



# Carolina's HealthCare System

5/3/2011

## Transmittal Coversheet

Date: 3/18/2011

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From: ~~Lisa B. Edwards~~  
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Paul Yurksaitis  
Other:  
Other: *Thora*

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Jennie Capousis - Lincoln Harris  
Tory Murry - Lincoln Harris  
Amy Rome - Lincoln Harris  
√ Dwayne Martin - Lincoln Harris  
Broker:

**Type of Use:** Hospital  Land  MOB  Office  Parking  Retail   
 LA / Hotel Space  Residential  Food Srvc / Restaurant  Warehouse

**Building Owner:** Doctor employed by CMHA  Doctor employed by CPN   
 3<sup>rd</sup> Party Doctor  Medical REIT  Uncertain  None of the Above

**Affiliated Campus:** CMC-Main  CMC-Mercy  CMC-NorthCross   
 CMC-NorthEast  CMC-Pineville  CMC-Union  CMC-University   
 CMC-Lincoln  CMC-Cleveland  On campus   
 Associated w/ campus  None of the Above

**Lease Info:** Joint Venture  Acquisition of Practice   
 Practice Managed By Entity other than Name on Lease  New Location   
 Full Service LH  Lease Oversight LH  No Service LH

**Document:** *Declaration for CMDO*

**Tenant Name:**

**Tenant Address:** *130 Lake Concord Rd, Concord, NC*

**Notes:** *Re-scanned to include all pages*

**Payment of Rent to Landlord:** Tenant \_\_\_\_\_ LH-Disbursement \_\_\_\_\_ LH-J/E \_\_\_\_\_  
 Regional -Balance Sheet : \_\_\_\_\_ Gross Lease - 70/30 Split: \_\_\_\_\_ Other: \_\_\_\_\_

*20 51*  
*Bldg file*

STATE OF NORTH CAROLINA

COUNTY OF CABARRUS

DECLARATION CREATING UNIT OWNERSHIP IN 130 LAKE CONCORD ROAD CONDOMINIUM

PURSUANT TO CHAPTER 47A OF THE NORTH CAROLINA GENERAL STATUTES

MDDS (hereinafter called "the Grantor"), a North Carolina general partnership having its principal office at Concord, County of Cabarrus, State of North Carolina, as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare, and publish its intention and desire to submit, and does hereby submit, pursuant to §47A-2 of the General Statutes of North Carolina, the land and buildings hereinafter described, together with all improvements thereon, and including all easements, rights, and appurtenances thereunto belonging or pertaining, to the operation and provisions of the Unit Ownership Act (hereinafter called "the Act"), Chapter 47A of the General Statutes of North Carolina. Further, in conformity with the said Act and in particular with §47A-13 thereof, the Grantor sets forth the following particulars:

I.

DESCRIPTION OF THE LAND

Pursuant to §47A-13(1) of the Act, the real property that is hereby submitted to the operation of the Act is described as follows:

LYING AND BEING in No. 12 Township, Cabarrus County, North Carolina, on the east side of Lake Concord Road, adjoining the property of C. J. Moss and Cabarrus Clinic For Women, P.A., and being a 1.31 acre tract as shown on plat of the property of George T. Rossar, Gerald V. Ottani, Joseph J. Gerdes, et al., as surveyed by Mel C. Thompson, January 1, 1979, and being more particularly described as follows:

BEGINNING at an iron in the eastern edge of Lake Concord Road, the northwest corner of the property of Cabarrus Clinic For Women, P.A., described in the deed recorded in Deed Book 482 at Page 444 in the office of the Register of Deeds for Cabarrus County, and runs thence with the eastern edge of Lake Concord Road N. 10-16-20 E. 275.70 feet to an iron, a corner of C. J. Moss; thence with the line of Moss S. 83-09-50 E. 219.48 feet to a point; thence S. 11-09-40 W. 250.47 feet to a point in the line of Cabarrus Clinic For Women, P.A.; thence with the line of Cabarrus Clinic For Women, P.A. N. 89-51-15 W. 218.63 feet to the point of BEGINNING.

## II.

## DESCRIPTION OF THE BUILDING

Pursuant to §47A-13(2) of the Act, the improvements hereby submitted to the Act are described as follows:

The building consists of two stories or floors and no basement. The number of condominium units shall be three (3) which shall be known as Unit 1, Unit 2 and Unit 3, which three (3) units are described particularly in Article III below:

The principal materials of which the building is constructed are as set out in the copy, attached hereto, pursuant to §47A-15 of the Act, of the plans of the building which were prepared by Marshall Erdman & Associates, Inc. and are designated as "Exhibit A."

## III.

## DESIGNATION AND DESCRIPTION OF UNITS

Pursuant to §47A-13(3) of the General Statutes of North Carolina, the Unit designation and description of each Unit are as follows:

There are three (3) units, which are to be known as and are hereby designated and defined as Unit 1, Unit 2 and Unit 3. Unit 1 consists generally of the lower level or the first story or floor of the building. Unit 2 consists generally of the northern portion of the upper level or second story or floor of the building and is designated as "Neurology" on Exhibit A attached hereto. Unit 3 consists generally of the southern portion of the upper level or second story or floor of the building and is designated as "Oral Surgery" on Exhibit A attached hereto. Excluded from Units 1, 2 and 3, however, are all spaces and improvements lying beneath the undecorated and/or unfinished surfaces of the perimeter walls and floors of each unit, and above the undecorated and/or unfinished inner surfaces of the ceilings of each unit, and further excluded are all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior bearing walls and/or bearing partitions, and further excluded are all pipes, ducts, wires, conduits, and other facilities running through any interior wall or partition for the furnishing of utility services to the units or to the common areas and facilities, "common areas and facilities" being described below. Included in each unit, however, are all fixtures, appliances, mechanical and electrical systems and equipment and heating and air conditioning systems installed and intended for the sole and exclusive use and benefit of that unit, commencing at the point of disconnection from the structural body of the building and from the utility lines, pipes or system or systems serving that particular unit.

The area of Unit 1 is approximately 6,247 square feet, the area of Unit 2 is approximately 3,650 square feet, and the area of Unit 3 is approximately 2,663 square feet. Unit 1 has direct access to the common areas and facilities which comprise the entrances to the lower level or first story or floor of the building. Units 2 and 3 have direct access to the common areas and facilities which comprise the entrances to the upper level or second story or floor of the building. Unit 1 contains all of the offices and rooms on the lower level or first story or floor of the building which includes those offices and rooms designated on Exhibit A attached hereto, including those offices and rooms designated Office (3), Computer, General X-Ray, Fluoroscopy (2), Waiting Radiology, Business, Film Processing, Film Storage, Lounge, Inactive Files, Mach/Stor., Cash/Rec., Enema, Chem. Stor., and Storage. Unit 2 contains those offices and rooms in the northern portion of the upper level or second story or floor of the building and those offices and rooms designated on Exhibit A attached hereto, including those rooms and offices designated Waiting Neurology, Library, Exam. (3), Treat., Cons. (3), Lounge, Emer., Business, Lab/N.S., Stor. (2), and Private Waiting. Unit 3 contains those offices and rooms in the southern portion of the upper level or second story or floor of the building and those offices and rooms designated on Exhibit A attached hereto, including those offices and rooms designated Waiting Oral Surgery, Business, Lounge, Office (2), Op. (4), Lab/Sterilizing, Tanks/Equipment Storage, Rec. (4) and Panorex.

IV.

DESCRIPTION OF GENERAL COMMON AREAS AND FACILITIES,  
AND OWNERSHIP INTERESTS THEREIN

Pursuant to §47A-13(4) of the Act, the description of the general common areas and facilities and the proportionate interest of each Unit owner therein are as follows:

The general common areas and facilities mean, comprise and include all of the real property, improvements and facilities of and located upon the real property described hereinabove under Article I, other than the Units, as the Units are defined and described hereinabove under Article III, and shall include easements through the Units for conduits, pipes, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to the Units and to the common areas and facilities, and easements of support in every portion of a Unit which contributes to the support of the improvements, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the owners of all the Units. The undivided proportionate interest, expressed as a percentage, in the common areas and facilities appurtenant to each Unit is set forth below:

<u>Unit</u>	<u>Percentage Interest</u>
1	50.0%
2	29.0%
3	21.0%

The percentage of undivided interest in the common areas and facilities assigned to each Unit shall not be changed except with the unanimous consent of all Unit owners in a duly recorded amendment to this Declaration.

V.

DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES

Pursuant to §47A-13(5) of the Act, the Grantor hereby states and declares that there are no limited common areas and facilities.

VI.

INTENDED PURPOSE OF THE BUILDING AND THE UNITS,  
AND RESTRICTIONS AS TO USE

Pursuant to §47A-13(6) of the Act, the purpose for which the building and each of the Units is intended and the restrictions upon their use are as follows:

The Property and the Units and the common areas and facilities are hereby declared to be subject to any and all valid and enforceable restrictions, conditions, limitations and easements now of record affecting the property and are hereby declared to be subject to any and all restrictions, easements, conditions, limitations and covenants prescribed or established herein or in the Bylaws of the Management Association mentioned hereinafter, pertaining to and governing the use of the Property and the Units and the common areas and facilities, and setting forth the obligations and responsibilities incident to the ownership of each Unit and its appurtenant undivided interest in the common areas and facilities.

