

INSTRUMENT # 2007110203



2007110203

DECLARATION OF CONDOMINIUM

**FOR
MORRISON MASTER
CONDOMINIUM**

May 30, 2007

UNIT OWNERSHIP FILE NO. 835

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA. (See Section 8.13)

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS. (See Section 8.13)

Drawn By and Mail To:

**Bobby D. Hinson, Esq.
Womble Carlyle Sandridge & Rice, PLLC
3500 One Wachovia Center
301 South College Street
Charlotte, North Carolina 28202**

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

**DECLARATION OF CONDOMINIUM
FOR MORRISON MASTER CONDOMINIUM**

This Declaration of Condominium (this "Declaration") is made this 30th day of May, 2007, by **MORRISON – PHASE I, LLC**, a North Carolina limited liability company ("Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the "North Carolina Condominium Act."

STATEMENT OF PURPOSE

Declarant is the owner of certain real property consisting of fee simple ownership of approximately 3.8063 acres located within the Morrison mixed-use development in the northerly quadrant of the intersection of Sharon Road and Colony Road in Charlotte, Mecklenburg County, North Carolina, such Real Property being more particularly described on Exhibit A attached hereto ("Real Property"). Declarant has caused to be constructed on the Real Property a seven (7) story mixed-use building ("Building") containing three (3) condominium units, an approximately 467 space parking facility and certain recreational facilities, including a club room, fitness center and swimming pool. One of the condominium units contains approximately 40,958 square feet of commercial retail space. The second unit encompasses approximately 245,103 square feet of space and contains approximately 214 apartments and related common areas. And, the third unit encompasses approximately 103,240 square feet of space and contains approximately 80 residential condominium units and related common areas. Declarant has also constructed additional common amenities on the Real Property such as common corridors, courtyard, trash receptacles and other improvements. Declarant desires to submit the Real Property, the Building and any other improvements located on the Real Property (collectively, the "Property") to the terms and provisions of the North Carolina Condominium Act and this Declaration.

In addition, Declarant has deemed it desirable to create a nonprofit, incorporated owners' association which will be delegated and assigned powers of maintaining and administering the common areas and facilities within the Property, of administering and enforcing the covenants and restrictions created in this Declaration, of levying, collecting and disbursing the assessments and charges created in this Declaration, and of taking any steps or performing any acts deemed necessary or appropriate to preserve the value of the condominium units within the Property and to promote the recreation, health, safety and welfare of the unit owners. In order to accomplish the foregoing, Declarant is entering into this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, occupied and used subject to the following covenants, conditions, easements, uses, limitations, obligations, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the division of the Property into condominium units, and shall be deemed to run with the land to both burden and benefit Declarant, its successors and assigns, and

any person or entity acquiring or owning any interest in the Property and their successors, heirs and assigns.

ARTICLE I DEFINITIONS

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases shall have the following meanings when used in this Declaration:

Section 1.1 “Association” shall mean and refer to Morrison Master Condominium Owners Association, Inc., a corporation organized and existing under the North Carolina Non-Profit Corporation Act pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act.

Section 1.2 “Apartment Unit” shall mean and refer to the Unit occupying all of the first floor and parts of the second through seventh floors of the Building as identified on the Plans and containing approximately 214 apartments and related common areas, the use of which is restricted to residential purposes, as set forth herein, and which are initially intended to be developed and rented as “for lease” apartments but which may be converted, in whole or in part, to condominiums in accordance with the North Carolina Condominium Act.

Section 1.3 “Building” shall mean and refer to the building located on the Real Property which contains the Retail Unit, the Residential Unit and the Apartment Unit, together with the Parking Facility, the Recreational Amenities, entrances and lobbies, stairways, hallways, mechanical rooms, trash compactors and utility systems and certain other Common Elements.

Section 1.4 “Bylaws” shall mean and refer to the bylaws of the Association, a copy of which is attached hereto as Exhibit C, and all amendments to such bylaws which may from time to time be adopted.

Section 1.5 “Common Elements” shall mean and refer to all portions of the Property other than the Units, as depicted on the Plans, and as more particularly described in Section 5.1 of this Declaration, including, without limitation, any easement rights appurtenant to the Real Property pursuant to the Master Declaration for Morrison.

Section 1.6 “Common Elements Interest” shall mean and refer to the undivided percentage interest in the Common Elements allocated to each Unit, as set forth on Exhibit B attached hereto. The Common Elements Interest allocated to each Unit is based on the interior square footage of the Unit, as shown on the Plans and is calculated by dividing the interior square footage of that Unit by the total interior square footage of all Units and multiplying such quotient by 100. The Common Elements Interest shall be used to allocate the division of proceeds, if any, resulting from any casualty loss or eminent domain proceedings and for determining each Unit’s share of Common Expenses but shall not be used to determine voting rights in the Association.

Section 1.7 “Common Expenses” shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves,

pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act.

Section 1.8 “Condominium” shall mean and refer to Morrison Master Condominium, as established by the submission of the Property to the terms of the North Carolina Condominium Act by this Declaration.

Section 1.9 “Condominium Documents” shall mean and refer to this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the rules and regulations governing the use of the Condominium, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.

Section 1.10 “Declarant” shall mean and refer to Morrison-Phase I, LLC, a North Carolina limited liability company. Following recordation of a document transferring to another person or entity all or some of the Special Declarant Rights, pursuant to Section 6.2 of this Declaration, the term “Declarant” also shall mean and refer to that transferee.

Section 1.11 “Declarant Control Period” shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units to an Owner other than Declarant; (ii) two (2) years after Declarant ceases to offer Units for sale in the ordinary course of business; (iii) two (2) years after any Development Right provided in Section 6.1(f) was last exercised; or (iv) the date upon which Declarant voluntarily surrenders control of the Condominium to the Association.

Section 1.12 “Declaration” shall mean and refer to this Declaration of Condominium, as it may be amended from time to time in the future.

Section 1.13 “Executive Board” or “Board” shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the North Carolina Condominium Act.

Section 1.14 “Limited Common Elements” shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of N.C. Gen. Stat. §47C-2-102(2) or (4), for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 5.2 of this Declaration, and as depicted on the Plans.

Section 1.15 “Master Declaration for Morrison” shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements for Morrison recorded in Book 19885, Page 495, of the Mecklenburg County, North Carolina Public Registry, as amended from time to time, which sets forth rights and obligations with regard to the use and operation of the roadways, parking facilities, walking trails, sidewalks and other common areas of the Project.

Section 1.16 “Morrison Lofts” shall mean and refer to the residential condominium regime existing within the Project which may contain up to a maximum of 43 condominium units as described in Unit Ownership File No. 767 of the Mecklenburg County Public Registry.

Section 1.17 “Mortgage” shall mean and refer to a mortgage or deed of trust constituting a first lien on a Unit.

Section 1.18 “Mortgagee” shall mean and refer to the owner and holder of a Mortgage that has notified the Association in writing of its name and address, and that it holds a Mortgage on a Unit. Such notice will be deemed to include a request that the Mortgagee be given the notices and other rights described in Article XVI.

Section 1.19 “North Carolina Condominium Act” shall mean and refer to Chapter 47C of the North Carolina General Statutes.

Section 1.20 “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit as merely security for the payment or performance of an obligation. Notwithstanding the above to the contrary, in the event that the Owner of a Unit should ever subject such Owner’s Unit to the terms of the North Carolina Condominium Act, or any successor Act, as a sub-condominium of the condominium regime created under this Declaration, any reference in this Declaration to the “Owner” of a Unit shall be deemed to mean, after such instrument creating such sub-condominium shall have been filed in the Mecklenburg County, North Carolina Public Registry, the condominium owners association created under the terms of the instrument creating such sub-condominium (as opposed to the individual owners of the condominium units) as long as a sub-condominium regime exists from time to time in such Unit. At such time as a sub-condominium regime no longer exists in any such Unit, the successors and assigns of such sub-condominium owners association and of the owners of units in such condominium, collectively, shall be deemed the Owner of such Unit.

Section 1.21 “Parking Facility” shall refer to the three (3) story parking garage constructed as a part of the Building, containing approximately 467 parking spaces, ramps and walkways, certain of which parking spaces are available exclusively to the Owners of the Residential Unit and the Apartment Unit, and their Permittees, as further described in this Declaration.

Section 1.22 “Permittees” shall mean and refer to tenants, subtenants, occupants, contractors, subcontractors, agents, employees, licensees, concessionaires, and invitees and their respective officers, directors, contractors, subcontractors, agents, employees, licensees, invitees, customers, vendors, suppliers and visitors. Any Person engaging in an activity violating the Rules and Regulations adopted from time to time by the Association shall not be a Permittee. Upon the creation of a sub-condominium regime within any Unit as permitted under this Declaration, the association of each such condominium shall be deemed on Owner hereunder (as provided above in the definition of “Owner”) and each unit owner within each such sub-condominium shall be deemed a Permittee and each Permittee of each such sub-unit owner shall be deemed a Permittee of the applicable Unit Owner.

Section 1.23 “Plans” shall mean and refer collectively to the surveys, plans and specifications of the Building and Property prepared by A. G. Zoutewelle Surveyors and Little Diversified Architectural Consulting and recorded under the name of the Condominium in the

Unit Ownership File under the file number stamped or written on the first page of this Declaration in the Office of the Register of Deeds of Mecklenburg County. The Plans are hereby incorporated herein by reference as if the same were attached to this Declaration.

Section 1.24 “Project” shall mean and refer to the mixed use development intended to be developed by Declarant and certain affiliates of Declarant on approximately 23.2898 acres of real property located in the northerly quadrant of the intersection of Sharon Road and Colony Road in Charlotte, Mecklenburg County, North Carolina and identified as Tracts 1, 2, 3 and 4 on plat recorded in Map Book 44, Page 996 of the Mecklenburg County Public Registry. The Project is intended to be developed as a mix of retail, residential apartments and residential condominium units and is commonly referred to as “Morrison.”

Section 1.25 “Property” shall mean and refer to the Real Property, the Building and all other improvements and structures located on or within the Real Property; and all easements, rights and appurtenances belonging or appertaining to the Real Property.

Section 1.26 “Real Property” shall mean and refer to the real property subject to this Declaration as more particularly described on Exhibit A attached hereto, together with all appurtenant easements including, without limitation, appurtenant easements created under the terms of the Master Declaration for Morrison.

Section 1.27 “Recreational Amenities” shall mean and refer to the clubhouse containing meeting rooms, restrooms, a fitness center and other amenities, the courtyard and the swimming pool constructed on the 5th floor of the Building and which shall be available exclusively to the Owners of the Apartment Unit and the Residential Unit and their Permittees as well as to the owners of units in Morrison Lofts and their Permittees in accordance with a Shared Amenities Agreement to be entered into between the Declarant and the owners association for Morrison Lofts, which agreement will be assigned to the Owners of the Apartment Unit and the Residential Unit upon formation of this Condominium.

Section 1.28 “Residential Parking Spaces” shall refer to that portion of the Parking Facility located on the 3rd floor of the Parking Facility (4th floor of the Building) that is available exclusively to the Owners of the Apartment Unit and the Residential Unit and their Permittees, as described in Section 5.2(d) of this Declaration.

Section 1.29 “Residential Unit” shall mean and refer to the Unit occupying parts of the 5th, 6th and 7th floors of the Building (being the 3rd, 4th and 5th floors from grade level at the south elevation of the Building) as identified on the Plans and containing approximately 80 residential condominium units and related common areas, the use of which is restricted to residential purposes, as set forth herein, and which are intended to be subjected to the North Carolina Condominium Act as a separate, sub-condominium within the Unit created under this Declaration.

Section 1.30 “Retail Unit” shall mean and refer to the Unit occupying parts of the 3rd and 4th floors of the Building (being the first two floors from grade level at the south elevation of

the Building) as identified as such on the Plans, the use of which is restricted to commercial purposes, as set forth herein.

Section 1.31 “Special Declarant Rights” shall mean the rights reserved for the benefit of Declarant in the Condominium Documents, as more particularly described in Article V of this Declaration.

Section 1.32 “Unit” shall mean and refer to a portion of the Property, as more particularly described in Article IV of this Declaration, that is the subject of individual ownership by an Owner.

In addition, the definitions set forth in N.C. Gen. Stat. §47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or the Condominium Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II DESIGNATION OF CONDOMINIUM

Section 2.1 Location and Designation. The Real Property on which the Building and other improvements are located is located entirely in Mecklenburg County, North Carolina, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Property is subjected to the terms of the North Carolina Condominium Act by this Declaration.

Section 2.2 Name. The name of the Condominium is Morrison Master Condominium.

ARTICLE III DESCRIPTION OF BUILDING

Section 3.1 Building. The Building is a seven (7) story post-tension concrete building, with brick veneer and Exterior Installation and Finish System exterior. At its south elevation, the Building is five (5) stories tall extending up from grade level. The Retail Unit is located on portions of the first two floors of the Building from grade level at the south elevation (such floors being the 3rd and 4th floors of the Building). The Residential Unit is located above the Retail Unit on portions of the 3rd, 4th and 5th floors above grade level at the south elevation of the Building (such floors being the 5th, 6th and 7th floors of the Building). The Apartment Unit is located on the 1st floor of the Building from grade level on the north elevation (such floor being the 1st floor of the Building) and on portions of the 2nd through 7th floors of the Building. The Units form a perimeter around, and wrap, the Parking Facility and the Recreational Amenities which are located on the interior of the Building, all as shown on the Plans. For purposes of this Declaration, references to floors shall be deemed references commencing with the “1st floor” located at grade level at the north elevation of the Building.

