

Prepared By & Hold For:
Young, Moore, Henderson & Alvis, P. A. BOON 3587 REC 243

DECLARATION OF INTENTION TO SUBMIT PROPERTY
TO THE PROVISIONS OF THE
NORTH CAROLINA UNIT OWNERSHIP ACT

PRESENTED
FOR
REGISTRATION

OCT 28 3 53 PM '85

RICHLAND RUN CONDOMINIUM

KENNEDY & SONS
REGISTERED CLERKS
WAKE COUNTY, NC

* * * * *

THIS DECLARATION, and the exhibits which are attached hereto and made a part hereof (hereinafter collectively called the "Declaration"), are made as of this 18th day of October, 1985 by RICHLAND PROPERTIES, INC., a North Carolina corporation, (hereinafter called the "DECLARANT") pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, entitled the "Unit Ownership Act".

WITNESSETH:

WHEREAS, the Declarant is the owner of a certain parcel of real estate in the City of Raleigh, Wake County, State of North Carolina, and more particularly described in Exhibit "A" attached hereto; and

WHEREAS, the Declarant is the owner of additional adjoining real property described in Exhibit F attached hereto which shall upon annexation of all or any part of such real property constitute additional Phases of the Richland Run Condominium development; and

WHEREAS, the Declarant is the owner of a eighteen (18) unit multi-family project and other improvements heretofore constructed upon the real estate described in Exhibit "A", and it is the desire and the intention of the Declarant to divide the aforesaid real estate and the buildings and other improvements thereon into eighteen (18) "Condominium Units" or "Units", as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to various purchasers subject to the covenants, conditions, easements, uses, limitations, obligations and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant presently intends, but is not obligated, to annex the real property described in Exhibit F upon the execution and recordation of Supplementary Declarations by Declarant, and upon such execution and recordation of such Supplementary Declarations, such land shall automatically be included within this Declaration and such action shall require no approvals or other actions by either the Unit Owners, the Board of Directors or the members of the Association of Unit Owners or by any other person or entity, as hereinafter more particularly provided; and

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described in Exhibit "A" and in Paragraph 3 below, identified as Richland Run Condominium (and all that property described in any Supplementary Declaration hereinafter recorded as herein provided and made subject to this Declaration) is submitted to the provisions of the North Carolina Unit Ownership Act and said property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved 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 said property into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the said real estate and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. DEFINITIONS. Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a meaning different therefor:

(a) "Association of Unit Owners" or "Association" is as defined in the North Carolina Unit Ownership Act and shall mean a non-profit corporation formed of all of the Unit Owners acting as a group in accordance with this Declaration and the Bylaws under the name of Richland Run Condominium Association, Inc.

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(b) "Board of Directors" shall mean the governing body from time to time of Richland Run Condominium Association, Inc., whose purpose is to manage, maintain, operate, care for and administer Richland Run Condominium.

(c) "Building" or "Buildings" shall mean all structures and improvements now or hereafter erected upon the Property.

(d) "Bylaws" shall mean the bylaws of Richland Run Condominium Association, Inc.

(e) "Common areas and facilities" shall have the meaning as set forth in the North Carolina Unit Ownership Act and as more fully described in paragraph 5 hereof.

(f) "Common Expenses" shall mean and include:

(i) all sums assessed against the Unit Owners by the Association;

(ii) expenses of administration, maintenance, repair or replacement of the Common areas and facilities;

(iii) expenses agreed upon as Common Expenses by the Association;

(iv) expenses declared Common Expenses by the provisions of the North Carolina Unit Ownership Act, or by this Declaration or the Bylaws;

(v) insurance premiums;

(vi) ad valorem taxes and public assessments and liens levied against the common areas; and

(vii) all water and sewer charges for water and sewer service provided to the Property, including water and sewer service provided to individual units for so long as they are not individually metered.

(viii) expenses relating to Off-Site Amenities, as hereinafter described in paragraph 33.

(g) "Common Interest" shall mean the aggregate of the undivided interests of the Unit Owners in the Common areas and facilities.

(h) "Condominium Documents" shall mean this Declaration, the Articles of Incorporation, the Bylaws, and rules and regulations governing the use of the Property, as amended from time to time and all attachments and exhibits thereto.