Specifically, but without limiting the generality of the foregoing, the Property and the Units and the common areas and facilities are intended for office usage and purposes and not for either residential or industrial usage or purposes, and no Unit shall be used for any purpose other than the maintenance of offices therein and purposes directly related to the maintenance of such offices, and neither the Property nor any Unit nor the common areas and facilities shall be used in any manner or for any purpose which in the sole opinion of the Management Association mentioned hereinafter is inconsistent with

the maintenance of the Property and the Units as an office facility of the first class in the quality of maintenance, use, occupancy and appearance. In addition, the Property and the Units and the common areas and facilities shall be subject to the following restrictions:

1. No immoral, improper, offensive or unlawful use shall be made of any Unit or of the common areas and facilities, nor of any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of or over the Property 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 areas and facilities which will increase the rate of insurance on the Property or on another Unit or its contents or will adversely affect or jeopardize any such insurance coverage, or which will obstruct or interfere with the rights of other occupants of the Property or annoy them by unreasonable noises or traffic, or which will create or constitute a nuisance to any other owner of a Unit, or which interferes with the peaceful possession and proper and full use and enjoyment of any other Unit or of the common areas and facilities.

2. The use of all Units and all common areas and facilities shall be at all times subject to such reasonable rules and regulations as may from time to time be prescribed and established in accordance with this Declaration by the Management Association mentioned hereinafter pursuant to its Bylaws.

#### VII.

##### SERVICE OF PROCESS

Pursuant to §47A-13(7) of the Act, the name and place of business of a person upon whom process may be served in cases involving the Management Association mentioned hereinafter, or in other cases in which the Act permits service to be made upon a person named in the Declaration, is George T. Roesser, 130 Lake Concord Road, Concord, North Carolina 28025.

## VIII.

## AMENDMENT OF DECLARATION

Pursuant to §47A-13(9) of the Act, the method by which this Declaration may be amended is as follows: This Declaration may be amended by the vote of at least sixty-six and two-thirds percent (66-2/3%) of the condominium unit owners, provided any such amendment shall not be effective until placed in writing, executed and acknowledged by sixty-six and two-thirds percent (66-2/3%) of the condominium unit owners, and filed for registration in the Cabarrus County Registry; provided further, however, that no such amendment shall affect or change the percentage of undivided interests of each condominium unit owner in the common areas and facilities, without the unanimous consent of all condominium unit owners. No amendment hereof shall be effective until recorded in the Office of the Register of Deeds for Cabarrus County, North Carolina, and no amendment hereof which would affect the validity or priority of any mortgage or deed of trust upon the Property or upon a Unit or which would alter, amend or modify in any manner whatsoever the rights, powers and privileges granted and reserved herein in favor of any mortgagee or deed of trust beneficiary shall affect or be effective as to any mortgagee or a mortgage or beneficiary of a deed of trust upon the Property or upon a Unit unless the said mortgagee or deed of trust beneficiary consents thereto in writing.

## IX.

OWNERSHIP OF UNITS, RESTRICTION AGAINST PARTITION OR SEPARATE  
CONVEYANCE OF APPURTENANT COMMON AREAS AND FACILITIES

Each Unit of the property shall be conveyed and treated as an individual property capable of independent use and ownership consistent with and as provided in the Act and in this Declaration. The undivided interest in the common areas and facilities hereinabove declared to be an appurtenance to each Unit shall not be conveyed, devised, inherited, encumbered or otherwise dealt with in any manner separately from or in any manner separated from the Unit to which it appertains, and the

undivided interest in common areas and facilities appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly mentioned or described in the instrument or document conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage, deed of trust or other instrument or document which purports to affect, convey, devise or encumber, or which purports to grant any right, interest or lien in, to or upon, a Unit shall be null, void and of no effect whatsoever insofar as the same purports to affect any right, title or interest in or to a Unit and its appurtenant undivided interest in common areas and facilities, unless the same purports to affect, convey, devise, encumber or otherwise trade or deal with the entire Unit. However, nothing contained in this paragraph shall be construed as limiting or preventing the ownership of any Unit and its appurtenant undivided interest in the common areas and facilities by more than one person or entity as tenants in common or as tenants by the entireties or by any other ownership form permitted by the Act.

No Unit shall be divided or subdivided into a smaller unit or office unit or smaller units or office units than as shown on Exhibit A attached hereto.

In recognition of the fact that the proper use of a Unit by its owner or owners depends upon the use and enjoyment of the common areas and facilities in common with the owners of all of the Units and that it is in the interest of all owners of Units that the ownership of the common areas and facilities be retained in common by the owners of Units in the Property, it is declared that the common areas and facilities, and the percentage of the undivided interest in the common areas and facilities appurtenant to each Unit, shall be and remain undivided, and no Unit owner or any other person shall bring or institute or have any right to bring or institute any action whatsoever for a partition or division of all or any part of the common areas and facilities.



X.

PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON AREAS AND FACILITIES

The common areas and facilities shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all the owners of Units in the Property for their use and the use of their tenants, employees, agents, servants, guests, invitees and licensees, for all proper purposes and in accordance with the provisions of this Declaration, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of Units.

XI.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

In the event that any Unit shall encroach upon any common areas and facilities or upon another Unit for any reason not caused by the purposeful or negligent act of the owner or owners of the encroaching Unit, or by the agents, employees or servants of such owner or owners, then an easement appurtenant to such Unit shall exist and is hereby granted for the continuance of such encroachment for so long as such encroachment shall naturally exist; and, in the event that any portion of the common areas and facilities shall encroach upon or into any Unit, then an easement shall exist and is hereby granted for the continuance of such encroachment of the common areas and facilities upon or into any Unit for so long as such encroachment shall naturally exist.

XII.

EASEMENT FOR AIR SPACE

The owner of each Unit shall have and is hereby granted an exclusive easement for the use of the air space occupied by the said Unit as it exists at any particular time and as said Unit may be altered or reconstructed from time to time lawfully and in accordance with this Declaration, which easement shall be terminated automatically in any air space which is vacated from time to time.

XIII.

ADMINISTRATION OF THE PROPERTY; THE MANAGEMENT ASSOCIATION

To provide efficiently and effectively for the administration of the Property by the owners of the Units, a non-profit, non-stock, membership corporation organized under Chapter 55A of the North Carolina General Statutes known and designated as the Management Association, has been formed and the said Management Association shall administer the operation and management of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms and provisions of this Declaration, and in accordance with the terms and provisions of its Bylaws, a true copy of which Bylaws is attached hereto as Exhibit B and hereby fully incorporated herein by this reference. The owner or owners of each Unit shall automatically be entitled to representation in the Management Association as provided in its Bylaws immediately upon his, their or its acquisition of an ownership interest and title to any Unit and its appurtenant undivided interest in common areas and facilities, which right to representation in the Management Association shall terminate automatically upon his, their or its being divested of such ownership interest in title to such Unit, regardless of the means by which ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit shall be entitled solely by virtue of such lien, mortgage or other encumbrance to representation in the Management Association or to any of the rights or privileges pertaining to such representation. In the administration of the operation and management of the Property, the Management Association shall have and is hereby granted the full power and authority to enforce, implement and carry out the provisions of this Declaration and of the said Bylaws, to levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the operation and management of the Property and the use of the Units and of the common areas and facilities as the Management Association may deem to be in the best interest of the Property and the persons beneficially interested therein.

XIV.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any Unit or any of the common areas and facilities, regardless of whether or not the owner is present at the time of such emergency, the Management Association, or any person authorized by it, or the Building Superintendent or Management 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 to facilitate entry in the event of any such emergency, the owner of each Unit shall, if required by the Management Association, deposit under the control of the Management Association keys to all direct entrances to such Unit.

XV.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it is necessary to enter any Unit for the purpose of performing any maintenance, alteration, replacement, improvement or repair to any portion of the common areas and facilities, the owner of each Unit shall permit other Unit owners or their representatives, or the duly constituted and authorized agent of the Management Association, to enter such Unit, provided that such entry shall be made only at reasonable times and, where feasible, with reasonable advance notice.

XVI.

LIMITATION UPON RIGHT OF OWNERS TO ALTER OR MODIFY UNITS

No owner of a Unit shall permit there to be made to or within his Unit any structural modifications or alterations without first obtaining the written consent of the Management Association, which consent shall be withheld in the event that the Management Association determines, in its sole discretion, that such structural modifications or alterations would affect adversely or in any manner endanger the building or the Property in part or in its entirety. If the modification or alteration desired by the owner of any Unit involves the removal

of any permanent interior partition, the Management Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load bearing partition, and so long as the removal thereof would not in any manner whatsoever affect or interfere with the provision of utility services or facilities constituting common areas and facilities located therein. No owner of a Unit or other person interested in a Unit shall cause any improvements or changes to be made on or to the exterior of the building, including painting or other decoration, or the installation of electrical wiring, television antennas, machines or air conditioning units, which may protrude through the walls or the roof of the building, or in any manner change the appearance of any portion of the building not within the walls of such Unit, nor display in the windows of the building anything which effectively alters the appearance of the building, nor shall storm panels or awnings be affixed, without the written consent of the Management Association being first obtained.

XVII.