The Retail Unit is intended to be leased to multiple retail users including food stores, restaurants, clothing stores and other retailers generally found in mixed use centers similar to the

Project. The Residential Unit will contain approximately 80 residential condominium units with related common areas such as elevators, hallways, stairways, mailrooms, mechanical rooms and storage areas. The actual number of residential condominiums in the Residential Unit may vary depending on the terms of the declaration of condominium under which such sub-condominium is created which will be filed in the Mecklenburg County Public Registry. The Apartment Unit will contain approximately 214 residential "for lease" apartment units with related common areas such as elevators, hallways, stairways, mailrooms, mechanical rooms and storage areas. The actual number of apartments in the Apartment Unit may vary during construction and build-out. The apartments in the Apartment Unit may be converted, in whole or in part, to the condominium form of ownership and a separate sub-condominium association formed in the Apartment Unit. No assurances can be given when, or if, any such conversion shall occur.

In addition to the Units, the Building includes the three-story Parking Facility and the Recreational Amenities. Certain portions of the Parking Facility will be allocated as Limited Common Elements of the Residential Unit and the Apartment Unit as provided in Section 5.2 below. Those parking spaces not allocated as Limited Common Elements under this Declaration will be available to all Owners and their Permittees, as well as to other owners of real property in the Project and their Permittees, on a first-come, first-served basis, as provided in the Master Declaration for Morrison, subject, however, to the reasonable rules and regulations which may be imposed by the Association from time to time including the right to impose restrictions on the use of the second level of the Parking Facility (located on the 3rd floor of the Building) for use by the retail owners within the Project and their Permittees as provided in Section 7.5 below. The Recreational Amenities will be allocated as Limited Common Elements of the Residential Unit and the Apartment Unit as provided in Section 5.2 below. In addition, the Declarant will enter into a Shared Amenities Agreement with the condominium owners association of Morrison Lofts permitting the owners of those condominium units, and their Permittees, use of the Recreation Amenities and require such owners to share in the cost of maintenance of the Recreational Amenities.

Section 3.2 Location of Building. The location and dimensions of the Building are shown on the Plans.

ARTICLE IV DESCRIPTION OF UNITS

Section 4.1 Units. The location of Units within the Building and their dimensions are shown on the Plans. There are a total of three (3) Units in the Building. Section 3.1 above describes the anticipated build-out of each Unit. Use of the Retail Unit shall be limited exclusively to commercial purposes (office or retail, as permitted by zoning). Use of the Residential Unit and the Apartment Unit shall be limited exclusively to residential purposes; provided, however use of a portion of such Units for a leasing and/or management office for such Units shall be a permitted use. Furthermore, leasing such individual apartments or condominiums to tenants for occupancy as such tenant's primary residence shall not be a violation of the residential use restriction so long as such leasing is done in accordance with the terms of this Declaration.

Section 4.2 Unit Boundaries. The boundaries of each Unit are as follows:

(a) Upper Boundary: The horizontal plane located at the lowest surface of the corrugated metal deck or concrete slab in the ceiling at the highest elevation of the Unit as shown on the Plans; provided, however, as depicted on the Plans, the upper boundary of the Apartment Unit is at different elevations. Therefore, the upper boundary of the Apartment Unit shall not be a single horizontal plane, but shall vary with the differing ceiling elevations within different portions of the Apartment Unit.

(b) Lower Boundary: The horizontal plane located at the top surface of the concrete slab at the lowest elevation of the Unit as shown on the Plans; provided, however, as depicted on the Plans, the lower boundary of the Apartment Unit is at different elevations. Therefore, the lower boundary of the Apartment Unit shall not be a single horizontal plane, but shall vary with the differing concrete slab elevations within different portions of the Apartment Unit. Notwithstanding the above, each Unit contains multiple floors of the Building; therefore, the definition of upper and lower boundaries set forth herein apply with respect to each floor within each Unit. The horizontal structural elements (i.e., concrete and steel slabs) dividing the floors within each of the Units are part of the Common Elements, but are a Limited Common Element allocated to the Unit in which such elements are located.

(c) Vertical Boundaries: The vertical planes which include the back surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

As provided in N.C. Gen. Stat. §47C-2-102(1), all lath, flooring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Unit. Furthermore, all interior walls (except load bearing walls), partitions, fixtures, appliances, cabinets and other facilities or improvements lying completely within the boundaries of a Unit shall be a part of such Unit. As provided in N.C. Gen. Stat. §47C-2-102(2), if any chute, flue, duct, wire, pipe for water or sewer, conduit, load bearing wall, load bearing column, steel roof joists or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 5.2 below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element. Notwithstanding anything contained herein to the contrary, all structural components of the roof of the Building, the steel, concrete or other structural components of the floors of the Building and the steel, concrete and other structural components of the walls of the Building shall be Common Elements, even if located within the boundaries of a Unit.

ARTICLE V
COMMON ELEMENTS AND OTHER PROPERTY RIGHTS

Section 5.1 Common Elements. The Common Elements include all portions of the Condominium that are not part of the Units, including without limitation:

- (a) The Real Property.
- (b) All improvements located within the Real Property outside of the Units, including without limitation the Limited Common Elements described in Section 5.2 below, as well as the elevators, elevator lobbies, interior stairwells and interior corridors within the Building.
- (c) The foundations, roofs, columns, girders, beams, supports, exterior and interior load-bearing walls, floors between Units, and all other structural elements of the Building.
- (d) Any public connections and facilities for utility services serving the Building and located within the Real Property that are not owned by the public utility or municipal agency providing such services, until owned or maintained by the public utility or municipal agency providing such service.
- (e) All tangible personal property required for the operation and maintenance of the Condominium that may be owned by the Association.
- (f) The appurtenant easement areas described as a part of the Real Property for use by the Owners and their Permittees, in accordance with the Master Declaration for Morrison.
- (g) The Parking Facility subject, however, to the Apartment Unit Owner's and Residential Unit Owner's allocation of the Residential Parking Spaces as a Limited Common Element as described below.
- (h) All compressors, water pumps, fire pumps, emergency generators, fire alarms, electric meters, substations and control equipment serving more than one Unit.
- (i) All mechanical rooms located within the Building and serving more than one Unit whether located in a Unit or not.

Section 5.2 Limited Common Elements. The Limited Common Elements shall be composed of the following:

- (a) Those portions of any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit, which shall be Limited Common Elements allocated exclusively to that Unit.

(b) Any shutters, awnings, window boxes, non-structural components of balconies and terraces and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside that Unit's boundaries, which shall be Limited Common Elements allocated exclusively to that Unit.

(c) Any portions of the heating, ventilating, and air conditioning systems, including fans, compressors, return air grills and thermostats, whether located inside or located outside the designated boundaries of a Unit, which shall be Limited Common Elements allocated exclusively to the Unit or Units that they serve.

(d) The Residential Parking Spaces located on the 3rd floor of the Parking Facility which shall be a Limited Common Element allocated exclusively to the Apartment Unit and the Residential Unit. Eighty-four (84) of such spaces shall be allocated as a Limited Common Element exclusively to the Residential Unit with the remaining Residential Parking Spaces being allocated exclusively to the Apartment Unit and available on a first-come, first-served basis to the Owners of the Apartment Unit and their Permittees. The allocation of such Residential Parking Spaces shall be as shown on the Plans. The Owner of the Residential Unit shall have the right to further allocate its allocated parking spaces in the manner provided in the declaration filed by the Owner of the Residential Unit to create the sub-condominium association. Unless otherwise mutually agreed by the Owners of the Apartment Unit and the Residential Unit, the Residential Parking Spaces shall be secured with a gate that may only open with the appropriate access card or other triggering device. The aggregate number of such access cards available for use by the Residential Unit shall not exceed eighty-four (84).

(e) Those storage units located in the Parking Facility and so labeled as such which shall be Limited Common Elements of either the Apartment Unit or the Residential Unit as identified on the Plans.

(f) The elevator, stairway and elevator lobby located on the 3rd floor of the Building (at grade level at the south elevation), and extending upward to the top story of the Residential Unit, as identified on the Plans, which shall be a Limited Common Element allocated exclusively to the Residential Unit.

(g) The two elevators, stairways, elevator lobbies and trash chutes located on the 2nd floor of the Building, one of which is located in the southeasterly corner of the Parking Facility and one of which is located at, or near, the southwesterly corner of the Parking Facility, and extending upward to the top floor of the Apartment Unit, as identified on the Plans, which shall be a Limited Common Element allocated exclusively to the Apartment Unit and the Residential Unit.

(h) Those portions of any elevator shaft or stairway lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit, which shall be Limited Common Elements allocated exclusively to that Unit.

(i) The Recreational Amenities, which shall be a Limited Common Element allocated exclusively to the Residential Unit and the Apartment Unit, as shown on the Plans, subject, however, to the rights of the owners of Morrison Lofts and their Permittees to use such Recreational Amenities.

(j) The courtyard located on the 4th floor of the Building and surrounded by the Apartment Unit, which shall be a Limited Common Element of the Apartment Unit and the Residential Unit.

(k) The trash compactors and the vestibules containing such trash compactors, recycling areas and other areas for collection and holding residential trash, located on the 1st floor of the Parking Facility, which shall be Limited Common Elements allocated to the Residential Unit and the Apartment Unit.

(l) The trash compactor, grease trap and loading dock located at the 3rd floor, but outside of the Building, at grade level at the south elevation of the Building, which shall be Limited Common Elements allocated exclusively to the Retail Unit. The vestibules containing trash dumpsters, recycling areas and other areas for collection and holding commercial trash located on the 2nd floor of the Parking Facility, adjacent to but to the rear of the Retail Unit, which shall be Limited Common Elements allocated to the Retail Unit.

(m) Those areas indicated on the Plans as Limited Common Elements but not otherwise allocated to a specific Unit either in the Plans or this Declaration, shall be deemed Limited Common Elements allocated to the Unit or Units within the Building serviced by such Limited Common Elements.

The cleanliness and orderliness of the Limited Common Elements (excluding the Residential Parking Spaces and the elevators, elevator lobbies and stairways which are Limited Common Elements serving more than one Unit) shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the North Carolina Condominium Act, the obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. References in this Declaration to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise. The allocation of use of Limited Common Elements to the Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected. The Parking Facility shall be maintained by the Association; provided, however, that the Association shall allocate the cost of the maintenance (including ad valorem taxes and insurance) of that portion of the Parking Facility encompassing the Residential Parking Spaces as a special assessment against the Owners of the Apartment Unit and the Residential Unit, such amount to be determined in the manner provided by Section 4.1(c) of the Master Declaration for Morrison with the Owner of the Apartment Unit responsible for 31.15% of such costs and the Owner of the Residential Unit responsible for 68.85% of such costs. Owners of the Units shall be reimbursed

for some, if not all, of such maintenance in the manner provided in the Master Declaration for Morrison; provided, however, the Owners of the Apartment Unit and the Residential Unit shall not be reimbursed for the cost of maintenance of the Residential Parking Spaces. The Association shall have the right to delegate the responsibility of maintenance of the Parking Facility to the association created under the Master Declaration for Morrison. The elevators, elevator lobbies and stairways providing access to more than one Unit which may be labeled as Limited Common Elements on the Plans shall be maintained by the Association and the cost thereof shall be deemed a special assessment against the Units serviced by such elevators, lobbies and stairways.

Section 5.3 Undivided Interests of Owners in Common Elements. The percentage interest in the Common Elements allocated to each Unit shall be the Common Elements Interest for that Unit as set forth on Exhibit B attached hereto. Except as set forth in Section 9.6(a), the Common Elements Interest allocated to each Unit shall not be changed except with the unanimous consent of all the Owners of all the Units and with the consent of all the Mortgagees.

Section 5.4 Maintenance of Common Elements. The Association, either directly or through enforcement of rights under the Master Declaration for Morrison, shall be responsible for the maintenance and repair of all Common Elements including the Parking Facility (all Floors), elevators, elevator lobbies and stairways which are Limited Common Elements and serving more than one Unit, and structural elements of balconies and terraces, but excluding other Limited Common Elements and maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, invitees or family members, which shall be the responsibility of that Owner.

Section 5.5 Rights Under Master Declaration for Morrison. In accordance with the terms of the Master Declaration for Morrison, all Owners and their Permittees, shall have the non-exclusive easement and right to use the common areas of the Project as defined in the Master Declaration for Morrison, including, without limitation, private roads and drives, parking facilities (surface and structured), walking paths and storm water detention facilities. Since the Association shall be deemed a condominium owners association created under a "Master Condominium," as defined in the Master Declaration for Morrison, the Association shall not be deemed a member of the property owners association created under the Master Declaration for Morrison, but instead, each Owner of a Unit shall be a member of such property owners association and as such, has certain rights and is required to pay assessments for maintenance of the Project's common areas.

