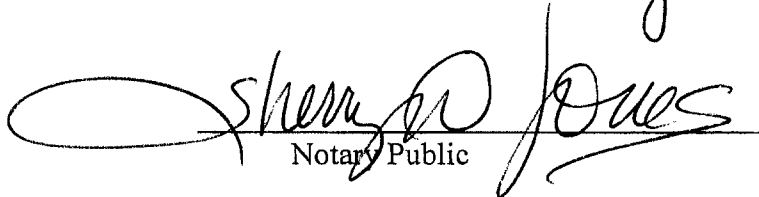
STATE OF NORTH CAROLINA

COUNTY OF ORANGE

I, a Notary Public of the County and State aforesaid, do hereby certify that James W. Parker, Jr., Professional Engineer, personally appeared before me this day and acknowledged the due execution of the following instrument.

Witness my hand and official seal, this the 1st day of August, 2007.




Notary Public

SHERRY D. JONES
Printed Name

My Commission Expires: 5/20/2010

EXHIBIT "D"

UNIT SQUARE FOOTAGE AND PERCENTAGE INTEREST IN COMMON ELEMENTS

<u>UNIT NO.</u>	<u>SQUARE FOOTAGE</u>	<u>PERCENTAGE INTEREST IN COMMON ELEMENTS</u>
105-A	1506	0.0469
105-B	1480	0.0460
105-C	1308	0.0407
105-D	1526	0.0475
105-E	1468	0.0457
105-F	1480	0.0460
105-G	1506	0.0469
105-H	1746	0.0543
105-I	1633	0.0508
105-J	1480	0.0460
105-K	1468	0.0457
105-L	1480	0.0460
105-M	1506	0.0469
105-N	1746	0.0543
105-O	1321	0.0410
105-P	1480	0.0460
105-Q	1633	0.0508
105-R	1047	0.0326
105-S	1506	0.0469
105-T	1468	0.0457
105-U	1308	0.0407
105-V	1047	0.0326
TOTAL	32,143	100.00%