RIGHT OF MANAGEMENT ASSOCIATION TO ALTER AND IMPROVE COMMON AREAS AND FACILITIES AND ASSESS THEREFOR

The Management Association shall have the right to make or cause to be made alterations or improvements to the common areas and facilities, provided the making of such alterations and improvements are approved by the Management Association, and the cost of such alterations or improvements shall be assessed as a common expense to be assessed and collected from all of the owners of the Units. However, where any alterations and improvements are exclusively or substantially exclusively for the benefit of the owner or owners of a Unit requesting the same, then the cost of such alterations and improvements shall be assessed against and collected solely from the owner or owners of the Unit exclusively or substantially exclusively benefited thereby, the assessment to be levied in such proportion as may be determined by the Management Association. Also, no alteration of or improvement to the common areas and facilities which prejudices the rights of the owner of any Unit shall be made unless such owner's written consent has been obtained.

## XVIII.

## MAINTENANCE AND REPAIR BY OWNERS OF UNITS

Every owner of a Unit in the Property must perform promptly all maintenance and repair work within his Unit which, if omitted, would affect the Property in its entirety or in a part belonging to another owner, and each owner of a Unit shall be responsible for the damages and liability which his failure to do so may cause or engender. The owner of each 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 fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service exclusively to his Unit and which may now or hereafter be situated in his Unit. Such owner shall further be responsible and liable for the maintenance, repair and replacement of any and all window glass, wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such owner may desire to place or maintain in his Unit. Wherever the maintenance, repair and replacement of any items which the owner of a Unit is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Management Association, the insurance proceeds received by the Management Association, or by the insurance trustee hereinafter authorized to be designated, 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 cost of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of insurance proceeds applicable to such maintenance, repair or replacement.

XIX.

MAINTENANCE AND REPAIR OF COMMON AREAS AND FACILITIES BY  
MANAGEMENT ASSOCIATION

The Management Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the common areas and facilities, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, wiring and other facilities or equipment located in the common areas and facilities for the furnishing of utility services to the Units and the common areas and facilities, and 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 Management Association in connection with the maintenance, repair or replacement of any common areas and facilities, the said Management Association shall, at its expense, repair such incidental damage.

XX.

PERSONAL LIABILITY AND RISK OF LOSS OF OWNER OF UNIT  
AND SEPARATE INSURANCE COVERAGE, ETC.

The owner of each Unit may, at his expense, obtain insurance coverage for loss of or damage to any furniture, furnishing, personal effects or other personal property belonging to such owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such owner's Unit or upon the common areas and facilities. All such insurance obtained by the owner of each Unit shall, wherever such provision shall be available, provide that the insurer waives its right of subrogation as to any claims against other owners of a Unit, the Management Association, and the respective servants, agents, guests, employees, licensees and invitees of said other owners of a Unit and the Management Association, and all such insurance coverage should be obtained from the insurance company from which the Management Association obtains coverage against the same risk, liability or peril, if the Management Association has

such coverage. The risk of loss of or damage to any furniture, furnishings, personal effects or other personal property (other than such furniture, furnishings and personal property as constitutes a portion of the common areas and facilities) belonging to or carried upon the person of the owner or owners of each Unit, or which may be stored in any Unit, or in, to or upon common areas and facilities, shall be borne by the owner or owners of each such Unit. All furniture, furnishings and other personal property constituting a portion of the common areas and facilities and held for the joint use and benefit of all owners of all Units shall be covered by such insurance as shall be maintained in force and effect by the Management Association as hereinafter provided. The owner of a Unit shall have no personal liability for any damages caused by the Management Association or in connection with the use of the common areas and facilities. The owner of a Unit shall be liable for injuries or damage resulting from an accident in his own Unit, to the same extent and degree that the owner of an office structure similar to the building would be liable for an accident occurring within his office structure.

## XXI.

INSURANCE COVERAGE TO BE MAINTAINED BY  
ASSOCIATION; INSURANCE TRUSTEE; USE  
AND DISTRIBUTION OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by the Management Association covering the operation and management of the Property, to wit:

1. Casualty insurance covering all of the Property in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier, such coverage to afford protection against (i) loss or damage by fire or other hazards covered by the standard extended coverage or other perils endorsements, and (ii) such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings similar in construction, location and use to the Property, including but not limited to vandalism, malicious mischief, windstorm, water damage and war risk insurance, if available.

2. Public liability and property damage insurance in such amounts and in such form as shall be required by the Management Association to protect the Management Association and the owners of all Units, including but not limited to water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverage.

3. Workmen's Compensation insurance to meet the requirements of law.

4. Such other insurance coverage, other than title insurance, as the Management Association, in its sole discretion, may determine from time to time to be in the best interests of the Management Association and the owners of all of the Units or as an institutional type lender may reasonably require so long as it is the owner and holder of a mortgage or deed of trust on any Unit.

All liability insurance maintained by the Management Association shall contain cross liability endorsements to cover liability of each owner of a Unit to each other owner of a Unit. The maintenance of insurance by the Management Association shall not prejudice the right of each owner of a Unit to insure his own Unit for his benefit.

All insurance coverage authorized to be purchased shall be purchased by the Management Association in its name for itself and as trustee for the benefit of all of the owners of all Units. The costs of obtaining the insurance coverage authorized above is declared to be a common expense, as are any other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof. The Management Association shall have the power and authority on behalf of the owners of the Units to deal with the insurer or insurers in the settlement of claims.

If deemed desirable or if required by any holder of any mortgage or deed of trust on any Unit, the Management Association shall have the right to designate any independent Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby.



In the event of the loss of or damage only to common areas and facilities, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such common areas and facilities, then such excess insurance proceeds shall be paid to the owners of all of the Units and their respective mortgagees and dead of trust beneficiaries, the distribution to be separately made to the owner of each Unit and his respective mortgagee or dead of trust beneficiary, as their interests may appear, in such proportion that the share of such excess insurance proceeds paid to the owner of each Unit and his said mortgagee or dead of trust beneficiary, if any, shall bear the same ratio to the total excess insurance proceeds as does the undivided interest in common areas and facilities appurtenant to his Unit bear to the total undivided interest in common areas and facilities appurtenant to all Units. If it appears that the insurance proceeds covering the casualty loss or damage are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Management Association shall add to the proceeds such sum as will enable it to pay completely for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies so added by the Management Association, in the latter event, may be paid by the Management Association out of its Reserve for Replacements Fund, and if the amount in such Reserve for Replacements Fund is not sufficient, then the Management Association shall levy and collect an assessment against the owners of all Units and their Units in an amount which shall provide the funds required to pay for the said repair, replacement or reconstruction.

In the event of the loss of or damage to common areas and facilities and any Unit or Units which loss or damage is covered by the casualty insurance, the proceeds shall be first applied to the repair, replacement or reconstruction, as the case may be, of common areas and facilities, real or personal, and then any remaining insurance proceeds shall be applied to the repair, replacement or reconstruction of any Unit or Units which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the common areas and facilities and of the Unit or Units, then the insurance proceeds shall be paid and distributed to the owners of all Units, and to their mortgagees or deed of trust beneficiaries, as their respective interests may appear, such distribution to be made in the manner and in the proportions as are provided hereinbefore. If it appears that the insurance proceeds covering the casualty loss or damage are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Management Association shall, based upon reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction between the common areas and facilities and the Unit or Units sustaining any loss or damage. If the proceeds of said casualty insurance are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to common areas and facilities, but are not sufficient to repair, replace or reconstruct any loss of or damage to any Unit or Units, then the Management Association shall levy and collect an assessment from the owner or owners of the Unit or Units sustaining any loss or damage, and the assessment so collected from said owner or owners shall be added to the insurance proceeds so that the total shall be sufficient to pay completely for the repair, replacement or reconstruction of all common areas and facilities and Units. In the said latter event,

the assessment to be levied and collected from the owner or owners of each Unit or Units sustaining loss or damage shall be apportioned between such owner or owners in such a manner that the assessment levied against each owner of a Unit and his Unit shall bear the same proportion to the total assessment levied against all of the said owners of Units sustaining loss or damage and their Units as does the cost of repair, replacement or reconstruction of each owner's Unit bear to the cost applicable to all of said Units sustaining loss or damage. If the casualty insurance proceeds in the event of the loss of or damage to common areas and facilities and a Unit or Units is not in an amount which will pay for the complete repair, replacement or reconstruction of the common areas and facilities, it being recognized that such insurance proceeds are to be first applied to payment for repair, replacement or reconstruction of the said common areas and facilities before being applied to the repair, replacement or reconstruction of a Unit or Units, then the cost to repair, replace or reconstruct the said common areas and facilities in excess of available casualty insurance proceeds shall be levied and collected as an assessment from all of the owners of all Units in the same manner as would such assessment be levied and collected had the loss or damage sustained been solely to common areas and facilities and the casualty insurance proceeds been not sufficient to cover the cost of repair, replacement or reconstruction, and the cost of repair, replacement or reconstruction of each Unit or Units sustaining loss or damage shall then be levied and collected by assessment of the owner or owners of the Unit or Units sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between the owner or owners of a Unit or Units sustaining such loss or damage.

In the event of loss of or damage to property covered by such casualty insurance, the Management Association shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premium for such Bond as the Management Association may deem to be in the best interests of the owners of the Units. Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of the repair, replacement or reconstruction thereof, the additional monies required to pay completely for such repair, replacement or reconstruction of said loss or damage, whether to be paid by all of the owners of Units or only by the owner or owners of any Unit or Units sustaining loss or damage, or both, shall be deposited with the Management Association not later than thirty (30) days from the date on which said Management Association shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the Management Association, the insurance proceeds shall be paid to it. In the event of the loss of or damage to personal property constituting a portion of the common areas and facilities, and should the Management Association determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Management Association shall be paid to all of the owners of all Units and their respective mortgagees or deed of trust beneficiaries, as their interests may appear, in the manner and in the proportions hereinbefore provided for the distribution of excess insurance proceeds.