Section 5.6 Shared Amenities. In conjunction with the construction of the Building, Declarant has caused the Recreational Amenities to be constructed on the 5th floor of the Building, which Recreational Amenities are allocated as Limited Common Elements of the Apartment Unit and the Residential Unit; therefore, maintenance of the Recreational Amenities, and the cost thereof, shall be the responsibility of the Owners of the Apartment Unit and the Residential Unit. The Owner of the Apartment Unit will have responsibility for the maintenance and operation of the Recreational Amenities in a first-class manner consistent with other first-class residential developments in the Charlotte area and shall invoice the Owner of the Residential Unit for its share of the cost of such operations and maintenance based on the relative

number of living units in each of the Apartment Unit and the Residential Unit. The Owner of such Residential Unit shall pay such invoiced amount within fifteen (15) days of receipt of such invoice. In the event that the Owner of the Apartment Unit fails to maintain the Recreational Amenities in the manner prescribed herein and such failure continues for ten (10) days after written notice from the Owner of the Residential Unit, the Owner of the Residential Unit shall have the right to undertake such operation or maintenance and to invoice the Owner of the Apartment Unit for its share of the cost of such maintenance based on the relative number of living units in each of the Apartment Unit and the Residential Unit. The obligation to pay each Owner's proportionate share of the maintenance cost of the Recreational Amenities shall be deemed a special assessment by the Association and the Association shall have the right to enforce all remedies available to the Association under this Declaration and under the North Carolina Condominium Act for failure to pay assessments as provided in Section 8.2 below.

As previously described, the Declarant intends to enter into a shared amenities agreement whereby the owners of units in Morrison Lofts and their Permittees shall have the right to use, in conjunction with the Owners of the Apartment Unit and the Residential Unit and their Permittees, all of the Recreational Amenities, subject to reasonable rules and regulations to be mutually agreed upon by the Owners of the Apartment Unit and the Residential Unit. The shared amenities agreement will initially require Morrison Lofts to contribute an amount equal to \$10.00 per unit, per month for each unit in Morrison Lofts, which funds shall be used to help fund the cost of operating and maintaining the Recreational Amenities. The Owners of the Residential Unit and the Apartment Unit may mutually agree to revise the amount payable by Morrison Lofts for use of the Recreational Amenities as such Owners deem reasonably appropriate; however, it is anticipated that the shared amenities agreement will provide for a proportionate sharing of the cost of operating and maintaining the Recreational Amenities among Morrison Lofts and the Owners of the Apartment Unit and the Residential Unit based upon the relative number of living units applicable to each. The costs payable by the Owners of the Apartment Unit and the Residential Unit will be reduced by the amount of funds contributed by Morrison Lofts.

Section 5.7 Storage Units. There are 72 individual storage units located in the Parking Facility which are allocated under this Declaration as Limited Common Elements to either the Apartment Unit or the Residential Unit. Thirty-two (32) of such storage units shall be allocated to the Residential Unit and forty (40) of such storage units shall be allocated to the Apartment Unit. The location of these storage units are shown on the Plans with each such unit being provided a designation, R1-R32 for the Residential Unit and A1-A40 for the Apartment Unit. The Owner of the Apartment Unit and the Owner of the Residential Unit shall have the right to further allocate such storage units to individual living units within such Unit, in which case, such storage units may be allocated in subsequent deeds or leases by the Owner of the Residential Unit or Apartment Unit, as applicable.

ARTICLE VI SPECIAL DECLARANT RIGHTS

Section 6.1 Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of Declarant in the Condominium Documents, and shall include without limitation the following rights:

- (a) The right to complete any improvements shown on the Plans.
- (b) The right to maintain a sales and/or leasing office, model units and signs advertising the Condominium.
- (c) The right to use easements through the Common Elements for the purpose of completing construction.
- (d) The right to appoint or remove officers of the Association or members of the Executive Board during the Declarant Control Period.
- (e) The right to exercise any other rights granted to or reserved by Declarant in the Condominium Documents or the North Carolina Condominium Act.
- (f) The right, until the eighth (8th) anniversary of the date of recording of this Declaration, as a development right of the Declarant, to allocate portions of the Common Elements as Limited Common Elements allocated to a specific Unit or Units so long as such allocation does not unreasonably hamper the enjoyment of the Property by the Owners.
- (g) The right of the Declarant to use, and Declarant hereby reserves for itself and its successors and assigns, a non-exclusive easement upon, across, over, in and under the Property as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or this Declaration, including, without limitation: (i) easements for ingress and egress and for installation, replacement, repair and maintenance of drainage ditches and facilities, all utilities, including, but not limited to water, sewer, gas, telephone and electrical, cable and other communication systems and indoor sprinkler systems; and (ii) easements to store materials on the Common Elements and to make such other use of the Common Elements as may be reasonably necessary or incident to the construction of the Buildings and other improvements on the Property.

Section 6.2 Transfer of Special Declarant Rights. Declarant may transfer any Special Declarant Rights created or reserved under the Condominium Documents to any person or entity, by an instrument evidencing the transfer duly recorded in the Office of the Register of Deeds for Mecklenburg County. The instrument shall not be effective unless it is executed by the transferor and the transferee. Upon the transfer of any Special Declarant Rights, the liability of the transferor and the transferee shall be as set forth in N.C. Gen. Stat. §47C-3-104.

Section 6.3 Supplemental Declaration. In order to exercise the development right to create additional Limited Common Elements as provided in Section 6.1(f) above, Declarant shall execute and record an amendment to this Declaration in accordance with N.C. Gen. Stat. §47C-2-110 (a "Supplemental Declaration"). Any Supplemental Declaration executed and recorded by Declarant to exercise the development right of creating new Limited Common Elements shall contain an amendment or supplement to the Plans identifying the new Limited Common Elements so created. Declarant may exercise the development right to create new Limited

Common Elements without the consent or approval of the Association, or any other Owner or Mortgagee, by executing and recording a Supplemental Declaration in accordance with this Section 6.3.

ARTICLE VII
RESTRICTIONS ON USE

Section 7.1 Use.

(a) Residential and Apartment Units. Except as specifically set forth herein, the Residential Unit and the Apartment Units (and any sub-condominium units or apartment units constructed within such Units) shall be used only for residential purposes; provided, however, that the Owner of each such Unit may maintain a sales/leasing office or model condominium or apartment unit. Except for the construction, sales and management activities of the Owner of such Unit, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained or permitted on any part of the Property (except within the Retail Unit and the Common Areas located immediately adjacent thereto as described in this Declaration) unless permitted by the Executive Board.

(b) Retail Unit. The Retail Unit shall only be used for lawful commercial purposes as permitted by zoning and which are reasonably compatible with the operation of a first class mixed-use condominium and shall not be used for any of the following uses:

(i) Business or use which (i) creates strong, unusual or offensive odors, fumes, dust or vapors, (ii) is a public or private nuisance, (iii) emits noise or sounds which are objectionable due to intermittence, beat, frequency, shrillness or loudness, or (iv) creates unusual fire, explosive or other hazards, (v) has flashing lights or signs, strobe lights, search lights or loudspeakers, or (vi) has phonographs, radios, digital players or video screens within any exterior portion, provided, however, restaurants and bars shall never be deemed to violate this subsection (i) so long as they are in compliance with applicable governmental codes and regulations;

(ii) Movie theatre;

(iii) Auditorium or other similar place of public entertainment or general assembly;

(iv) Bowling alley;

(v) Funeral parlor;

(vi) Industrial, warehouse (other than the storage of inventory, fixtures and equipment as part of a permitted business) or manufacturing use;

(vii) Carnival, discotheque or dance hall, massage parlor (excluding day spas, which are permitted);

(viii) A pawn shop, a military surplus store, or for the sale of drug paraphernalia;

(ix) "Strip" or similar club or establishment providing adult entertainment, including adult dance clubs; provided, however, that day spas shall be permitted;

(x) Gambling facility or operation (except for the sale of lottery tickets if such sale is legal in the State of North Carolina), including an off-track or sports betting parlor, the operation of table games (except video games permitted in arcades, bars or restaurants), slot machines, video poker/black-jack/keno machines or similar devices, or as a bingo hall;

(xi) Service of motor vehicles, boats, or mobile homes, or for the installation of auto parts;

(xii) Rental, service or repair of lawn care equipment, carpet sweepers, power tools, televisions, VCRs, or electronic or computer equipment, except incident to the retail sale of such items;

(xiii) "Hi-fi", electronics, stereo, television or similar stores provided, however, that such stores may be permitted with soundproofing reasonably satisfactory to the Association in its sole discretion;

(xiv) Veterinary facility, animal raising facility or pet shop; provided, however, pet grooming services shall be permitted;

(xv) Laundromat or dry cleaners (except as a "drop off" site for off-site cleaning); or

(xvi) Photography stores that develop film on-site (unless the proposed Owner has received assurances satisfactory to the Association in its reasonable discretion as to the proper storage and disposal of processing chemicals and other photographic waste materials).

Section 7.2 Nuisance. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners, or endanger the health and safety of any Owner. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Condominium.

Section 7.3 Prohibitions on Use of Common Elements. The Common Elements (excluding Limited Common Elements designated therefore) shall not be used for the storage of personal property of any kind. Stairs, entrances, lobbies, hallways, elevators, sidewalks, driveways, and parking areas shall not be obstructed in any way, or used for other than their intended purposes. In general, no activity shall be carried on nor conditions maintained by any

Owner either in his Unit or upon the Common Elements which detracts from the appearance of the Condominium. Notwithstanding anything contained herein to the contrary and subject to the terms of the Master Declaration for Morrison, the Owner of the Retail Unit, and its Permittees, shall have the right to use the sidewalk and courtyard areas of the Common Elements located on the ground level, between in front and to the side, and in the vicinity, of the Retail Unit, for purposes of outdoor dining, sidewalk sales and other temporary retail uses consistent with an urban retail setting; provided, however, that the Owner of the Retail Unit shall be solely responsible for removing any trash or refuse left in those areas of the Common Elements during the period of, and immediately after, such use of the Common Elements. All Owners, their family members, guests and invitees, shall abide by reasonable rules and regulations promulgated by the Association for use of the elevators, lobbies and corridors which constitute a part of the Common Elements. Specifically, but without limitation, the Association may designate certain times during which any elevators may be used for transport of freight, including moving of furniture, which shall in any way delay the use of the elevators for ordinary passenger service.

Section 7.4 Garbage. Trash, garbage and other waste shall be kept in sanitary containers within each Unit, and deposited only in the common trash receptacles located within the Common Elements. Specifically, the Residential Unit and the Apartment Unit will deposit trash in the trash chutes located on each floor of the Apartment Unit which will direct such trash into compactors located on the first floor of the Parking Facility and identified on the Plans as Limited Common Elements. The Retail Unit shall deposit its trash in the compactor located outside of the Building in the same area as the Retail Unit's loading dock and in the vestibule for holding trash dumpsters and recycling located on the second floor of the Parking Facility, each of which are identified on the Plans as a Limited Common Element. The Apartment Unit and Residential Unit Owners shall not be permitted to use the trash compactor allocated to the Retail Unit. Likewise, the Retail Unit Owners shall not be permitted to use the trash compactors allocated to the Apartment Unit and the Residential Unit.

Section 7.5 Parking. No Owner or any Permittee of any Owner, shall park, store or keep any vehicle within the Project except wholly within those portions of the common areas of the Project designated as parking areas for use in common with all property owners in the Project (or allocated to a Unit as a Limited Common Element as provided herein) and in particular shall not block any entrances, drive aisles, and fire lanes. Any parking space located in the Residential Parking Spaces and allotted to the Apartment Unit or the Residential Unit may be used only by the Owner of such Unit to which those parking spaces are allocated as Limited Common Elements, and their Permittees. No boat, boat trailer, motor home, commercial truck or vehicle (as defined by the Board), travel trailer, camper or other recreational vehicle may be stored within the Project at any time except such temporary construction trailers or commercial vehicles being used by Declarant or any owner of any Tract (as defined in the Master Declaration for Morrison) in the Project during the construction of improvements on such Tract. No automobile repair shall be allowed in the parking areas within the Project, including, without limitation, the Parking Facility. The Association shall have the right to tow (or restrain by a disabling device such as a boot) or to authorize the association organized under the Master Declaration for Morrison to tow (or to boot), any vehicle in violation of this Section 7.5 at its owner's expense. Other than the specific parking spaces allocated to the Apartment Unit and the Residential Unit as Limited Common Elements by the Declarant in this Declaration and Plans filed herewith, the

remaining parking spaces in the Parking Facility shall be Common Elements available for use by all Owners and their Permittees and to all other owners of Tracts in the Project and their Permittees, subject to any rules and regulations for such Parking Facility as promulgated by the Association or by the association created pursuant to the Master Declaration for Morrison from time to time, in their sole discretion. **Specifically, all parking spaces located on the second floor of the Parking Facility (i.e., the 3rd floor of the Building) shall be reserved for the exclusive use of the Owner of the Retail Unit and its Permittees and the owners of other commercial businesses in the Project and their Permittees, from 10 a.m. to 10 p.m. each day. Other than the period from 10 a.m. to 10 p.m., such spaces in the second floor of the Parking Facility shall be available for the use of the Owners of all Units, and their Permittees.** All parking spaces in the Parking Facility (other than the Residential Parking Spaces, which may be specifically allocated by the Owners of the Residential Unit and the Apartment Unit, as applicable) shall be available on a “first-come, first-served” basis, subject to the restrictions set forth in this Section 7.5.