(i) "Limited common areas and facilities" shall mean those parts of the Common areas and facilities reserved for specific Units to the exclusion of all other Units, as more specifically described in Paragraph 6 hereof.

(j) "Mortgage" shall mean a deed of trust as well as a mortgage constituting a first lien on a Unit.

(k) "Mortgagee" shall mean a beneficiary under a Mortgage.

(l) "Owner" or "Unit Owner" shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, having an ownership interest of record in a Unit within the Property, other than a Mortgagee or a trustee of a deed of trust.

(m) "Phase I" when such term is used alone shall mean the real property described in Exhibit A together with the Building and all other improvements and structures thereon, all easements, rights and appurtenances belonging thereto and all articles of personal property intended for common use in connection therewith submitted to the Unit Ownership Act by this Declaration. "Phases II through IX" shall mean the real property, together with any buildings or improvements hereafter erected thereon, collectively, described in Exhibit F, which may later be included with the Richland Run Condominium by Supplementary Declarations in the manner hereinafter provided.

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(n) "Plans" shall mean and refer to the plans and specifications of the Condominium prepared by CHR Associates, P.A., recorded under the name of the Condominium in the Unit Ownership File in the Office of the Register of Deeds of Wake County and referred to on Exhibit "B" attached hereto and incorporated herein by reference.

(o) "Property" shall mean the real property referred to in this Declaration to be divided into condominium units including the parcel of real estate described on Exhibit A, and any portion of the real estate described on Exhibit F which is annexed to the Condominium in the manner provided for herein, the Buildings, all easements, rights and appurtenances belonging thereto and all articles of personal property intended for common use in connection therewith.

(p) "Supplementary Declarations" shall mean the documents filed by Declarant to include any of Phases II through IX as collectively described in Exhibit F within the Property in the manner provided hereinafter.

(q) "Unit" shall mean those parts of the Property described in paragraph 4 hereof which are the subject of individual ownership.

The terms "Association", "Building", "Common areas and facilities", "Condominiums", "Declaration", "Person", "Property", "Recordation", "Unit" or "Condominium Unit", "Unit Designation" and "Unit Owner", unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall have the meanings set forth in North Carolina General Statutes § 47A-3.

2. NAME OF CONDOMINIUM. The name by which the Property shall be known is "Richland Run Condominium" (the "Condominium").

3. DESCRIPTION OF BUILDINGS AND UNITS. The Condominium consists of one (1) three-story residential building of principally siding walls with roof and which contains eighteen (18) dwelling units (numbered 37 through 54). A plat of survey of the Property by Triangle Engineering Services, Inc., showing the location of the Building is shown on Exhibit "B" attached hereto. Said Building is more particularly described in the Plans, a copy of which is attached hereto and made a part hereof as Exhibit "B" and showing all particulars of the Building, including the layouts, locations, ceiling and floor elevations, Unit numbers and dimensions of the Units, and location of the Common areas and facilities affording access to each Unit. Such Plans bear the verified statement of CHR Associates, P.A., Registered Architects, certifying that the Plans fully and accurately describe the layout, location, ceiling and floor elevations, Unit numbers and dimensions of the Units, as built.

Phases II, III and VIII may each contain a three-story residential building substantially similar in exterior design and appearance to that constructed in Phase I and each building may contain up to eighteen (18) dwelling units. Phases IV, V, VI, VII and IX may each contain a three-story residential building substantially similar in exterior design and appearance to that constructed in Phase I and each building may contain up to twelve (12) dwelling units.

Each Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Unit Owner of each Unit shall also own, as an appurtenance to the ownership of each Unit conveyed, an undivided interest in the Common areas and facilities, an exclusive license to use the Limited common areas and facilities reserved for the use of such Unit, and a perpetual and unrestricted right of ingress and egress to and from such Unit. The percentage undivided interest in the Common areas and facilities appurtenant to each Unit shall be as set forth in Exhibit "C" attached hereto and made a part hereof. The percentage of undivided interest in the Common areas and facilities that is appurtenant to each Unit has been determined by a ratio formulated upon the approximate relation that the fair market value of each Unit at the date of the Declaration bears to the then aggregate fair market value of all the Units having an interest in the Common areas and facilities. The fair market value of each Unit and the aggregate fair market value of all the Units has been determined by the Declarant, and this determination shall be binding upon all Units and Unit Owners. Except as provided in paragraphs 30 and 31 below, the percentage of undivided interest in the Common areas and facilities assigned to each Unit shall not be changed except

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with the unanimous consent of all of the Unit Owners and with the consent of all the Mortgagees.