## XXII.

APPORTIONMENT OF TAX OR SPECIAL  
ASSESSMENT IF LEVIED AND ASSESSED

In the event that any taxing authority having jurisdiction over the Property shall levy or assess any Tax or Special Assessment against the Property as a whole, as opposed to levying and assessing such Tax or Special Assessment against each Unit and its appurtenant undivided interest in common areas and facilities as now provided by law, then such Tax or Special Assessment so levied shall be paid as a common expense by the Management Association, and any Taxes or Special Assessments which are to be so levied shall be included, wherever possible, in the estimated Annual Budget of the Management Association, or shall be separately levied and collected as an assessment by the Management Association against all of the owners of all Units and said Units if not included in said Annual Budget. The amount of any Tax or Special Assessment paid or to be paid by the Management Association in the event that such Tax or Special Assessment is levied against the Property as a whole, instead of against each separate Unit and its appurtenant undivided interest in common areas and facilities shall be apportioned among the owners of all Units so that the amount of such Tax or Special Assessment so paid or to be paid by the Management Association and attributable to and to be paid by the owner or owners of each Unit shall be that portion of such total Tax or Special Assessment which bears the same ratio to said total Tax or Special Assessment as the undivided interest in common areas and facilities appurtenant to such Unit bears to the total undivided interest in common areas and facilities appurtenant to all Units. In the event that any Tax or Special Assessment shall be levied against the Property in its entirety, without apportionment by the taxing authority to the Units and appurtenant undivided interests in common areas and facilities, then the assessment by the Management Association, which shall include the proportionate share of such Tax or Special Assessment attributable to each Unit and its appurtenant undivided interest in common areas and facilities, shall separately

specify and identify the amount of such assessment attributable to such Tax or Special Assessment, and the amount of such Tax or Special Assessment so designated shall be and constitute a lien prior to all mortgages, deeds of trust, or other encumbrances upon any Unit and its appurtenant undivided interest in common areas and facilities, regardless of the date of the attachment and/or recording of such mortgage, deed of trust or other encumbrance, to the same extent as though such Tax or Special Assessment had been separately levied by the taxing authority upon each Unit and its appurtenant undivided interest in common areas and facilities.

All personal property taxes levied or assessed against personal property owned by the Management Association shall be paid by it and shall be included as a common expense in the Annual Budget of the Management Association.

XXIII.

MANAGEMENT ASSOCIATION TO MAINTAIN REGISTRY OF OWNERS AND MORTGAGEES

The Management Association shall at all times maintain in its minute book a special section entitled "Owners and Mortgagees" setting forth the names of all of the owners of the Units, and in the event of a sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Management Association in writing of his interest in such Unit together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in the Unit. Further, the owner of each Unit shall at all times notify the Management Association of the names of the parties holding any mortgage or deed of trust upon any Unit, the amount of such mortgage or deed of trust and the recording information which shall be pertinent to identify the mortgage or deed of trust. The holder of any mortgage or deed of trust upon any Unit may, if he so desires, notify the Management Association of the existence of any mortgage or deed of trust held by such party on any Unit, and upon receipt of such notice the Management Association shall register in the aforementioned special section of its minute book all pertinent information pertaining to the same.

## XXIV.

## ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Management Association is given the authority to administer the operation and management of the Property, it being recognized that the delegation of such duties to such entity is in the best interest of the owners of the Units. To administer properly the operation and management of the Property, the Management Association will incur, for the mutual benefit of the owners of the Units, cost and expenses which will be continuing or non-recurring, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper operation and management, said Management Association has heretofore been granted the right to make, levy and collect assessments against the owners of all Units and said Units. In furtherance of said grant of authority to the Management Association to make, levy and collect assessments to pay the cost and expenses for the operation and management of the Property, the following provisions shall be operative and binding upon all of the owners of all Units, to wit:

1. All assessments levied against the owners of the Units and the said Units shall be uniform, and, unless specifically otherwise provided for in this Declaration, the assessment made by the Management Association shall be in such proportion that the amount of assessments levied against each owner of a Unit and his Unit shall bear the same ratio to the total assessment made against all owners of Units and their Units as does the undivided interest in common areas and facilities appurtenant to each Unit bear to the total undivided interest in common areas and facilities appurtenant to all Units.

2. The assessments levied against the owner of each Unit and his Unit shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Management Association.

3. The Management Association shall establish an annual budget in advance for each fiscal year, which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Property, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as assessment each year. Upon adoption of such annual budget by the Management 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 delivery of a copy of the budget to each owner shall not affect the liability of any owner for such assessment. Should the Management Association at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Property, or in the event of emergencies, said Management Association shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

4. The Management Association, in establishing the said annual budget for the operation, management and maintenance of the Property, may include therein a sum to be collected and maintained as a reserve fund for replacement of common areas and facilities, which reserve fund shall be for the purpose of enabling the Management Association to replace structural elements and mechanical equipment constituting a part of the common areas and facilities as well as the replacement of personal property which may constitute a portion of the common areas and facilities held for the joint use and benefit of all the owners of all Units. The amount to be allocated to such reserve fund for replacements may be established by the said Management Association so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacements of the said common areas and facilities. The amount collected and allocated to the reserve fund for replacement from time to time shall be maintained in a separate



account by the Management Association, although nothing herein contained shall limit the Management Association from applying any monies in such reserve fund for replacements to meet other needs or requirements of the Management Association in operating or managing the Property in the event of emergencies, or in the event that the sums collected from the owners of the Units are insufficient to meet the then fiscal requirements of the Management Association, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Management Association in its sole discretion.

5. The Management Association, in establishing the said annual budget for the operation, management and maintenance of the Property, may include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by owners of the Units, as a result of emergencies, or for any other reason placing financial stress on the Management Association.

6. All monies collected by the Management Association shall be treated as its separate property, and such monies may be applied by the said Management Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration and the Bylaws of the Management Association, and as the monies for any assessments are paid unto the Management Association by any owner of a Unit the same may be commingled with the monies paid to the Management Association by other Unit owners. Although all funds and other assets of the Management Association, and any increments thereto or profits derived therefrom, or from the leasing or use of common areas and facilities, shall be held for the benefit of the owners of the Units, who shall own any common surplus in the proportions of their percentage of undivided interest in the common areas and facilities, no owner of a Unit shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Unit.

7. The payment of any assessment or installment thereof due to the Management Association shall be in default if such assessment, or any installment thereof, is not paid unto the Management Association on or before the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Management Association shall bear interest at the rate of 10% per annum until such delinquent assessment or installment thereof and all interest due thereon has been paid in full to the Management Association.

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

9. No owner of a Unit may exempt himself from liability for any assessment levied against such owner and his Unit by waiver of the use or enjoyment of any of the common areas and facilities, or by abandonment of the Unit, or in any other manner.

10. Recognizing that the necessity for providing proper operation and management of the Property entails the continuing payment of costs and expenses therefor, which results in the benefit of all of the owners of the Units, and that the payment of such common expenses represented by the assessments levied by the Management Association is necessary in order to preserve and protect the investment of the owner of each Unit, the Management Association shall have and is hereby granted a lien upon each Unit and its appurtenant undivided interest in the common

areas and facilities, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each Unit or his Unit which monies remain unpaid for thirty (30) days or more, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Management Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Management Association in enforcing this lien upon the said Unit and its appurtenant undivided interest in the common areas and facilities. After the lien granted hereby to the Management Association has become effective as provided in Paragraph 11 of this Article XXIV, it may be foreclosed by suit by the Management Association in like manner as a deed of trust or mortgage of real property may be foreclosed in the State of North Carolina, and in any such suit for the foreclosure of said lien, the Management Association shall be entitled to rental from the owner of the subject Unit from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a receiver for said Unit to collect the same. The rental required to be paid shall be equal to the rental charged on comparable types of office units in Concord, North Carolina. The said lien granted to the Management 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 Management Association in order to preserve and protect its lien, and the Management Association shall further be entitled to interest at the rate of 10% per annum on any such advances made for any such purpose. All persons, firms or corporations who shall acquire by whatever means any interest in the ownership of any Unit, or who may be given or require a mortgage, deed of trust, lien or other encumbrance thereon, is hereby placed on notice of the said lien granted to the Management Association, and shall acquire such interest in any Unit expressly subject to the said lien, except as provided to the contrary hereinbelow in Paragraph 11 of this Article XXIV.

11. The lien herein granted unto the Management Association shall be effective from and after the time of recording in the office of the Clerk of Superior Court for Cabarrus County, North Carolina, a claim of lien prepared and filed in a manner substantially similar to Article 2 of Chapter 44A of the General Statutes of North Carolina, which claim of lien shall also include the following information: the name or names of the record owner or owners of the Unit, the description of the Unit encumbered thereby, and the amount due and the date when due. The lien shall then continue in effect until all sums secured by it, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which have been due and payable for thirty (30) days or more when the claim of lien is recorded, plus interest, cost, attorney's fees, and advances to pay taxes and prior encumbrances, with interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or an agent of the Management Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the Management Association shall be subordinate to the lien of any mortgage or deed of trust or any other lien recorded prior to the time of recording of the Management Association's claim of lien, except that the lien of the Management Association for any Tax or Special Assessment advances made by the Management Association where any taxing authority having jurisdiction levies any Tax or Special Assessment against the Property as an entirety instead of levying the same against each Unit and its appurtenant undivided interest in common areas and facilities, shall be prior in lien, right and dignity to the lien of all mortgages, deeds of trust, liens and encumbrances, whether or not recorded prior to the Management Association's claim of lien therefor, and the Management Association's claim of lien for collection of such portion of any Tax or Special Assessment shall specifically designate that the same secures an assessment levied pursuant to Article XXII of this Declaration.