In addition to having the right to tow any vehicle or to apply a disabling device (i.e., a boot) to any vehicle in violation of any parking restriction, the Association, acting through the Executive Board, shall have the right to levy fines as follows: First Offense during any twelve (12) month period - \$50.00; any violations over one (1) in any twelve (12) month period - \$100.00 per violation. Fines imposed for violation of the parking restrictions shall be considered special assessments and shall be due and payable upon receipt of the parking violation. The Association shall have the right to enforce payment of such special assessment in the same manner as it may enforce the collection of any assessments under this Declaration and the Bylaws of the Association including charging of interest, payment of late fees and imposing of a lien against the Unit. Each Owner shall be responsible for violation of the parking restrictions by Owner or any Permittee of the Owner. Any Owner incurring such a fine may appeal such fine for a hearing before the Executive Board of the Association in the manner prescribed by N.C. Gen. Stat. § 47C-3-107.1.

Section 7.6 Leases of Units. Any lease of a Unit or portion thereof (including, without limitation, any sub-condominium unit or apartment unit contained within a Unit) shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Condominium Documents and that any failure by the lessee to comply with all of the terms of such Condominium Documents shall constitute a default under the lease. No portion of any Unit may be leased for a period shorter than thirty (30) days without the express written consent of the Executive Board, which may be withheld for any reason. This restriction shall not prevent a person or entity from allowing a guest or employee to occupy the portion of a Unit as a temporary residence for less than thirty (30) days provided that such guest or employee does not pay rent and further provided that such occupant complies with all of the terms of the Condominium Documents. Nothing contained herein shall limit any more stringent restrictions on leasing which may be imposed on a Unit by the Owner of such Unit.

Section 7.7 No Timeshares. No interest in any Unit or any portion thereof may be subjected to a time share program, as that term is defined in N.C. Gen. Stat. §93A-41(10).

Section 7.8 Animals. No animals, livestock, or poultry of any kind shall be kept or maintained in the Condominium or in any portion of any Unit except that small common household pets may be kept or maintained in the Units, provided they are not kept or maintained for commercial purposes and provided that no Owner may permit more than two (2) such pets at any one time (excluding fish), in any such sub-condominium unit or apartment located within such Owner's Unit. No pet shall be permitted upon the Common Elements unless carried or leashed by a person that can control the pet. No pets having dangerous propensities, as determined by the Board, including, but not limited to, pit bulls, rotweilers and german shepards shall be maintained in the Condominium or in any Unit, or permitted upon the Common Elements. All pets shall be controlled so as not to create a nuisance or unreasonable disturbance (including loud and excessive barking) in the Condominium. Pets shall not be permitted to defecate in the Common Elements, and each Owner or its Permittee shall clean up immediately after his pet if an accident occurs. All pets shall be registered or inoculated as required by law. Each Owner and its Permittees shall hold the Association harmless from any claim resulting from any action of his pet, and shall repair at his expense any damage to the Common Elements caused by his pet. If any Owner or the Permittees of any Owner, violate these rules more than twice in any twelve (12) month period, then in addition to any fines provided in the Bylaws, the Association shall have the right to require the Owner to remove the pet permanently from the Condominium upon not less than ten (10) days' written notice. Notwithstanding anything to the contrary herein, should any portion of the Retail Unit be used for pet grooming services, animals shall be permitted within such Unit, or portion thereof, and upon the Common Elements for purposes of such business.

Section 7.9 Utilities. All Units shall have separate electrical meters. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association. All clothes dryers will have lint filters, and all stove hoods will have grease screens, and such screens and filters shall be used at all times and kept clean, and in good order and repair, by the Owner of the Unit in which they are located, or such Owner's Permittees. The Condominium will have a single meter for water and sanitary sewer service provided to the Condominium and the costs of such water and sewer service shall be deemed a Common Expense. Notwithstanding the above, the Association shall have the right to separately meter or submeter water and sanitary sewer service to any or all Units or to any portion thereof and costs of such utility service shall be allocated to the Unit for which such meter applies.

Section 7.10 Floor Load. There shall be no floor load in any Unit in excess of forty (40) pounds per square foot, unless an engineering determination of the floor load capacity in the area of heavy use is approved by the Executive Board. No core drilling shall be permitted into any floor of the Building without the written approval of the Executive Board.

Section 7.11 Windows. No curtains, draperies or other window treatments shall be installed or hung in any window of any Unit unless they have a white lining or backing on the side exposed to the window; provided, however, that this requirement shall not apply to the Retail Unit. No storm windows shall be installed in any Unit. Owners of the Retail Unit shall not be required to hang curtains or draperies in windows, and each Owner acknowledges that the

windows of the Retail Unit may contain lettering and advertising signage in compliance with the provisions of Section 7.12 hereof.

Section 7.12 Architectural Control. No building, landscaping, wall or other structure (other than a satellite dish or antenna permitted by Section 7.16) shall be commenced, erected or maintained upon the Condominium, nor shall any exterior addition to or change or alteration to either the Unit or the Common Elements be made, until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Association. No such approval shall be required for any alteration wholly within a Unit which is not visible from the exterior of the Building and which does not affect the structural elements of the Building or other Common Elements.

Section 7.13 Signs and Flags. No signs or other advertising devices shall be displayed on or about the exterior of the Units or in the Common Elements, except for: (a) reasonable directional signage within the Common Elements as reasonably approved by the Association, (b) one or more professionally manufactured and installed signage, as approved by the Association, identifying the name of the sub-condominium and/or apartments located in the Residential Unit or the Apartment Unit, (c) a temporary professional printed "For Lease" or "For Sale" sign not to exceed three (3) square feet in one (1) window of the Retail Unit, and (d) one or more professionally manufactured and installed signs on the exterior (or on the interior but viewable from the exterior) for each tenant or business within the Retail Unit, erected in conformance with applicable sign ordinances. The prohibition on the display of signs shall expressly include, without limitation, the display of political signs as defined in N.C.G.S. § 47C-3-121(2). Any signs displayed as provided above or as may be otherwise permitted by the Association shall be maintained solely by the Owner of such Unit displaying such sign and shall be maintained in a neat and clean condition and shall not be permitted to become worn, tattered, faded or otherwise in disrepair. Notwithstanding the foregoing, Declarant shall have the right to maintain within the Condominium and/or on the exterior of the Building, professionally printed advertising signs during the Declarant Control Period, provided those signs comply with applicable governmental regulations. Further, no pole or other device for the display of decorative flags, including, without limitation, the flag of the United States of America or the State of North Carolina, shall be erected or displayed on or about the exterior of any Unit, or in the Common Elements unless approved in advance by the Association. In the event that the Association approves installation of a pole or device for the display of decorative flags, any such flags displayed by an Owner or its Permittees, shall be in good taste and shall not contain lewd or offensive displays or material. Furthermore, the Owner of the Retail Unit shall have the right to install awnings on the exterior of the Retail Unit so long as such installation is in conformance with applicable zoning ordinances and provided that the Owner of the Retail Unit shall be solely responsible, at its cost, for maintaining such awnings in a neat and clean condition such that the awnings shall not become worn, tattered, faded or in disrepair. Installation of any such awning or signs (as provided above) by the Owner of the Retail Unit shall be done in a good and workmanlike manner in such a way as to prevent moisture intrusion into the Building. The Owner of the Retail Unit shall be solely responsible for any repairs necessary to the Building as a result of the installation use and removal of any such awnings or signs.

Section 7.14 Maintenance. The Owner of each Unit is responsible for maintaining his Unit as well as the Limited Common Elements appurtenant thereto (excluding any parking spaces, elevators and elevator lobbies and stairways and the structural elements of balconies and terraces). Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements (except as provided herein) in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto after ten (10) days written notice, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance.

Section 7.15 Rules and Regulations. In addition to the use restrictions set forth in this Declaration, reasonable rules and regulations governing the use of the Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request. Specifically, and not by way of limitation, the Association shall have the right to make reasonable rules and regulations governing the use of the Parking Facility, the easements described and governed by the Master Declaration for Morrison, the elevators, lobby, common corridors and access to the roof of the Building (excluding the Recreational Amenities). No Owner shall be entitled to penetrate the roof of the Building without first providing detailed plans and specifications for the reason of any such penetration to the Association and obtaining prior written approval from the Association. The Association shall have the right to approve any contractors working on the roof of the Building or any other Common Elements. Owners shall not be entitled to make any changes, alterations or revisions to the Common Elements without prior written approval from the Association.

Section 7.16 Satellite Dishes and Antennas.

(a) Unless otherwise required by law, no exterior satellite dish in excess of eighteen inches (18") in diameter may be placed on the exterior of any Unit or in the Common Elements without the prior written approval of the Executive Board, which may be withheld in its sole discretion. The location of any exterior television antenna, or satellite dish less than eighteen inches (18") in diameter, shall be subject to the reasonable prior approval of the Executive Board, taking into account the appropriate standards set forth in the regulations of the Federal Communications Commission ("FCC"), and to the extent reasonably practical, the Executive Board may require that such antenna or satellite dish be screened from public view. Prior to installing the antenna or satellite dish, the Owner shall furnish to the Executive Board a copy of such Owner's installation plans. The Association shall have the right to perform any portion of the installation work at the expense of the Owner, or to require that any portion of the work be performed by contractors designated by the Executive Board. In no event shall such antenna or satellite dish be installed on the roof unless required by law or otherwise approved by the Executive Board in its sole discretion, and then, any roof penetration that is required to install any antenna or satellite dish shall be performed only by the roofing contractor designated by the Executive Board. The Owner shall also be responsible for any damage caused by the removal of the antenna or satellite dish, including the sealing of conduits or other roof penetrations. Any removal of an antenna or satellite dish installed on the roof as provided herein shall be performed by the roofing contractor designated by the

Executive Board, at the Owner's expense. Any Owner installing an antenna or satellite dish under this Section 7.16 shall indemnify, defend and hold the Association and all other Owners harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish, including any damage to the roof of the Building or other property damage caused by roof leaks. Notwithstanding anything contained herein to the contrary, the Executive Board shall not withhold any approval for installation of antenna or satellite dishes on the roof of the Building by the Owner of the Retail Unit; provided, however, that the Executive Board shall have the right to approve the manner and location of installation as provided in this Section 7.16.

(b) Notwithstanding anything contained in this Section 7.16 to the contrary and without in any way limiting approvals required by the Executive Board relating to the installation of satellite dishes and antennas, any satellite dishes and antennas which are permitted, or required to be permitted on any balcony, courtyard or other Limited Common Element, shall be subject to the following restrictions: (i) no such structure or wiring associated therewith may protrude beyond the railing of any such balcony or courtyard, and (ii) no wiring may be installed through the exterior wall of a Unit or through any other Common Element and no Common Element may be modified or damaged as a result of such installation. The Declarant, during the Declarant Control Period, or the Executive Board, may, to the extent permitted by applicable regulations of the FCC, establish additional rules and regulations regarding the location and installation of any satellite dish or antenna on any Limited Common Element.

Section 7.17 Exterior Terraces and Balconies. The exterior terraces and balconies adjacent to certain Units shall be kept in a clean, neat, and orderly condition at all times, and shall not be used for the overnight storage of garbage, or for the drying of laundry. In particular, towels or banners shall not be hung on the railings, and any dead plants shall be removed promptly. No indoor-outdoor carpeting, hot tub, or other pool shall be installed on any balcony or terrace. If permitted by applicable building codes and zoning ordinances, an Owner, or its Permittees, may use or store a cooking grill on his exterior terrace, but such Owner shall be responsible for complying with all applicable laws, ordinances, and regulations in connection with such storage and use and any rules and regulations promulgated by the Association.

Section 7.18 Compliance with Covenants, Conditions and Restrictions. Every Owner, its Permittees or any other person occupying or residing in any Unit, shall comply strictly with the covenants, conditions and restrictions set forth in this Declaration, with the Bylaws and with the Rules and Regulations in relation to the use and operation of the Property. A violation committed by any persons residing in, occupying or visiting a Unit at the behest or with the implied or express permission of the Owner or any other occupant of the Unit, or committed by any agent, employee, business invitee, or contractor of the Owner or of any person occupying a Unit, shall be attributed to that Unit and the Owner thereof.

In addition to the above rights, the Executive Board may also enter upon a Unit or any portion of the Property to perform maintenance or make repairs thereon which is the responsibility of an Owner who has failed to perform such maintenance or make such repairs (i)

after having given such Owner at least ten (10) days prior notice, or (ii) after having given such Owner at least twenty-four (24) hours prior notice in the event of clean-up of trash and refuse, or (iii) without giving notice in the event of an emergency.

Any fines imposed by the Executive Board, which is hereby empowered, after notice and opportunity to be heard, to levy reasonable fines against any Owner for the failure of such Owner to comply with any such covenants, conditions and/or restrictions, and any and all expenses incurred by the Association in enforcing any of the terms and provisions of the Condominium Documents, including reasonable attorneys' fees to the extent permitted by North Carolina law, may be levied as a special assessment against the Unit Owner in question and his or her Unit.

Any action brought by the Association hereunder may be brought in its own name, in the name of its Executive Board or in the name of its managing agent. In any case, of flagrant or repeated violation by an Owner, he or she may be required by the Executive Board to give sufficient surety or sureties for his or her future compliance with the covenants, conditions and restrictions contained in this Declaration and with the Bylaws and Rules and Regulations.

ARTICLE VIII THE ASSOCIATION

Section 8.1 Organization of Association. A nonprofit North Carolina corporation known and designated as Morrison Master Condominium Owners Association, Inc. (the "Association") has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws, and the North Carolina Condominium Act. A true copy of the Bylaws of the Association is attached hereto as Exhibit C. Every Owner shall be required to be and shall automatically be a member of the Association by virtue of his ownership interest in a Unit.

Section 8.2 Powers; Lien for Assessment. In the administration of the operation and management of the Property, the Association shall have and it is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments in the manner provided in Article X below and in Section 8 of the Bylaws, and adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Association may deem to be in the best interest of the Owners in accordance with the Bylaws. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C. Gen. Stat. §47C-3-116, and shall be enforceable by the Association in accordance with N.C. Gen. Stat. §47C-3-116 and Section 8 of the Bylaws. Any lien established pursuant to this Section 8.2 shall be subordinate to the lien of any bona fide mortgage recorded prior to the docketing of the lien and shall not be effected by the transfer of the Unit other than a transfer as a result of a foreclosure of the first lien deed of trust pursuant N.C. Gen. Stat. § 47C-3-116 which shall extinguish the lien for any Assessments that were payable prior to the foreclosure sale, but will not relieve any subsequent Owner from paying future Assessments.

Section 8.3 Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Executive Board members; provided, however, (i) that not later than 60 days after conveyance of twenty-five percent (25%) of the Units to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than Declarant.

Section 8.4 Books and Records. The Association shall maintain current copies of (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted under Section 7.15 from time to time; (c) records of meetings of the Association and the Executive Board, and (d) all financial records of the Association, as required by N.C. Gen. Stat. §47C-3-118. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, and any authorized agent of an Owner.

ARTICLE IX EASEMENTS AND PROPERTY RIGHTS

Section 9.1 Access by the Association. The Association, or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement within the Property.

Section 9.2 Encroachment Easements. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling or shifting of the Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as such Building shall stand. If the Building, any Unit, or any portion of the Common Elements is partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and subsequently is rebuilt, any encroachment of parts of the Common Elements upon any Unit, or of parts of any Unit upon the Common Elements, due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

Section 9.3 Easements over Common Elements. Declarant, during the Declarant Control Period, and the Association, at any time, may grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; and water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits; fiber optic lines; and other wires over, under, along and on any portion of the Common Elements; and each Owner hereby grants to Declarant or the Association, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. During the Declarant Control Period, Declarant shall have an easement over the

Common Elements as may be reasonably necessary to complete the construction of the Condominium and the other improvements within the Property.

Section 9.4 Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Association, or any other person authorized by it, shall have the right to enter any Unit or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate. Furthermore, during an emergency situation threatening life-safety issues, the Owner of the Residential Unit and its Permittees shall have the right to use all stairway and elevators in the Apartment Unit.

Section 9.5 Easement for Access to Limited Common Elements and Roof. To the extent reasonably necessary to gain access to the courtyard, stairways, elevators, elevator lobbies and trash chutes located in the Apartment Unit but allocated as Limited Common Elements of the Residential Unit and Apartment Unit, the Owner of the Residential Unit and its Permittees shall have a non-exclusive easement over and across the hallways and lobbies of the Apartment Unit for purposes of accessing such Limited Common Elements. The Owner of the Apartment Unit shall not be entitled to deny access to the Owner of the Residential Unit or its Permittees, but shall be entitled to modify, decorate, or otherwise revise the hallways located in such Unit so long as such modifications do not unreasonably interfere with access by the Owner of the Residential Unit and its Permittees.

Furthermore, to the extent the Owner of the Retail Unit shall need to gain access to any antenna or satellite dish installed on the roof of the Building in accordance with Section 7.16 above, the Owner of such Retail Unit shall have a non-exclusive easement in and to the elevators and stairways located in, or allocated as Limited Common Elements to, the Residential Unit and/or the Apartment Unit; provided, however, the Owner of the Retail Unit will need to coordinate such access so as not to unreasonably interfere with the use of the stairways and elevator by the Owners of the Residential Unit and the Apartment Unit, and their Permittees. Finally, to the extent that any chute, flue, duct, wire, pipe for water or sewer or other conduit, as constructed, servicing the Residential Unit, encroaches below the upper boundary of the Retail Unit, there shall exist a valid easement for the encroachment and for maintenance of same in favor of the Owner of the Residential Unit; provided, however, the Owner of the Residential Unit will need to coordinate access for any maintenance of such encroachments with the Owner of the Retail Unit so as not to unreasonably interfere with the operation and use of the Retail Unit by its Owner and its Permittees.

Section 9.6 Relocation of Boundaries; Subdivision; Partitioning.

(a) Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units ("Adjoining Owners") and upon approval by the Association of such application; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to

the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by, a plat detailing the proposed relocation of boundaries. Unless the Association determines within thirty (30) days after submission to it of the application that the proposed relocation of boundaries is unreasonable, the application shall be deemed approved. Any relocation of boundaries shall not affect the interests in the Common Elements allocated to each Unit unless approved by the Owners of all Units and the Mortgagees of all Units, if any. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining Owners' expense, an amendment to this Declaration and a plat which identifies the Units involved, describes and depicts the altered boundaries, and gives the dimensions of the altered Units. Such amendment shall also contain operative words of conveyance and be signed by the Adjoining Owners and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Owners.

(b) Subdivision of Units. No Unit may be subdivided; provided, however, that the Owner of any Unit may create separate and distinct demised premises (for purposes of leasing apartments or retail space) or separate sub-condominium units similar to the sub-condominium regime currently anticipated to be created in the Residential Unit. Such demised premises or sub-condominium units shall not be considered a prohibited subdivision of a Unit for any purposes under this Declaration.

(c) Partitioning. The interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately from said Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's allocated interests in the Common Elements unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying designation assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its allocated interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or any other form permitted by law.

Section 9.7 Conveyance or Encumbrance of Common Elements. While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances of or security interests or liens of any nature shall arise or be created against the Common Elements without the consent by vote of (i) at least eighty percent (80%) of the votes in the Association, including at least eighty percent (80%) of all votes held by Owners other than Declarant, and (ii) at least eighty percent (80%) of all Mortgagee Votes (as defined in

Section 16.2 hereof); provided, however, that all Owners of Units to which any Limited Common Element is allocated must agree in writing to any conveyance of that Limited Common Element or any grant of a security interest therein. Every agreement for the performance of labor or the furnishing of materials to the Common Elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Section 9.2 of this Declaration. Nothing in this Section 9.7 shall be construed to limit the right of any Owner to convey or to encumber his allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.

Section 9.8 Nature of Interest in Unit. Every Unit, together with its allocated interest in the Common Elements, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property. The Owner of each Unit shall be entitled to the exclusive fee simple ownership and possession of his Unit subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules and regulations set forth in the Condominium Documents, or adopted by the Executive Board of the Association.

ARTICLE X ASSESSMENTS

Section 10.1 Taxes. Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit, provided, however, the Units may not be separately assessed until calendar year 2008 with respect to Mecklenburg County ad valorem property taxes, and any such taxes for calendar year 2007 shall be paid by Declarant (subject to reimbursement from each Owner for its pro rata share at closing). Notwithstanding anything contained herein to the contrary, and as required by the Master Declaration for Morrison, the association created under the Master Declaration for Morrison shall reimburse each Owner for its proportionate share, based on Common Elements Interest, of the taxes, insurance and maintenance costs of the Parking Facility other than the Residential Parking Spaces. The cost of taxes, insurance and maintenance of any parking spaces in the Parking Facility allocated as Limited Common Elements shall be solely the responsibility of the Owner of the Unit or Units to which such parking spaces are allocated. Each Owner agrees that in the event that the tax office does not assign a separate tax value to the Parking Facility and a value has to be determined in the manner provided in Section 4.1(c) of the Master Declaration for Morrison, the Executive Board of the Association shall be entitled to represent and bind the Owners of all Units as to the value of such Parking Facility in the manner prescribed in Section 4.1(c) of the Master Declaration for Morrison even though the Association is not the "Owner " of such Parking Facility as defined in the Master Declaration for Morrison. An example of how taxes and reimbursement with regard to the Parking Facility will be paid and assessed is set forth on Exhibit D attached hereto. Note that this is an example only and is not an indication, covenant, warranty or representation as to the actual taxes which will be assessed.

Section 10.2 Common Expenses. Except as otherwise provided in this Declaration or in the Bylaws, each Owner shall contribute their pro rata share to the Common Expenses, all in

accordance with the definition of "Common Expenses" set forth in Section 1.6 above, the Bylaws and the provisions of the North Carolina Condominium Act in accordance with their respective Common Elements Interest. Assessments for all Units shall commence at such time as determined by the Declarant; provided that until the Executive Board levies an Assessment as directed by Declarant, Declarant shall be solely responsible for payment of all of the Common Expenses in accordance with the terms of the North Carolina Condominium Act. Once Assessments commence, the due dates for payment of such Assessments shall be established by the Executive Board and shall be collected at least monthly.

Section 10.3 Common Surplus. The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source, over the amount of Common Expenses. The Common Surplus shall be owned by the Owners in proportion to their Common Elements Interest; provided, however, that the Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance proceeds, which shall be made in the manner provided in Section 10.6, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners, in proportion to their Common Elements Interest.

Section 10.4 Special Capital Assessments. As defined in the Master Declaration for Morrison, at the time of sale, transfer or conveyance of a Unit, or, in the case of a Unit which has been made subject to the North Carolina Condominium Act, any sale of an individual sub-condominium unit other than the initial sale by the Declarant under such sub-condominium declaration, the Owner, (or owner of the unit in the sub-condominium) shall pay to the association created pursuant to the Master Declaration for Morrison a special capital assessment equal to one-quarter of one percent (1/4%) of the gross sales price to fund maintenance on the preserve land located adjacent to the Project as more particularly described in the Master Declaration for Morrison.

Notwithstanding the above, the capital assessment provided in this Section 10.4 shall not apply to the initial sale of a Unit from the Declarant to a third party Owner, nor shall such capital assessment apply to the transfer of a Unit from an Owner to a Mortgagee as a result of a foreclosure.

ARTICLE XI INSURANCE

Section 11.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance on the Building (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Building at the time such insurance is purchased and at the time of each renewal thereof (specifically excluding the cost of foundations and footings, the cost of any personal property supplied or installed by Owners or their Permittees and any and all fixtures installed in a Unit by or for an Owner or its Permittees after such Unit has been conveyed to such Owner and any other items that are not expressly

required to be insured by the Association pursuant to N.C. Gen. Stat. § 47-C-3-113), with a commercially reasonable deductible not in excess of \$20,000.00. The policy shall be issued by an insurance company properly licensed to do business in the State of North Carolina, with a general policyholder's rating of at least "A" in the most recent edition of Standard & Poor's Insurance Ratings Guide. The policy shall provide that each Owner is an insured person with respect to his Unit and his allocated interest in the Common Elements. The policy shall contain an inflation guard endorsement, if available, an earthquake endorsement and a construction code endorsement, if available, as well as a special condominium endorsement providing as follows: for waiver of subrogation against any Owner, and any Owner's Permittees; that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and all insureds, including all Owners and Mortgagees; that no act or omission by any Owner will preclude recovery upon such policy; and that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss for the Building shall be made by the Association as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

Section 11.2 Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance (current ISO form or its equivalent) in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$2,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds, including all Owners and Mortgagees. The Executive Board shall review such limits annually.

Section 11.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling-funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than the sum of one-half the annual budgeted amount of Common Expenses, plus the amount of any reserves maintained by the Association, or the amount required by any Mortgagee, whichever is greater.

Section 11.4 Other Insurance Policies. The Association shall be authorized to obtain such other insurance coverage, including worker's compensation or employee liability insurance, as the Association shall determine from time to time desirable or necessary.

Section 11.5 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as a Common Expense. Notwithstanding the preceding sentence to the contrary, in the event that a casualty occurs wholly within the boundaries of a Unit and does not affect any

other Units or Common Elements, the Owner of such Unit shall be wholly responsible for any deductible amount in such policy of insurance relating to such claims.

Section 11.6 Distribution of Insurance Proceeds. All insurance policies procured by, or on behalf of, the Association shall provide that all losses with regard to the Building shall be adjusted with and all proceeds shall be payable to the Association as insurance trustee. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

(a) Proceeds on account of damage to the Common Elements' shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's allocated Common Elements Interest.

(b) Proceeds on account of damage to Units shall be held in the following undivided shares:

(i) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Association.

(ii) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's allocated Common Elements Interest.

(c) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear.

(d) Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:

(i) If it is determined, as provided in Article XII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,

(a) the proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium and as otherwise required by the Master Declaration for Morrison;

(b) the insurance proceeds attributable to damaged Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, in proportion to the cost of repairing the damage to such Units and Limited Common Elements as if such repair were to occur, as determined by the Association; and

(c) the remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their respective Common Elements Interest.

(ii) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly in proportion to each Owner's Common Elements Interest. Notwithstanding anything contained herein to the contrary, each Owner acknowledges that under the terms of the Master Declaration for Morrison, all casualty damage must be repaired or reconstructed. Furthermore, the Master Declaration for Morrison requires that proceeds of insurance be held by the association created under such declaration to be applied toward the cost of repair and replacement. Each Owner consents to such association acting as insurance trustee hereunder.