In the event that any owner and holder of a first mortgage or deed of trust of record upon a Unit or any other person, firm or corporation shall acquire title to any Unit and its appurtenant undivided interest in common areas and facilities by virtue of any foreclosure of or judicial sale under the first mortgage or deed of trust, such first mortgagee or deed of trust beneficiary or other person, firm or corporation so acquiring title shall be liable and obligated only for such assessments as shall accrue and become due and payable for the said Unit and its appurtenant undivided interest in common areas and facilities subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title, subject to the lien of any assessment by the Management Association representing a portion of Taxes or Special Assessments levied by taxing authorities against the Property in its entirety. In the event of any such acquisition of title to a Unit by any such foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all of the owners of all the Units as a part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

12. Whenever any Unit may be sold or mortgaged by the owner thereof, which sale shall be concluded only upon compliance with the other provisions of this Declaration, the Management Association, upon the written request of the owner of such Unit, shall furnish to the proposed purchaser or mortgagee a statement verifying the status of payment of any assessment which shall be due and payable to the Management Association by the owner of such Unit. Such statement shall be executed by any officer of the Management Association who is not an owner of the subject Unit, and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and the Management Association shall be bound by such statement.

In the event that a Unit is to be sold or mortgaged at the time at which payment of any assessment against the owner of said Unit and such Unit due to the Management Association shall be in default (whether or not a claim of lien has been recorded by the Management Association), then the proceeds of such purchase or mortgage proceeds, as the case may be, shall be applied by the purchaser or mortgagor first to the payment of any then delinquent assessment or installment thereof due to the Management Association before the payment of any proceeds or purchase or mortgage proceeds to the owner of any Unit who is responsible for the payment of such delinquent assessment.

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

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 Management Association which shall prevent it thereafter seeking enforcement of the collection of any sums remaining owing to it by a foreclosure, nor shall proceeding by a foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of a suit at law to attempt to effect collection of any sum then remaining owing to it.

13. Recognizing that in view of the priorities provided for mortgages and other encumbrances in Paragraph 11 of this Article XXIV an owner of a Unit could defeat the effectiveness of the Management Association's lien by voluntarily encumbering his Unit in amounts which when deducted from the value of his Unit would leave little or no equity against which a subordinate lien of the Management Association could be enforced, no owner of a Unit shall voluntarily encumber his Unit in such a way as to jeopardize substantially the Management Association's

lien without the written consent of the Management Association, which written consent shall not be unreasonably withheld and specifically shall be granted in any instance in which the amount of an encumbrance proposed to be placed by the owner of a Unit upon his Unit does not when added to the sum of all other then existing encumbrances upon the Unit exceed 80% of the then fair market value of the Unit.

XXV.

#### TERMINATION OF UNIT OWNERSHIP

This Declaration and the resulting submission of the Property to the operation of the Unit Ownership Act may be terminated, and the Property withdrawn from the operation of the Unit Ownership Act, only by the unanimous consent of all of the owners of all of the Units and the consent of all of the persons or entities holding mortgages, deeds of trusts, liens or other encumbrances affecting any of the Units that their liens be transferred to the percentage of the undivided interests of the owners of the Units in the Property as hereinafter provided. Such termination, withdrawal and consent shall be reflected in a written instrument to that effect, in due form to be duly recorded in the office of the Register of Deeds for Cabarrus County, North Carolina. On such termination of this Declaration and removal of the Property from the operation of the Unit Ownership Act, the Property shall be deemed to be owned by the owners of the Units as tenants in common, and the undivided interest in the Property owned as tenants in common which shall appertain to each Unit owner shall be the percentage of the undivided interest previously owned by such Unit owner in the common areas and facilities. However, no such removal of the Property from the operation of the Unit Ownership Act shall in any way bar the subsequent resubmission of the Property to the operation of the said Act.

XXVI.

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 and the Bylaws of the Management Association and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the owner or owners of any Unit shall entitle the Management Association or other owner or owners of a Unit to the following relief:

1. The failure to comply with any of the terms of this Declaration or with the restrictions or regulations contained in the Bylaws of the Management Association, or its rules and regulations, shall be grounds for relief which may include without limitation an action to recover sums due for damages, injunctive relief, foreclosure of any available lien, or any combination thereof, which relief may be sought by the Management Association or, in a proper case, by an aggrieved Unit owner.

2. The owner or owners of each Unit shall be liable for the expense of any maintenance, repair or replacement made necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents, lessees, invitees, licensees and servants, but only to the extent that such expense is not met by the proceeds of insurance carried by the Management Association. Said liability shall include any increase in fire insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing contained herein, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

3. In any proceeding arising because of an alleged default by the owner of any Unit, the Management Association or any owner of another Unit, as the case may be, if successful, shall be entitled to recover the cost of the proceedings, including such reasonable attorney's fees as may be determined by the court.



4. The failure of the Management Association or of the owner of a Unit to enforce any right, provision, covenant, restriction or condition which may be granted by this Declaration or by any document mentioned or referred to herein shall not constitute a waiver of the right to enforce the same in the future.

5. All rights, remedies and privileges granted to the Management Association or to the owner or owners of a Unit or Units pursuant to any terms, provisions, covenants, conditions or restrictions contained in this Declaration or in any document or instrument mentioned or referred to herein shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedy, 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.

XXVII.

USE OR ACQUISITION OF INTEREST IN THE PROPERTY TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF DECLARATION, ETC.

All present and future owners of the Units, and all tenants, employees, agents, servants, guests, invitees and licensees of all such present and future owners, and all tenants, employees, agents, servants, guests, invitees and licensees of any of the foregoing, and any and all other persons who may or might use in any manner whatsoever, the Property or any part thereof or any facilities thereof, are and shall be subject to the provisions of the Unit Ownership Act, this Declaration, and all documents or instruments appurtenant hereto, incorporated herein, or mentioned or referred to herein, including the Bylaws of the Management Association, as any of the same may be amended from time to time.

The mere acquisition or rental of any Unit, or the mere act of occupancy or use in any respect whatever by any person whatsoever of any Unit or of the common areas and facilities, shall signify that the provisions of this Declaration and all documents appurtenant hereto, incorporated herein, or mentioned or referred to herein, are accepted and ratified in all respects and shall be strictly complied with by that person.

XXVIII.

ANNUAL REPORTS TO BE PROVIDED TO LENDERS

Any lender who is the owner or holder of a mortgage or deed of trust encumbering a Unit in the Property may request of the Management Association to be furnished with at least one (1) copy of the annual financial statement and report of the Management Association setting forth reasonable details, including a detailed statement of annual carrying charges or income collected, and operating expenses, such financial statement and report to be furnished within ninety (90) days following the end of each fiscal year.

XXIX.

SEVERABILITY

In the event that any of the terms, provisions, covenants or restrictions contained in this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions, covenants or restrictions contained in this Declaration, whether or not held to be partially invalid or unenforceable.

XXX.

LIBERAL CONSTRUCTION AND ADOPTION OF PROVISIONS OF UNIT OWNERSHIP ACT

The provisions of this Declaration shall be construed to effectuate its purpose of creating a form of Unit ownership in accordance with Unit Ownership Act of North Carolina, Chapter 47A of the General Statutes of North Carolina. The Unit Ownership Act, as amended from time to time hereafter, is hereby adopted and incorporated herein and made a part hereof. In the event of any conflict between the provisions of this Declaration and the said Unit Ownership Act, as either may be amended from time to time, the said Unit Ownership Act shall control and take the place of the provisions of this Declaration in conflict therewith.

## XXXI.

DECLARATION BINDING UPON GRANTOR, ITS SUCCESSORS AND ASSIGNS,  
AND SUBSEQUENT OWNERS

The terms, covenants, restrictions, provisions, conditions, burdens and regulations contained in or imposed by this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude and burden upon each Unit and its appurtenant undivided interest in the common areas and facilities, and this Declaration shall be binding upon all parties who may subsequently become owners of Units in the Property, or any interest therein, and their respective heirs, legal representatives, successors and assigns.