Section 11.7 Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force (i) additional fire and casualty and extended coverage insurance upon such Owner's personal property, any and all fixtures installed by or for an Owner after such Unit has been conveyed to Owner, and such other items that are not expressly required to be insured by the Association pursuant to N.C. Gen. Stat. § 47C-3-113, (ii) public liability insurance, and (iii) such other insurance coverage as he may desire. Each Owner shall obtain and maintain public liability insurance coverage in the amount of at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage, arising out of a single occurrence. Each Owner shall file a copy of each such individual policy with the Association within thirty (30) days after purchase and shall provide, upon renewal, evidence of such renewal. Each such policy shall also provide that such policy cannot be terminated or cancelled without thirty (30) days notice to the Association.

ARTICLE XII DUTY TO REPAIR OR RECONSTRUCT

Section 12.1 Reconstruction and Repair. In the event of damage to or destruction of any Building as a result of fire or other casualty, the Association shall arrange for the prompt restoration and replacement of the damaged or destroyed Building unless, subject to the terms of the Master Declaration for Morrison, (1) the Condominium is terminated in accordance with the provisions of Article XV below, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) the Owners decide not to rebuild by a vote of eighty percent (80%) of the votes in the Association, including one hundred percent (100%) of the votes held by Owners of Units not to be rebuilt and one hundred percent (100%) of Owners of Units to which are assigned Limited Common Elements not to be rebuilt. Unless one of the preceding three conditions occurs, and subject to the provisions of the Master Declaration for Morrison (which currently requires all casualty to be repaired), the Association shall arrange for the prompt repair and restoration of the damaged or destroyed Building or portion thereof, not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in

which event the Association shall repair or replace such damaged property to the extent of such proceeds), and the Association shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 11.6(d)(2) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plans. If the Owners vote not to rebuild any Unit, that Unit's allocated Common Elements Interest shall be automatically reallocated upon such vote as if the Unit had been condemned under N.C. Gen. Stat. §47C-1-107(a).

Section 12.2 Obligations of Owners. Each Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans, and will make no addition, alteration or improvement to his Unit visible from the exterior of the Building or which affect the structural elements of the Building or which affect the Common Elements without the prior written consent of the Association, except as specifically permitted by this Declaration or authorized under N.C. Gen. Stat. §47C-2-111. Upon the failure of an Owner to so maintain his Unit, the Association shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

ARTICLE XIII
UNITS SUBJECT TO CONDOMINIUM DOCUMENTS,
AND MASTER DECLARATION FOR MORRISON

All present and future Owners, tenants, and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the Bylaws, and any rules and regulations as may be adopted in accordance with the Bylaws, as all of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the Bylaws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease. Furthermore, all present and future Owners, tenants and occupants of the Units shall be subject to comply with the provisions of the Master Declaration for Morrison as such agreement may be amended or supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Master Declaration for Morrison are accepted and ratified by such Owner, tenant or occupant and an agreement that such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or a stake in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XIV
AMENDMENT TO AND SUPPLEMENT OF DECLARATION

Except in cases of amendment by the Declarant under Article VI, N.C. Gen. Stat. §§ 47C-2-109(d) or 47C-2-110, or the Association under N.C. Gen. Stat. §§ 47C-1-107, 47C-1-106(d),

47C-2-112(a) or 47C-2-113 or certain Owners under N.C. Gen. Stat. §§ 47C-2-108(b), 47C-2-112(a), 47C-2-113(b) or 47C-2-118(b), or as is otherwise specifically authorized herein, this Declaration may be amended only by the vote of one hundred percent (100%) of the votes in the Association, and not less than fifty-one percent (51%) of the Mortgagee Votes, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Except to the extent expressly permitted by the other provisions of this Declaration, any amendment which amends or alters the Common Elements Interest of any Unit, increases the number of Units, changes the boundaries of any Unit, changes the use to which any Unit is restricted, or modifies the terms of this Article XIV, shall require the written approval of all Owners, together with the consent of all their respective Mortgagees. Except for a Supplementary Declaration recorded in accordance with Section 6.3 of this Declaration no amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose and recorded in the office of the Register of Deeds of Mecklenburg County, North Carolina. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant.

ARTICLE XV TERMINATION

The Condominium may be terminated and the Property removed from the provisions of the North Carolina Condominium Act only by the vote of one hundred percent (100%) of the vote in the Association, and not less than fifty-one percent (51%) of the Mortgagee Votes, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, and as evidenced by execution of a termination agreement, or ratification thereof, by the requisite number of Owners and Mortgagees. The termination shall comply with the requirements of N.C. Gen. Stat. §47C-2-118, and must be recorded in the Office of the Register of Deeds for Mecklenburg County before it becomes effective. Following the recordation of the termination agreement, the interests of the Owners and Mortgagees in the Property shall be as provided in N.C. Gen. Stat. §47C-2-118.

ARTICLE XVI MORTGAGEE PROTECTION

Section 16.1 General Provisions. This Article XVI establishes certain standards and covenants for the benefit of Mortgagees. This Article XVI is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the event of any conflict between the provisions of the Condominium Documents and the provisions of this Article XVI, the provisions of this Article XVI shall control.

Section 16.2 Percentage of Mortgagees. Wherever in the Condominium Documents the approval or consent of a specified percentage of Mortgagees is required, (the "Specified Percentage"), such Specified Percentage shall not be based on the specific number of Mortgagees, but rather shall be based on the votes allocated to the Units on which Mortgagees hold Mortgages (the "Mortgagee Votes"). The actual percentage of Mortgagees for determining whether a Specified Percentage has been met shall, therefore, be equal to the product of (i) 100

and (ii) a fraction, the numerator of which is the sum of all Mortgagee Votes consenting or approving to the subject action, and the denominator of which is the sum of all Mortgagee Votes.

Section 16.3 Rights to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year. If any Mortgagee requests, and agrees to pay the cost of the audit, the financial statement shall be audited by an independent certified public accountant.

Section 16.4 Mortgagee's Rights to Notice. Any Mortgagee (including, for purposes of this Section 16.4, any insurer or guarantor of a loan secured by a Mortgage that has notified the Association in writing of its name and address, and that it insures or guarantees a Mortgage) shall have the right to receive from the Association prompt written notice of the following:

(a) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such Mortgagee, which default remains uncured for a period of sixty (60) days.

(b) Any loss or damage to or condemnation or taking of the Common Elements, a material portion of the Building or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee.

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action by the Association, the Executive Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Mortgagees.

The failure of any Mortgagee to respond within sixty (60) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of an addition or amendment to the Condominium Documents wherever Mortgagee approval is required shall constitute an implied approval by that Mortgagee of the proposed addition or amendment.

Section 16.5 Consent and Notice Required. Notwithstanding any other provision of this Declaration or the Condominium Documents, no amendment of any material provision of the Condominium Documents which would have a material adverse affect on Mortgagees shall be effective without notice to all Mortgagees, as required by Section 16.4, the vote of at least sixty-seven percent (67%) of the votes in the Association (or any greater percentage required by the

terms of the Condominium Documents), and not less than fifty-one percent (51%) of the Mortgagee Votes (or any greater percentage required by the terms of the Condominium Documents).

Section 16.6 Other Mortgagee Rights. Notwithstanding anything contained herein to the contrary, any Mortgagee or other purchaser at a foreclosure sale who obtains fee ownership of a Unit pursuant to foreclosure under power of sale, judicially or under any other remedy contained in a Mortgage shall not be liable for more than six (6) months of unpaid Assessments which accrued against the Unit prior to such Mortgagee obtaining title to such Unit plus any costs expended by the Association to collect past due Assessments. Any representative of a Mortgagee may attend and address any meeting that an Owner may attend.

Section 16.7 Enforcement. The provisions of this Article XVI are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

ARTICLE XVII CONDEMNATION

If all or any part of the Property is taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in N.C. Gen. Stat. § 47C-1-107, provided, however, that the proceeds of any award payable to the Association as a result of condemnation of all or a portion of the Common Elements shall first be used to restore the damaged area to a condition compatible with the rest of the Condominium or to raze the remaining damaged improvements, and thereafter, any remaining proceeds shall be distributed as set forth above.

ARTICLE XVIII MISCELLANEOUS PROVISIONS

Section 18.1 Invalid. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 18.2 Waiver. No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 18.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 18.4 Law Controlling. This Declaration and the Condominium Documents shall be construed and controlled by and under the laws of the State of North Carolina.

Section 18.5 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as

provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

ARTICLE XIX
ENFORCEMENT; ARBITRATION

Section 19.1 Actions by the Association. The Association, or the Executive Board acting on its behalf, shall have the right, in addition to any other remedies provided for in the Condominium Documents, to bring a civil action against any Owner to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.

Section 19.2 Actions by Owners. Any Owner may also bring a civil action against any other Owner, or against the Association, or against the Executive Board, or any one or more of them, to enforce any obligation, covenant or restriction set forth in this Declaration or the other Condominium Documents.

Section 19.3 Arbitration. Each Owner, by accepting a deed to a Unit, agrees that any Owner may require that any unresolved matter between the Owners or before the Executive Board or before the Association be submitted to binding arbitration pursuant to the Uniform Arbitration Act set forth in N.C. Gen. Stat. §1-567. 1 *et seq.* as the same shall be amended from time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless all Owners so agree in writing, or unless such award is to be paid by the Association.

ARTICLE XX
CONSENT OF MORTGAGEE

The Property is currently encumbered by the lien of a Deed of Trust recorded April 17, 2007, executed and delivered by Morrison-Phase I, LLC to a specified Trustee for the benefit of National City Bank. A Consent of Mortgagee executed by National City Bank, consenting to the execution and recordation of this Declaration and subordinating such Deed of Trust to the terms of the Declaration, is attached to and made a part of this Declaration.

ARTICLE XXI
DECLARATION OF PARKING EASEMENT


Morrison-Phase I, LLC as the Declarant under the terms of the Master Declaration for Morrison hereby declares and establishes, for the benefit of, and as an appurtenance to, the Apartment Unit and the Residential Unit, a perpetual right and easement for the exclusive use of the Residential Parking Spaces located on the 3rd floor of the Parking Facility (i.e., the 4th floor of the Building) for automobile parking, subject, however, to the terms set forth in the Master Declaration for Morrison and in this Declaration. This declaration of easement is given in accordance with Section 4.1(b) of the Master Declaration for Morrison to create exclusive rights over such parking spaces as provided herein.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

MORRISON – PHASE I, LLC,
a North Carolina limited liability company

By: GRUBB PROPERTIES, INC.,
a North Carolina corporation, Manager


By: 
W. Clay Grubb
President

By: CLP MORRISON PLACE, LLC, an
Ohio limited liability company,
Manager

By: Casto Lifestyle Properties, L.P.,
An Ohio limited partnership,
Manager

By: CLP Management, LLC, an
Ohio limited liability company
General Partner

AMS

By: 
Name: J. Brett Hutchens
Title: President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Mary Haggerty, a Notary Public of aforesaid County and State, certify that W. Clay Grubb who is personally known to me, personally came before me this day and acknowledged that he is President of GRUBB PROPERTIES, INC., Manager of MORRISON – PHASE I, LLC, a North Carolina limited liability company, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation as Manager of the limited liability company for the purposes stated therein.

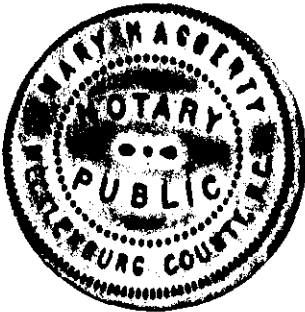
Witness my hand and official seal, this the 15th day of May, 2007.

Mary Haggerty
NOTARY PUBLIC
Print Name: MARY HAGGERTY

My Commission Expires:

5/1/09

[NOTARIAL SEAL]



STATE OF Florida

COUNTY OF Sarasota

I, JEAN H. CONNOLLY, a Notary Public of aforesaid County and State, certify that BRETT HUTCHENS who is personally known to me, personally came before me this day and acknowledged that he/she is Manager of CLP MANAGEMENT LLC, an Ohio limited liability company, which is General Partner of Casto Lifestyle Properties, L.P., an Ohio limited partnership, which is Manager of CLP Morrison Place, LLC, an Ohio limited liability company, which is Manager of Morrison-Phase I, LLC, a North Carolina limited liability company, and that he/she, as Manager, being authorized to do so, executed the foregoing on behalf of the limited liability company for the purposes stated therein.

Witness my hand and official seal, this the 10th day of May, 2007.

Jean H. Connolly
NOTARY PUBLIC
Print Name: JEAN H. CONNOLLY

My Commission Expires:

December 13, 2008

[NOTARIAL SEAL]



EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY

That certain tract or parcel of land situated, lying and being in the City of Charlotte, Mecklenburg County, North Carolina and being more particularly described as follows:

BEING all of Lot 4 as shown on plat entitled "Morrison Place – Map 4" recorded in Map Book 48, Page 51 of the Mecklenburg County, North Carolina Public Registry.

EXHIBIT B

SCHEDULE OF UNITS AND COMMON ELEMENTS INTEREST

<u>Unit</u>	<u>Interior Square Footage</u>	<u>Percentage Interest in Common Elements</u>
Retail	40,958	10.52%
Residential	103,240	26.52%
Apartment	245,103	62.96%

EXHIBIT C

BYLAWS OF MORRISON MASTER CONDOMINIUM OWNERS ASSOCIATION, INC.

Section 1 Definitions

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Declaration of Condominium for Morrison Master Condominium, recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina, to which a copy of these Bylaws is attached as Exhibit C.

Section 2 Administration of Condominium

Section 2.1 Authority and Responsibility: Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating and managing the Common Elements.

Section 2.2 Official Action: Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Condominium Documents or these Bylaws. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the North Carolina Condominium Act.

Section 3 Offices - Seal - Fiscal Year

Section 3.1 Principal Office and Registered Office: The initial principal office and registered office of the Association shall be located at 1523 Elizabeth Avenue, Suite 220, Charlotte, Mecklenburg County, North Carolina 28204.

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

Section 3.3 Seal: The seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Executive Board.

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

Section 4 Membership

Section 4.1 Qualification: Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from Unit ownership.

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

Section 4.2 Place of Meetings: All meetings of the membership shall be held at a place in Mecklenburg County, North Carolina designated by the Executive Board.

Section 4.3 Annual Meetings: A meeting of the Association shall be held at least once each year. The first Annual Meeting of the Association shall be held on the date and hour designated by Declarant. Thereafter, the Annual Meeting of the Association shall be held on the second Tuesday in February of each year at 7:00 p.m., Eastern Standard Time. If the second Tuesday in February shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Executive Board shall be elected in accordance with Section of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4 Substitute Annual Meeting: If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5 Special Meeting: After the first Annual Meeting of the Members, special Meetings of the Members may be called at any time by the President of the Association, not less than two-thirds (2/3rds) of all Owners or by any member of the Executive Board. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6 Notices of Meeting: Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either by hand delivery, by mail or by electronic notice by e-mail, by or at the discretion of the President or the Secretary, to the address of each Unit or such other address that the Member shall provide to the

Executive Board in writing. Notice shall be deemed given when deposited in the United States mail, if sent by first class United States mail, postage prepaid, when delivered, if hand delivered or, if given by electronic notice, upon delivery on an electronic receipt to the sender confirming that said electronic notice as delivered.

Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of the subject Unit.

The notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 4.7 Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast one hundred percent (100%) of the votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented.

Section 4.8 Voting Right: The total number of votes of the Association Membership shall be equal to the number of Units contained within the Condominium from time to time, and each Member shall be entitled to one (1) vote. If fee simple title to a Unit is owned of record by more than one person or entity, all such persons or entities shall be Members of the Association, but the vote with respect to any such jointly owned Unit shall be cast as hereinafter provided.

If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the vote with respect to any such jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast the votes allocated to the Unit. If more than one of the joint Owners vote or more than one life estate holder in a Unit vote, the unanimous action of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the votes allocated to the particular Unit.

Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the vote which may cast with respect to any Unit be divided among joint Owners of the Unit or cast in any manner other than as a whole, it being the intention of this Section 4.8 that there be no "splitting" of votes that may be cast by any Member or Members.

Section 4.9 Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A

member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Association.

All of the above provisions concerning voting by joint Owners shall apply to the vote cast for any one Unit by two or more proxy holders.

Section 4.10 Voting: Unless expressly stated elsewhere in these Bylaws, the Declaration, the Articles of Incorporation of the Association or the North Carolina Condominium Act, all votes of the Association shall require one hundred percent (100%) of the votes entitled to be cast in the Association; provided, however, any vote being taken by the Association to enforce the terms of these Bylaws, the Declaration, the Articles of Incorporation of the Association or the North Carolina Condominium Act against any Member shall require only two-thirds (2/3rds) of the votes entitled to be cast in the Association (i.e., one hundred percent (100%) of the votes of the remaining Members of the Association against whom enforcement is not being sought).

Section 4.11 Actions Without Meeting: Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

Section 5 Executive Board

Section 5.1 General Powers: The business and affairs of the Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to Section 6 of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Executive Board members.

Section 5.2 Number, Term and Qualification: The initial Executive Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Association. During the Declarant Control Period, the Executive Board shall have three (3) members, and Declarant may appoint and remove members of the Executive Board; subject, however to the limitations contained in Section 9.3 of the Declaration. Prior to the expiration of the Declarant Control Period, the Members shall appoint three (3) Executive Board members, and thereafter the Executive Board shall have (3) members and each member of the Executive Board shall serve for a term of one year. Executive Board members may succeed themselves in office.

Section 5.3 Appointment of Executive Board Members: The Members who constitute, collectively, the Owner of each Unit shall have the right to appoint one member of the Executive Board such that the Executive Board will be comprised of one member appointed by the Owner of the Retail Unit, one member appointed by the Owner of the Residential Unit and one member appointed by the Owner of the Apartment Unit. The Executive Board shall publish

to each Member, the name and address of each member of the Executive Board within thirty (30) days of their election.

Section 5.4 Removal: Any Executive Board member, other than a member appointed by Declarant, may be removed from the Executive Board, with or without cause, by a vote of at least two-third (2/3rds) of the votes entitled to be cast by those Members present and entitled to vote at any meeting of the Membership at which at least 2/3^{rds} of the Members are present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Executive Board member is so removed, his successor as Executive Board member shall promptly be appointed by the Owner who appointed the member so removed in order to fill the unexpired terms of the Executive Board member so removed; provided, however, the Owner shall not re-appoint the member of the Executive Board so removed.

Section 5.5 Vacancies: A vacancy occurring in the Executive Board may only be filled by the Owner who originally appointed the member of the Executive Board whose departure created such vacancy.

Section 5.6 Chairman: A member of the Executive Board shall be elected as Chairman of the Executive Board by the Executive Board members at the first meeting of the Executive Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Executive Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President shall preside.

Section 5.7 Compensation: No Member of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however, each Executive Board member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Executive Board from compensating an Executive Board member for unusual and extraordinary services rendered on the basis of *quantum meruit*. Further provided, each Executive Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon *quantum meruit*.

Section 5.8 Loans to Executive Board Members and Officers: No loans shall be made by the Association to its Executive Board members or officers. The Executive Board members who vote for or assent to the making of a loan to an Executive Board member or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.9 Liability of Executive Board Members: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Executive Board member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an Executive Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10 Meetings of the Executive Board:

A. Regular Meeting: Regular Meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Executive Board. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. At certain intervals, as may be approved by the Executive Board, but in no event less than twice per calendar year, the Executive Board shall provide to the Members an opportunity to attend a portion of the meeting of the Executive Board to speak to the Executive Board about any issues and concerns that the Member may have. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

B. Special Meetings: Special Meetings shall be held when called by the President of the Association, or by any member of the Executive Board, after not less than three (3) or more than thirty (30) days written notice to each Executive Board member.

C. Notices of Special Meetings: The notice provided for herein may be waived by written instrument signed by those Executive Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of an Executive Board members' special meeting need not be stated in the notice. Notices shall be deemed received upon the happening of any one of the following events: (1) two (2) days following deposit of same in the United States mail with proper postage paid and addressed to the Executive Board member at his last known address on file with the Association; or (2) delivery to the Executive Board member. Attendance by an Executive Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Executive Board member gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place: All Executive Board meetings shall be held in Mecklenburg County, North Carolina.

E. Quorum: All Executive Board members then holding office must be present to constitute a quorum for the transaction of business. Every act or decision shall require the unanimous consent of the members of the Executive Board; provided, however, that any vote being taken by the Executive Board to enforce the terms of these Bylaws, the Declaration, the Articles of Incorporation of the Association or the North Carolina Condominium Act against any Owner or Member shall require only a vote of two-thirds (2/3rds) of the members of the Executive Board (i.e., unanimous vote of the members of the Executive Board not appointed by the Owner against whom enforcement is being sought).

Section 5.11 Action Without Meeting: The Executive Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Executive Board members. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board. Said written

approval shall be filed with the minutes of the proceedings of the Executive Board, whether done before or after the action so taken.

Section 5.12 Presumption of Assent: An Executive Board member who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to an Executive Board member who voted in favor of such action.

Section 5.13 Powers and Duties: The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium except such powers and duties as by law or by the condominium Documents may not be delegated by the Owners to the Executive Board. The powers and duties to be exercised by the Executive Board shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the Common Elements to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;
- B. Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium and collection of the Common Expenses from the Owners, as provided in the Condominium Documents;
- C. Employment and dismissal of personnel (including without limitation the Independent Manager) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;
- D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Elements;
- E. Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;
- G. Keeping detailed, accurate records of the receipts and expenditures of the Association; obtaining annual audits of the financial records of the Association from the Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Owners or their duly authorized agents or attorneys, at convenient hours on working days;

H. Keeping a complete record of the minutes of all meetings of the Executive Board and Membership in which minute book shall be inserted actions taken by the Executive Board and/or Members by consent without meeting;

I. Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed;

J. Enforcing, on behalf of the Association, the obligations and assessments provided in the Declaration, including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C. Gen. Stat. §47C-3-116, the imposition of changes for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred and No/100 Dollars (\$100.00) for initial violations, or the highest amount permitted by law, for violations of the Declaration, Bylaws and rules and regulations of the Association;

K. Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements, including, without limitation, the Parking Facility, and taking all actions required or permitted by the Association under the terms of the Master Declaration for Morrison;

M. Paying all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Executive Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Executive Board to said Owner, provided that the Executive Board shall levy a special assessment against such Owner for the costs of said maintenance or repair;

P. Entering any Unit when necessary in connection with any maintenance or construction for which the Executive Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Executive Board and such expenses shall be treated as a

Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Executive Board, such documents shall be signed by either the Treasurer or the Assistant Treasurer of the Association, and countersigned by any Executive Board member;

R. Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor; and

S. Exercising any other powers and duties reserved to the Association exercisable by the Executive Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Condominium Act.

Section 5.14 Independent Manager: The Executive Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the condominium. If approved by the Executive Board, the Owner of a Unit may serve as the independent manager. The Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as "Independent Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. The Independent Manager's contract shall be for a term not to exceed three (3) years, renewable by agreement between the Executive Board and such Independent Manager for successive two-year terms; provided, however, that any such contract shall provide that it is terminable by the Association, with or without cause, upon not more than ninety (90) days' prior written notice and without payment of any penalty, and any such contract entered into during the Declarant Control Period also shall be terminable as required by N.C. Gen. Stat. §47C-3-105. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Section 6 Committees

Section 6.1 Creation: The Executive Board may create such committees as they deem necessary and appropriate in aiding the Executive Board to carry out its duties and responsibilities with respect to the management of the Condominium. Each committee so created shall have such authorities and responsibilities as the Executive Board members deem appropriate and as set forth in the resolutions creating such committee. The Executive Board

shall elect the members of each such committee. Provided, each committee shall have in its membership at least one (1) member of the Executive Board.

Section 6.2 Vacancy: Any vacancy occurring on a committee shall be filled by the Executive Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.3 Removal: Any member of a committee may be removed at any time with or without cause by the Executive Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.4 Minutes: Each committee shall keep regular minutes of its proceedings and report the same to the Executive Board when required.

Section 6.5 Responsibility of Executive Board Members: The designation of committees and the delegation thereto of authority shall not operate to relieve the Executive Board or any member thereof of any responsibility or liability imposed upon it or him by law.

If action taken by a committee is not thereafter formally considered by the Executive Board, an Executive Board member may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

Section 7 Officers

Section 7.1 Enumeration of Officers: The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Executive Board may from time to time elect. Except for the President, no officer need be a member of the Executive Board.

Section 7.2 Election and Term: The officers of the Association shall be elected annually by the Executive Board. Such elections shall be held at the first meeting of the Executive Board next following the Annual or Substitute Annual Meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified. The Executive Board shall publish to each of the Members the names and addresses of each officer within thirty (30) days of their election.

Section 7.3 Removal: Any officer elected or appointed by the Executive Board may be removed by the Executive Board whenever in its judgment the best interest of the Association will be served thereby.

Section 7.4 Vacancy: A vacancy in any office may be filled by the election by the Executive Board of a successor to such office. Such election may be held at any meeting of the Executive Board. The officer elected to such vacancy shall serve for the remaining term of the officer he replaces.

Section 7.5 Multiple Offices: The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person. Any officer may also be a member of the Executive Board.

Section 7.6 President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected Chairman, he shall also preside at all meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and he shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 7.7 Vice Presidents: The Vice Presidents in the order of their election, unless otherwise determined by the Executive Board shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 7.8 Secretary: The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.9 Treasurer: The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign promissory notes of the Association; he shall prepare a proposed annual budget (to be approved by the Executive Board) and the other reports to be furnished to the Members as required in the Declaration. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.10 Assistant Secretaries and Treasurers: The Assistant Secretaries and Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Executive Board.