## XXXII

## RIGHT OF FIRST REFUSAL WITH RESPECT TO SALE OF UNITS

With the exception of transfers of ownership of any Unit by one spouse to another, should the owner of any Unit (hereinafter in this Article XXXII called "the Selling Owner") desire to sell his Unit, the owners of the other Units (hereinafter in this Article XXXII called "the Other Owners") are hereby given and granted the right of first refusal to purchase such Unit sought to be sold on the terms and conditions herein stated, and no owner of a Unit shall sell the same to any party without first giving to the owners of the other Units notice in writing of such sale as herein provided, thereby giving the owners of the other Units the opportunity to determine whether or not they will exercise the right of first refusal to purchase the said Unit on the same terms and conditions as those contained in any bona fide offer which the Selling Owner may have received for the purchase of said Unit. Whenever the owner of any Unit has received a bona fide offer to purchase his Unit and desires to accept such bona fide offer, a bona fide offer being defined herein as an offer in writing, binding upon the offeror and containing all pertinent terms and conditions of such sale, and accompanied by an earnest money deposit of at least \$1,000.00, the Selling Owner shall notify the Other Owners in writing by registered or certified mail, sent to the address of the Other Owners or personally delivered to them, of the

Selling Owner's desire to accept such offer for the purchase of his Unit, stating the name, address, business, occupation or employment, if any, of the offeror, an executed copy of the bona fide offer for said purchase to be enclosed with such notice. If either of the Other Owners desires to exercise the option to purchase said Unit on the same terms and conditions as are contained in said bona fide offer, then he shall notify the Selling Owner of the exercise of his election so to purchase said Unit, such notice to be in writing and posted by registered or certified mail to said Selling Owner within thirty (30) days from receipt by the Purchasing Owner of the Selling Owner's notice as hereinabove required, or said notice in writing may be personally delivered to the Selling Owner within said thirty (30)-day period. If one of the Other Owners has elected to purchase such Unit, then, upon notifying the Selling Owner of the election to purchase said Unit, the Purchasing Owner shall execute a contract to purchase, and shall consummate such contract to purchase, all on the same terms and conditions as those contained in said bona fide offer. When a Selling Owner has notified the Other Owners as above provided of his desire to sell his Unit, such Selling Owner shall be free to consummate such sale of his Unit unless, within thirty (30) days after the Selling Owner has delivered his required notice to the Other Owners the Other Owners have notified said Selling Owner of an intention to exercise this right of first refusal to purchase such Unit. However, in said event, the Selling Owner shall not sell said Unit to any party other than the party designated to the Other Owners in the aforescribed and required notice, nor for any lower purchase price, nor on any substantially more favorable terms and conditions than those originally contained in said bona fide offer presented to the Other Owners, without again giving the Other Owners the right of first refusal to purchase such Unit in the manner above provided.

In the event that the Selling Owner shall sell his Unit without giving written notice to the Other Owners as herein provided, so that the Other Owners are not afforded the opportunity to determine whether or not they will elect to purchase said Unit prior to the consummation of such purchase and on the terms and provisions thereof, then the Other Owners or one of them shall have the right to redeem said Unit

from such sale transaction by refunding unto the purchaser of such Unit the purchase price paid therefor, in which event the purchaser of such dwelling shall convey the same to the Purchasing Owner or Owners. The right of redemption granted herein shall exist for a period of three (3) months from the date on which such sale is consummated without prior notice to the Other Owners as required herein, but such Unit may not be redeemed by the said Other Owners from said sale transaction after the expiration of said three (3)-month period. In the event that such sale of the Unit has been accomplished without prior notice to the Other Owners as required herein, and without affording the Other Owners the opportunity to determine whether or not they will exercise their first right to purchase such Unit on the terms and conditions offered, then the purchaser in such transaction may notify the Other Owners of his purchase of such Unit, such notice to be in writing and to state the name and address, and business, occupation, or employment, if any, of such purchaser, and the terms and conditions of said purchase, such notice to be delivered to the Other Owners in the same manner as such notice is required to be given prior to consummation of such sale transaction. Thereafter, the Other Owners shall have thirty (30) days from receipt of such notice within which to exercise the right of redemption granted to them and to accomplish such redemption. Thereupon, in the event of a failure by the Other Owners to exercise said right of redemption and to accomplish the redemption of said purchase within said thirty (30)-day period of time, provided the same is not obstructed by the party from whom such redemption must be made, the right of redemption granted to the Other Owners shall terminate and expire as to said purchase transaction.

The right of first refusal granted to the Other Owners shall not apply to or be operative in respect of any foreclosure, whether judicial or pursuant to a power of private sale, or other judicial sale of a Unit, although the title of the purchaser at any such foreclosure or judicial sale shall thereafter be subject to the right of first refusal granted to the Other Owners pertaining to the sale of such Unit.

Notwithstanding the foregoing, an institutional first mortgagee or an institutional beneficiary of a first deed of trust may accept a conveyance of a Unit in lieu of the foreclosure of its first mortgage or deed of trust encumbering the same. Following the acceptance of such conveyance, the grantee shall notify the Other Owners advising him of the amount of the said first mortgage or deed of trust, and the Other Owners shall have the right to purchase the Unit within thirty (30) days after such notification for a purchase price equal to the balance due under the mortgage or deed of trust plus interest to the date of sale, plus any advances made by the mortgagee or deed of trust beneficiary including any attorneys or recording fees or other miscellaneous charges involved in the said mortgagee's or deed of trust beneficiary's taking a deed in lieu of foreclosure. In the event that the Other Owners do not elect so to purchase the Unit within such thirty (30)-day period, the institutional first mortgagee or first deed of trust beneficiary shall have an indefeasible title to the Unit. In the event that an institutional first mortgagee or first deed of trust beneficiary acquires title to a Unit through foreclosure, whether judicial or pursuant to a power of private sale, or through a deed in lieu of such foreclosure, and the Other Owners do not exercise their right of first refusal within the prescribed time, then such institutional first mortgagee or first deed of trust beneficiary may sell such Unit free of the right of first refusal granted to the Other Owners, but the grantee from such institutional first mortgagee or first deed of trust beneficiary shall be subject to the right of first refusal granted to the Other Owners pertaining to the sale of the Unit.

XXXIII

LEASING OF UNITS

Unit Owners shall not lease, rent or transfer any rights of possession or occupancy to any other person or entity without the written consent of the other Unit Owners, which consent shall not be unreasonably withheld. Any Unit Owners who desires to lease, rent, or transfer any rights of possession or occupancy of his unit shall provide the other Unit Owners with the name, address, business, occupation or employment of the prospective lessee or occupant. Any lessee or occupant of a unit shall be bound by the terms, covenants, restrictions, provisions, conditions, burdens and regulations as set forth herein pursuant to Article XXI above.

IN WITNESS WHEREOF, MDDS, a North Carolina general partnership, has caused this DECLARATION CREATING UNIT OWNERSHIP IN 130 LAKE CONCORD ROAD CONDOMINIUM PURSUANT TO CHAPTER 47A OF THE NORTH CAROLINA GENERAL STATUTES to be executed by and through its partners on this 27th day of November, 1979.

MDDS, a North Carolina General Partnership

By George T. Roscar (SEAL)

By Gerald V. Ottani (SEAL)

By Joseph J. Cerdes (SEAL)

By George A. Binder (SEAL)


By Marvin P. Roscar (SEAL)

By Robert J. Gallup, Jr. (SEAL)

For and in consideration of the sum of One Dollar (\$1.00) and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, C K Federal Savings and Loan Association, owner and holder of the Construction Loan Deed of Trust and the note secured thereby in the original principal amount of Five Hundred Forty-seven Thousand Eight Hundred Dollars (\$547,800.00) made by MDDS, a North Carolina general partnership to Gabe S. Stewart, Trustee for C K Federal Savings and Loan Association, dated March 19, 1979, which deed of trust is recorded in the office of the Register of Deeds for Cabarrus County, North Carolina in Book 413 at Page 145, and Gabe S. Stewart, Trustee in the said deed of trust, join in the execution of the foregoing DECLARATION CREATING UNIT OWNERSHIP IN 130 LAKE CONCORD ROAD CONDOMINIUM PURSUANT TO CHAPTER 47A OF THE NORTH CAROLINA GENERAL STATUTES (hereinafter called the "Declaration") for the sole purpose of permitting the unrestricted operation of the Declaration and of converting the security for the said deed of trust from a single tract or parcel of land and improvements thereon into condominium units and related common areas and facilities contemplated in the Declaration, reserving, however, all the rights contained in the said deed of trust subject only to the provisions of the Declaration.

C K FEDERAL SAVINGS AND LOAN ASSOCIATION

By *Gabe S. Stewart*  
 President

 (Corporate Seal)

Attest:  
*Nelle K. Kinsey*  
 Secretary

TRUSTEE:  
*Gabe S. Stewart* (SEAL)  
 Gabe S. Stewart, Trustee

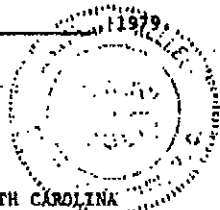


STATE OF NORTH CAROLINA  
 COUNTY OF CABARRUS

I, Martha F. Hilary, a Notary Public in  
 and for said County and State, do hereby certify that George T. Resser,  
 Gerald V. Otteni, Joseph J. Gerdes, George A. Binder, Marvin P. Rensar  
 and Robert J. Galup, Jr. personally appeared before me this day and  
 acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 27<sup>th</sup> day of

NOVEMBER



Martha F. Hilary  
 Notary Public

My commission expires: April 11, 1984

STATE OF NORTH CAROLINA  
 COUNTY OF CABARRUS

This 27<sup>th</sup> day of November, 1979, personally  
 came before me, James D. Womack, a Notary Public  
 for said county and state, Cabarrus Co. North Carolina, who  
 being by me duly sworn, says that he is the President of C K Federal  
 Savings and Loan Association, and that the seal affixed to the foregoing  
 instrument in writing is the corporate seal of said C K Federal Savings  
 and Loan Association, and that said writing was signed and sealed  
 by him in behalf of said C K Federal Savings and Loan Association  
 by its authority duly given. And the said President  
 acknowledged the said writing to be the act and deed of the said  
 C K Federal Savings and Loan Association.