Section 7.11 Compensation: Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to the offices held by such officers. The Executive Board may, however, compensate any officer or officers who render unusual and extraordinary services to the Association beyond that called for to be rendered by such person or persons on a regular basis. Each officer, by assuming office, waives his right to

institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 7.12 Indemnification: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each officer is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 8 Operation of the Property

Section 8.1 Determination of Common Expenses and Fixing of the Common Charges: The Executive Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Condominium, and allocate and assess such proposed Common Expenses among the Owners in accordance with the procedure set forth in this Section 8, but subject to the limitations set forth in Article XVI of the Declaration. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration as well as the costs of water and sanitary sewer service to the Condominium provided through a common meter to service all Units, if any, and the proportional share of costs and expenses payable under the Master Declaration for Morrison relating to the Common Facilities as defined in the Master Declaration for Morrison. The Common Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium; an amount for a general operating reserve; an amount for a reserve fund for losses due to insurance deductibles; an amount for a reserve fund for repair and replacement of the Common Elements; and such amounts as may be necessary to make up any deficit in the Common Expenses for any prior year. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of these Bylaws, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified unless at that Meeting a majority of all the Owners present and entitled to cast a vote to reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

The Association, acting through the Executive Board, also may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property, or for any other matter deemed appropriate by the Executive Board, including, without limitation, to fund any amounts which may be required to be paid by the Association to the property owners

association created under the Master Declaration for Morrison; provided, however, that any such special assessment (except those the Association are required to pay under the Master Declaration for Morrison) must be approved by the unanimous vote of the Owners cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws. Special assessments, if approved, shall be payable by each Owner of Units for which such assessment is applicable in accordance with such Owner's Common Elements Interest. Furthermore, in the event that any Owner fails to maintain its Unit and the Association takes actions to do so as set forth in Section 5.13.O hereof or any Owner defaults under its obligations under the Declaration or these Bylaws (including, without limitation, obligation applicable to Owners under the Master Declaration for Morrison) and the Association incurs any additional costs and expenses as a result of such default, the Association, acting through the Executive Board and without any other consent, shall have the right to levy a special assessment against such Owner for the purposes of defraying, in whole or in part, such costs or expenses. Furthermore, if an Owner violates a parking restriction and a fine is imposed in accordance with Section 8.5 of the Declaration, such fine shall be treated as a special assessment which may be imposed by the Executive Board without consent of any other Owners.

Section 8.2 Payment of Common Expenses: All Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 8.1 hereof at such time or times as the Executive Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit except for the Capital Assessment due under the Master Declaration for Morrison upon the sale of a Unit or sub-condominium unit. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 8.3 Collection of Assessments: The Executive Board shall assess Common Expenses against the Units from time to time and at least monthly in accordance with the allocations set forth in the Declaration. The Executive Board shall take prompt action to collect any Common Expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof

The Executive Board shall notify the holder of the Mortgage on any Unit (of which it has notice) for which any Common Expenses assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.4 Default in Payment of Common Expenses, Remedies: In the event of default by any Owner in paying to the Executive Board the Common Expenses as determined by the Board, including any special assessments, such Owner shall be obligated to pay interest on such Common Expenses and special assessments from the due date thereof at the rate of eighteen

percent (18%) per annum, together with all costs and expenses, including reasonable attorney's fees (if permitted by law), incurred by the Executive Board in any proceeding brought to collect such unpaid Common Expenses and special assessments. In addition, the Board shall have the authority to levy a late charge on any assessment not paid within fifteen (15) days after its due date, in the amount not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of the overdue assessment.

The Executive Board shall have the right and duty to attempt to recover such Common Expenses and special assessments, together with interest thereon, and the costs and expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust under power of sale under N.C. Gen. Stat. Article 2A of Chapter 45 as provided in N.C. Gen. Stat. § 47C-3-116. The Executive Board shall also have the right to impose uniform late payment charges for delinquent Common Expense payments, and special assessments which charges shall be recoverable by the proceedings specified above.

In the event of the failure of an Owner to pay any assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such assessment or installment thereof shall become due, in addition to the other remedies available under the Condominium Documents and the North Carolina Condominium Act, the Executive Board shall have the right to declare all other Common Expense assessments, and installments thereof, with respect to such Owner's Unit that are to fall due during the then current fiscal year of the Association to be immediately due and payable.

Section 8.5 Lien and Personal Obligations: All Common Expenses and special assessments provided for in this Section 8, together with the interest, late charges, costs and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit and (ii) all sums unpaid on Mortgages and other liens and encumbrances duly recorded against the Unit prior to the docketing of such lien. Such lien shall become effective when a claim of lien has been filed in the office of the Clerk of Superior Court for Mecklenburg County, North Carolina, provided such claim of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. With regard to any sub-condominium regime created in any Unit, the Association shall also have a continuing lien upon such sub-condominium units in the same priority as set forth above, such that when a claim of lien is filed against a Unit, as provided above in this Section 8.5, the Association may also file a claim of lien against each separate sub-condominium unit existing within a Unit.

The lien for unpaid assessments shall not be affected by the sale or transfer of the Unit, except in the case of a foreclosure of a Mortgage, in which event the purchaser at foreclosure shall not be liable for any assessments against such Unit (or sub-condominium unit), that became due prior to the date of acquisition of title by such purchaser. Such unpaid assessments shall be

deemed Common Expenses collectible from all Owners of Units, including the purchaser at foreclosure. In addition, each Owner shall be personally liable for any assessment against his Unit. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his Unit.

Section 8.6 Foreclosure of Liens for Unpaid Common Expenses: In any action brought by the Executive Board to foreclose on a Unit (or the sub-condominium units of a Unit) because of unpaid Common Expenses or special assessments, the Owner shall be required to pay a reasonable rental for the use of his Unit (or the sub-condominium units of a Unit) and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.7 Abatement and Enjoyment of Violations by Owners: The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in the Declaration, these Bylaws or at law or in equity: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner or its Permittee, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner or its Permittee; and/or (c) after notice and opportunity to be heard in the manner provided in N.C. Gen. Stat. § 47C-3-107.1, to levy reasonable fines not to exceed One Hundred and No/100 Dollars (\$100.00) per violation, and, without further hearing, an additional One Hundred and No/100 (\$100.00) for each day more than five (5) days after the decision that such violation continues. If otherwise permitted by law, the Executive Board may impose higher fines than prescribed in the preceding sentence.

Section 8.8 Maintenance and Repair: (a) Except as is specifically provided in the Declaration, all maintenance and any repairs to any Unit and the Limited Common Elements allocated thereto, whether ordinary or extraordinary, shall be made by the Owner of such Unit. Each Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) except as is specifically provided in the Declaration, all maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Executive Board; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Executive Board to the extent the Executive Board receives insurance proceeds for such repairs.

Section 8.9 Additions, Alterations or Improvements by Owners: No Owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Common Element, or any change in the exterior appearance thereof, except in accordance with N.C. Gen. Stat. §47C-2-111 and in accordance with the terms of the Declaration.

Section 8.10 Use of Common Elements: An Owner shall not interfere with the use of the Common Elements by the remaining Owners and their employees and invitees.

Section 8.11 Right of Access: An Owner shall grant a right of access to his Unit and the Limited Common Elements appurtenant thereto to the Independent Manager and/or any other person authorized by the Executive Board or the Independent Manager for the purpose of making inspections, or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 8.12 Rules of Conduct: Rules and regulations concerning the use of the Units and the Common Elements shall be promulgated and amended by the Executive Board. Copies of such rules and regulations shall be furnished by the Executive Board to each Owner prior to the time when the same shall become effective.

Section 8.13 Common Expenses for Utilities: Any utilities which may be provided to the Units through a single or common meter or facility, including, without limitation, water and sanitary sewer, and utilities furnished to any portion of the Common Elements, shall be paid by each Owner as and when billed according to the extent of such Owner's use, if such use is separately submetered, or, at the option of the Executive Board, or if not separately submetered, such may be paid by the Executive Board and assessed against the Units as a Common Expense.

Section 9 Amendments

Subject to the provisions of Article XVI of the Declaration, these Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Owners holding one hundred percent (100%) of the votes in the Association, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Mecklenburg County, North Carolina. All persons or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of such Mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant.

Section 10
Miscellaneous

Section 10.1 Severability: Invalidation of any covenant, condition, restriction or other provisions of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.2 Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or hereafter acquire any interest in the Property.

Section 10.3 Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 10.4 Nonprofit Corporation: No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these Bylaws.

EXHIBIT D
[SAMPLE TAX CALCULATION]

Assumptions

Assessed (or Agreed) Value of the Parking Facility ¹	\$ 9,000,000.00
Taxes Applicable to Parking Facility Based on Assessed Value ²	\$ 115,000.00
Total Parking Spaces	467
Total Residential Parking Spaces	122

Based on the above assumptions, the taxes applicable to the Residential Parking Spaces shall be equal to \$30,043;³ and taxes applicable to the remaining spaces shall be equal to \$84,957.⁴ Pursuant to the Declaration, the taxes applicable to the Parking Facility, excluding the Residential Parking Spaces, will be payable by the Units as a Common Expense based on each Unit's Common Elements Interest. Thus, the Apartment Unit will pay 62.96% of \$84,957 or \$53,489; the Residential Unit will pay 26.52% of \$84,957 or \$22,531; and, the Retail Unit will pay 10.52% of \$84,957 or \$8,937, all of which funds will be reimbursed by the Master Association for Morrison pursuant to Section 4.1(c) of the Master Declaration for Morrison.

In addition, the taxes applicable to the Residential Parking Spaces shall be divided between the Apartment Unit and the Residential Unit based on the relative number of Residential Parking Spaces allocated as Limited Common Elements to each Unit; therefore, the Residential Unit will pay 68.85% of \$30,043 or \$20,685 and the Apartment Unit will pay 31.15% of \$30,043 or \$9,358.⁵ Since these spaces are specifically allocated for the sole use of the Owners of the Apartment Unit and the Residential Unit, those sums shall not be reimbursed by the Master Association for Morrison.

THIS IS AN EXAMPLE OF HOW TAXES WILL BE CALCULATED. ACTUAL TAXES AND ACTUAL ALLOCATED AMOUNTS WILL DIFFER.

¹ Under Section 4.1 (c) of the Master Declaration for Morrison, the owner of a structured parking facility will attempt to have the parking facility separately assessed for tax purposes, and if not, the owner and the Master Association for Morrison will agree upon a value in accordance with Section 4.1(c) of the Master Declaration for Morrison. For purposes of making such determination, the Executive Board of the Association shall be deemed the owner of the Parking Facility pursuant to Section 10.1 of this Declaration.

² This is based on an assumed tax rate of \$1.25 per \$100 of assessed value.

³ 122 Residential Parking Spaces divided by 467 total spaces is equal to 26.12%. 26.12% of the total tax of \$115,000 is equal to \$30,043.

⁴ \$115,000 total taxes less \$30,043 allocated to the Residential Parking Spaces equals \$84,957 of tax payable on the remaining parking spaces.

CONSENT AND SUBORDINATION

NATIONAL CITY BANK ("Lender"), owner and holder of a note secured by (1) that certain Deed of Trust, Assignment of Leases and Rents, and Security Agreement from Morrison-Phase I, LLC, a North Carolina limited liability company, to The Title Company of North Carolina, Inc., Trustee for the benefit of Lender recorded April 17, 2007, in Book 22078, at Page 725 in the Mecklenburg County Public Registry (the "Deed of Trust"), and (2) that certain UCC Financing Statement (Fixture Filing) from Morrison-Phase I, LLC, as debtor, and Lender, as secured party, filed April 17, 2007, in Book 22078, at Page 757 in the Mecklenburg County Public Registry ("UCC"), hereby consents to the execution, delivery and recording of the foregoing Declaration of Condominium for the Morrison Master Condominium by Morrison-Phase I, LLC (the "Declaration") and agrees that any subsequent foreclosure of the Deed of Trust shall not extinguish the Declaration and that the Deed of Trust and UCC, the liens created thereby, and Lender's and Trustee's interest in the property described therein by virtue of the Deed of Trust and UCC, are, and shall be, subject and subordinate to the Declaration and the provisions thereof.

IN WITNESS WHEREOF, the undersigned has duly executed these presents under due authority as of this the 30th day of May, 2007.

NATIONAL CITY BANK,
Owner and Holder

By: 

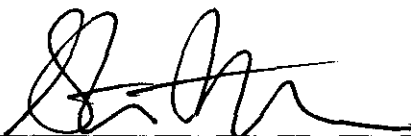
Name: Ted K. Trabue
Vice President

STATE OF OHIO

COUNTY OF FRANKLIN

I, Stephen Intihar, a Notary Public of aforesaid County and State, certify that Ted K. Tabue, who is personally known to me, personally came before me this day and acknowledged that he/she is a Vice President of NATIONAL CITY BANK, and that he/she, as Vice President being authorized to do so, executed the foregoing on behalf of the Bank for the purposes stated therein.

WITNESS my hand and official seal, this 29th day of May, 2007.



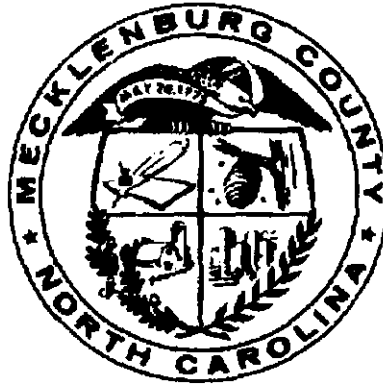
NOTARY PUBLIC
Print Name: Stephen Intihar

My Commission Expires:

N/A
[NOTARIAL SEAL]



STEPHEN INTIHAR
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

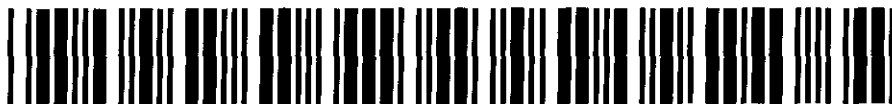


JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE, NC 28202

PLEASE RETAIN YELLOW TRAILER PAGE

It is part of the recorded document, and must be submitted with original for re-recording
and/or cancellation.

Filed For Registration: 05/30/2007 04:30 PM
Book: RE 22297 Page: 738-800
Document No.: 2007110203
DEC/U 63 PGS \$197.00
Recorder: TERESITA BYRUM



2007110203