James D. Womack  
 Notary Public

My commission expires: 3/30/82

STATE OF NORTH CAROLINA  
COUNTY OF CABARRUS

I, James D. Wood, a Notary Public in  
and for said County and State, do hereby certify that Gabe S. Stewart  
personally appeared before me this day and acknowledged the due execution  
of the foregoing instrument.

WITNESS my hand and official seal this 29<sup>th</sup> day of November,  
1979.

James D. Wood  
Notary Public

My commission expires: 3/31/82

NORTH CAROLINA - Cabarrus County

The foregoing certificate(s) of Charles J. Kelley and  
James D. Wood each a, Notary Public of Cabarrus County

is (are) certified to be correct. This instrument was presented for registration and recorded in this office at Book 514  
Page 496 This 29<sup>th</sup> day of November 1979 at 2:56 o'clock P.M.

James O. Bonds, Register of Deeds  
By James S. Gath Register of Deeds

DRAWN BY: WARREN & MCKAIG PROFESSIONAL ASSOCIATION  
MAIL TO: SUITE 205, 6525 MORRISON BOULEVARD  
CHARLOTTE, NORTH CAROLINA 28211

BYLAWS OF  
130 LAKE CONCORD ROAD CONDOMINIUM

ARTICLE I

PLAN OF BUILDING OWNERSHIP AND MANAGEMENT

Section 1. Unit Ownership. The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures located thereon, and all appurtenances thereto) which is located at 130 Lake Concord Road, Cabarrus County, North Carolina, is known as 130 Lake Concord Road Condominium, and is described more particularly in Exhibit A attached hereto and hereby fully incorporated herein by this reference, has by a Declaration of Unit Ownership (hereinafter called "the Declaration") duly recorded or to be recorded in the office of the Register of Deeds for Cabarrus County, North Carolina, been submitted to the provisions and operation of the Unit Ownership Act of North Carolina, Chapter 47A of the General Statutes of North Carolina, and is now or is to be owned by Unit Owners as provided in the Declaration, and henceforth shall be governed by and subject to the said Act, the Declaration, and these Bylaws.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property, to the Unit Owners, and to the Management Association mentioned hereinafter and the members thereof.

Section 3. Personal Applicability. All present and future Unit Owners, and all tenants, employees, invitees, licensees, agents, guests and servants of Unit Owners, and any other person who uses or might use the facilities of the Property in any manner whatsoever, are subject to the provisions of and regulations set forth in the Declaration and in these Bylaws, as either may be validly amended from time to time. The mere acquisition or rental of any Unit as defined in the Declaration or the mere act of use or occupancy of any Unit will signify that these Bylaws and the Declaration, as either may be validly amended from time to time, are accepted and ratified, and will be complied with.

ARTICLE II

FORM OF ADMINISTRATION OF THE PROPERTY

Section 1. Management Association. The responsibility of administering and managing the Property in a manner consistent herewith and with the Declaration shall be and hereby is vested in the Management Association, which shall be comprised of the Unit Owners (or the person entitled to cast the vote for the Unit, as provided hereinafter in Section 4 of this Article II) (hereinafter called "the Unit Members").

Section 2. Representation of Unit Owners. As to all matters under these Bylaws or under the Declaration as to which voting is required or permitted, each Unit Owner shall have the right to appoint to serve at his pleasure one (1) Unit Member, who shall thereupon become a member of the Management Association as provided in Section 1 of this Article II. Each Unit Member shall have one (1) vote, and a Unit Member may be the owner of the correlative Unit. If a Unit is owned by one (1) person, his right to appoint a Unit Member shall be established by the record title to his Unit. If a Unit is owned by more than one (1) person, the Unit Member for that Unit shall be designated by a Certificate

of Appointment signed by all of the record owners of the Unit and filed with the Secretary of the Management Association. If a Unit is owned by a corporation, the Unit Member for that Unit shall be designated by a Certificate of Appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Management Association. If a Unit is owned by a partnership, the Unit Member for that Unit shall be designated by a Certificate of Appointment signed by two general partners of the partnership or the sole general partner of the partnership and filed with the Secretary of the Management Association. Such Certificates of Appointment shall be valid until revoked by a Certificate of Revocation or until superseded by a subsequently filed Certificate of Appointment or until a change in the ownership of the Unit concerned occurs. If such a Certificate of Appointment is not on file with the Management Association's Secretary in respect of a Unit, the vote or existence of a Unit Member for that Unit shall not be considered in determining the requirement for a quorum of Management Association members or for any other purpose.

Section 3. Proxies. The members of the Management Association may cast their votes in person or by proxy. Proxies must be filed with the Secretary of the Management Association before the appointed time of each meeting.

Section 4. Place and Time of Meetings. Meetings of the Management Association shall be held at such places and times, convenient to the members of the Management Association, as may be agreed upon by them. If they are unable to agree upon the place of a particular meeting, that particular meeting shall be held at 130 Lake Concord Road in Concord, North Carolina. If they are unable to agree upon the time of a particular Special Meeting, that particular Special Meeting shall be held at 8:00 P.M. on the first Monday on which that particular Special Meeting may be held consistent with the provisions contained hereinafter pertaining to notice thereof.

Section 5. Sec[annual] Meetings. Regular meetings of the Management Association shall be held at the call of the Management Association President twice a year at 8:00 P.M. on the first (1st) Monday in December and June. At such meetings the members of the Management Association may elect officers as hereinafter provided and may also transact such other business of the Management Association as may properly come before them.

Section 6. Special Meetings. It shall be the duty of the Secretary of the Management Association to call a Special Meeting upon a petition therefor signed by a Unit Member and presented to the Secretary. The notice of any Special Meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a Special Meeting except as stated in the notice or by the consent of a positive majority of Unit Members either in person or by proxy. The mailing of a notice in the manner provided in this section shall be considered notice served. Proof of such mailing shall be made by affidavit of the Secretary.

Section 7. Waiver of Notice. Before or at any meeting of the Management Association, any Unit Member may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Member at any meeting of the Management Association shall be a waiver of notice by him of the time, place and purpose thereof. If all of the members of the Management Association are present at any meeting thereof, no notice shall be required and any business may be transacted at such meeting.

Section 8. Management Association Quorum and Action. At all meetings of the Management Association, the presence in person or by proxy of a positive majority of the members of the Management Association shall constitute a quorum for the transaction of business, and the acts of a positive majority of the members of the Management Association present at a meeting thereof at which a quorum is present shall be the acts of the Management Association. If at any meeting of the Management Association there is less than a quorum present, the majority of the members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 9. Order of Business. The order of business at all semiannual meetings of the Management Association shall be as follows:

- a. Roll call and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Reports of officers.
- e. Reports of committees.
- f. The conduct of any elections to be held in accordance with these Bylaws.
- g. Unfinished business.
- h. New business.

The order of business at all Special Meetings of the Management Association shall include items a through d above, and thereafter the agenda shall consist of the items specified in the notice of meeting.

Section 10. Informal Action. The Unit Members may take valid and binding actions of the Management Association informally by signing their unanimous written consent to a written resolution of the action taken, which written resolution shall be filed by the Secretary of the Management Association in its minutes.

### ARTICLE III

#### POWERS AND DUTIES OF THE MANAGEMENT ASSOCIATION

Section 1. General Powers and Duties. The Management Association shall have the powers and duties necessary for the proper management and administration of the Property and may do all such acts and things and take all such actions in connection therewith as are not prohibited by law, the Declaration or these Bylaws.

Section 2. Specific Powers and Duties. Without limiting the generality of Section 1 of this Article III, and in addition to the powers and duties (if any) granted or imposed by the Declaration, other provisions of these Bylaws and its own resolutions, the Management Association shall be responsible for and shall have the right and power to carry out the following:

- a. Overseeing and enforcing compliance with all the terms and conditions hereof and of the Declaration.
- b. The care, upkeep, surveillance, maintenance, repair and replacement of the Property and the common elements and facilities thereof.

c. Establishing and approving the annual budget of the Management Association.

d. Establishing and collecting periodic and special assessments from the Unit Owners.

e. Designating, employing, dismissing, compensating and controlling the personnel necessary for the maintenance, repair, replacement and operation of the common elements and facilities.

f. If and to the extent necessary or appropriate, arranging for the management of the Property pursuant to an agreement or agreements containing provisions relating to the duties, obligations, removal and compensation of the managing agent or agents.

g. Performing repairs caused by any natural disaster or man-made damage from the escrow account and any special assessment.

Section 3. Payment Voucher Approval. Vouchers for payment for items of maintenance, repair or replacement of the common areas and facilities may be approved by the President or Vice President of the Management Association when the amount of the particular voucher involved is equal to or less than the amount established from time to time for this purpose by the Management Association in its rules and regulations adopted pursuant to Article XI of these Bylaws. Otherwise, such vouchers shall be approved by vote of the Management Association as provided in these Bylaws.

Section 4. Management Agent. The Management Association may employ a management agent at a compensation established by the Management Association to perform such duties and services as the Management Association shall authorize, including but not limited to the duties set out in Section 2.b of this Article III.

#### ARTICLE IV

##### ASSOCIATION OFFICERS

Section 1. Designation. The principal officers of the Management Association shall be a President, a Vice President, a Secretary and a Treasurer. In addition, the Management Association may also elect an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary or appropriate. The President may also be the Treasurer, and the Vice President may also be the Secretary. All officers of the Management Association shall serve for a term of one (1) year unless re-elected. Both the President and the Vice President of the Management Association shall be Unit Members thereof. All officers of the Management Association shall be elected annually by it at its semiannual meeting in December, except that special elections may be held to fill for the remaining unexpired term vacancies of particular offices. With the exception of the President and the Vice President, all officers of the Management Association shall hold office at the pleasure of it.

Section 2. Removal of Officers. The Management Association may remove either with or without cause any officer of the Management Association and elect his successor for the remainder of his term at any regular meeting of the Management Association or at any special meeting of it called for that purpose.

**Section 3. President.** The President shall be the Chief Executive Officer of the Management Association. He shall preside at all meetings of the Management Association. He shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint such committees from among the Unit Owners or the Unit Owners or their representatives from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Management Association.

**Section 4. Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, or unable or unwilling to act. If neither the President nor the Vice President is able to act, the Management Association shall appoint some other individual to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Management Association.

**Section 5. Secretary.** The Secretary shall keep the minutes of all meetings of the Management Association in a minute book maintained by him for that purpose and shall also have charge of such books and papers on the Management Association may direct. He shall also, in general, perform all of the duties incident to the office of Secretary.

**Section 6. Treasurer.** The Treasurer shall have the responsibility for Management Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Management Association. He shall also be responsible for the deposit of all monies and other valuable effects in the name of, and to the credit of, the Management Association in such depositories as may from time to time be designated by the Management Association. He shall also, in general, perform all of the duties incident to the office of Treasurer.

#### ARTICLE V

##### MAINTENANCE, UPKEEP AND REPAIR

**Section 1. Units.** Responsibility for the maintenance of the Units in the Property shall be as follows:

a. The Management Association shall maintain, repair and replace, at its expense:

- (i) All portions of a Unit, except interior surfaces, contributing to the support of a Unit, which portions shall include but not be limited to load-bearing columns and load-bearing walls. Interior surfaces of a Unit shall be maintained by the Unit Owner.
- (ii) All incidental damage caused by a Unit by such work shall be promptly repaired at the expense of the Management Association.

b. The responsibility of each Unit Owner shall be as follows:

- (1) To maintain, repair and replace at his expense all portions of his Unit except the portions to be maintained, repaired and replaced by the Management Association. Such shall be done without disturbing the rights of the owners of the other Unit.

- (ii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the Property building.
- (iii) To report promptly to the Management Association any defect or need for repairs the responsibility for the remedying of which is that of the Management Association.

**Section 2. Common Elements.** The maintenance and operation of the common elements shall be the responsibility of the Management Association and a common expense; provided, however, that in case of emergency and in order to preserve the Property or for the safety of the occupants, a Unit Owner may assume the responsibility therefor, and he shall be relieved of liability for his acts so performed in good faith, and he shall be reimbursed for his expense by the Management Association when approved by it.

#### ARTICLE VI

#### OBLIGATIONS OF THE UNIT OWNERS

**Section 1. Assessments.** All Unit Owners are obligated to and shall pay such periodic or special assessments as are imposed by the Management Association to meet all Management Association expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake and other hazards. The assessments shall be borne by the Unit Owners according to their percentage interests set forth in the Declaration, unless otherwise stipulated and agreed.

**Section 2. Escrow Account.** The transfer of ownership of a Unit shall carry with it the proportionate equity attributable to that Unit in the Management Association Escrow Accounts. Each Unit Owner will be assessed for the Management Association Escrow Account in accordance with a set schedule in order to provide for a contingency fund for maintenance, repair and replacement of the Management Association property, including funds for maintenance items which occur less frequently than annually and funds for repair or replacement required because of damage, depreciation or obsolescence.

**Section 3. Use of Unit - Internal Changes.**

a. All Units shall be utilized for office purposes only, and shall be subject to such restrictions concerning use as appear in the Declaration.

b. A Unit Owner shall not make structural modifications or structural alterations in his Unit or installations located therein without previously notifying the Management Association in writing, through the management agent, if any, or through the President if no management agent is employed, and procuring the consent of the Management Association, which consent shall not be unreasonably withheld. The person so receiving such notice shall immediately transmit copies thereof to each Unit Member. The Management Association shall have the obligation to answer within ten (10) days, and failure to do so within that time shall mean that there is no objection to the proposed modification or alteration; provided, however, that if the provisions of Section 12 of Article II hereof are invoked before the expiration of the said ten (10) days, the same shall constitute an objection by the Management Association.



Section 4. Use of Common Elements. A Unit Owner shall not place or cause to be placed in the passages or roads any furniture, packages or obstructions of any kind. Such areas shall be used only for normal transit through them.

Section 5. Right of Entry.

a. Each Unit Owner shall grant the right of entry to the management agent or to any other person authorized by the Management Association in case of any emergency originating in or threatening his Unit, whether or not the Unit Owner is present at the time.

b. Each Unit Owner shall permit other Unit Owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

a. Each Unit Owner shall exercise extreme care to avoid unnecessary noise or activities that may disturb other Unit Owners.

b. No Unit Owner shall:

(1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Management Association;

(2) Act so as to interfere unreasonably with the use and enjoyment by the other Unit Owner of his Unit and of the common areas and facilities.

c. No Unit Owner, resident, lessee or other user of a Unit shall install wiring for electrical or telephone installations, television antennas, machines or air conditioning units, or similar objects outside of his Unit or which protrude through the walls or the roof of his Unit except as authorized by the Management Association.

ARTICLE VII

AMENDMENTS TO BYLAWS

Section 1. Procedure. These Bylaws may be amended by the Management Association in any duly constituted meeting of it if notice of the subject matter of the proposed amendment was included in the notice of the meeting. These Bylaws may also be amended by informal action of the Management Association pursuant to Section 11 of Article II hereof.

Section 2. Required Vote. No amendment of these Bylaws shall be effective or take effect unless approved by two of the Unit Members. Further, no amendment of these Bylaws shall be or become effective or operative unless set forth in an amendment to the Declaration and duly recorded in accordance with Section 3 of this Article VII.

Section 3. Execution and Recordation. A copy of each amendment to these Bylaws shall be duly set forth in an amendment to the Declaration which shall be duly executed and acknowledged by the officers of the Management Association with the formalities of a deed and in a form sufficient for recordation in the public records as required by law. The amendment to the Declaration shall forthwith be recorded in the office of the Register of Deeds for Cabarrus County, North Carolina, and upon the recordation of the amendment to the Declaration all Unit Owners shall be bound to abide by the amendment to these Bylaws set out therein.

#### ARTICLE VIII

##### MORTGAGES

Section 1. Notice to Association. A Unit Owner who mortgages his Unit shall notify the Management Association through the management agent, if any, or the President if there is no management agent, of the name and address of his mortgagee, and the Management Association shall maintain such information in a special section of the Management Association minute book entitled "Mortgages of Units."

Section 2. Notice of Unpaid Assessments. The Management Association shall, at the request of a mortgagee of a Unit, report to it any unpaid assessments due to the Management Association from the Owner of the mortgaged Unit.

#### ARTICLE IX

##### INDEMNIFICATION

Every administrator and every officer of the Management Association shall be indemnified by the Management Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been an administrator or officer of the Management Association, or any settlement thereof, whether or not he is an administrator or officer at the time such expenses are incurred, except in cases in which the administrator or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification provided for herein shall apply only when the Management Association approves such settlement and reimbursement as being in the best interests of the Management Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such administrator or officer may be entitled.

#### ARTICLE X

##### COLLECTION OF PERIODIC AND SPECIAL ASSESSMENTS

The Management Association shall have the power to resort to and exhaust any and all remedies or methods available to it under the Declaration or under law to collect from the Owners of a Unit any periodic or special assessment which remains unpaid for more than thirty (30) days after payment thereof is due; provided, however, that this specific authority shall not operate to limit any other powers granted to the Management Association in these Bylaws or in the Declaration. In the event of foreclosure by the Management Association of its lien as provided in Article XXVI of the Declaration, the Management Association shall be entitled to collect from the Owner of the Unit against which the lien is enforced a rental as provided in paragraph (j) of the said Article XXVI and to a recapture of the same as provided therein.

## ARTICLE XI

## RULES AND REGULATIONS

The Management Association shall have the power to adopt and amend from time to time rules and regulations, consistent with these Bylaws and the Declaration, governing the details of the operation and use of the common areas and facilities. Such rules and regulations may be adopted, amended and rescinded by the same procedure by which other Management Association action may be taken. Such rules and regulations shall not be recorded publicly but shall be kept and maintained by the Management Association Secretary in a special section of the Management Association minute book marked "Rules and Regulations," and shall be binding upon only the Unit Owners and all persons or entities claiming under them who have actual notice thereof; provided, however, that the Owners of Units shall before transferring to a third party any interest in a Unit actually notify such third party of the said rules and regulations.

## ARTICLE XII

## COMPLIANCE

These Bylaws are intended to comply with the requirements of the Unit Ownership Act of North Carolina, Chapter 47A of the General Statutes of North Carolina, and in particular with Section 47A-19 thereof. In case any of the provisions of these Bylaws conflict with the provisions of the said Act, it is hereby agreed and accepted by all parties who may be thereby affected that the provisions of the said Act will control.

DRAWN BY: WARREN & MCKAIS PROFESSIONAL ASSOCIATION

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