A more detailed description of the materials of which the Units and Buildings are constructed is contained in the Plans.

4. UNIT DESIGNATIONS. The designation of each Unit in Phase I, a statement of its location, approximate area, number of rooms, and other data concerning its proper identification are shown on the Plans attached hereto as Exhibit "B".

There are four (4) types of Units in the building. Type A Units (Units 40, 41, and 42) have one bedroom, a bath, a living room, a dining room and a kitchen. Each Type A Unit contains 765 square feet. Type B Units (Units 43, 44, 45, 49, 50 and 51) have one bedroom, one and one-half baths, a living room, a den, a dining room and a kitchen. Each Type B Unit contains 967 square feet. Type C Units (Units 37, 38, 39, 52, 53 and 54) have two bedrooms (each with a bath) a living room, a dining room and a kitchen. Each Type C Unit contains 1,080 square feet. Type D Units (Units 46, 47 and 48) have two bedrooms, two bathrooms, a living room, a dining room and a kitchen. Each Type D Unit contains 1,085 square feet.

Each Unit consists of all of the space bounded horizontally and vertically by the undecorated and/or unfinished interior surfaces of its perimeter walls, floors, ceilings, windows and window frames, doors and door frames. Each Unit includes both portions of a Building within such boundaries and the space so encompassed, including, without limitation, the interior surfaces of perimeter walls, windows, window frames, doors, door frames, floors and ceilings and all finishing materials applied to the interior surfaces of walls, doors, door frames, window frames, floors and ceilings, and all interior walls (i.e. a wall within a Unit that is not a perimeter wall) but excluding, however, any load bearing columns or weight supporting interior walls (but not the visible surfaces thereof) which shall be a part of the Common areas and facilities. All exterior doors, window frames, panes and screens shall be part of the Units to which they are attached, provided, however the decoration and painting of the surfaces (but not the components) of such doors, window frames, panes and screens which are visible from either the exterior of the Buildings or from the Common areas and facilities shall be the responsibility of the Association. For the purposes of maintenance, repair and replacement, all those portions of the heating and air-conditioning systems, which provide service solely to an individual Unit shall be considered a part of such Unit, whether such systems or their components are located within or without the perimeter walls, floors and ceilings of such Unit. Except as may be otherwise provided herein to the contrary, the responsibility for the maintenance, painting, repair and replacement of a Unit is the responsibility of each Unit Owner. Access to the Common areas and facilities from each Unit is direct from each Unit.

5. COMMON AREAS AND FACILITIES. The Common areas and facilities consist of all of the Property other than the Units as described in paragraph 4 above, including without limitation, the following:

(a) the real estate described on Exhibit A attached hereto and, if annexed in the manner described herein, the real estate described in Exhibit F attached hereto;

(b) all central and appurtenant installations for services such as power, light, water, gas, sewer, TV antennae and cables, laundry facilities, and all conduits, pipes, ducts, wires, and other facilities used in connection therewith, except such parts thereof, as may be located within the perimeter walls, floors and ceilings of a Unit;

(c) all foundations, columns, girders, beams, supports and other structural members;

(d) all roofs and exterior walls; and all interior load bearing columns and weight supporting walls;

(e) steps and stairwells; parking areas; streets; driveways; sidewalks and walkways; and other exterior areas of the Property all of which are shown by legend designation on the Plans;

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(f) all water and sewer lines lying outside of public-rights-of-way which serve the Property;

(g) recreational facilities; and

(h) all other parts of the Property and all apparatus and installations, including all items of personal property, existing in the Buildings or upon the Property for common use or which are necessary or convenient to the existence, maintenance or safety of the Property.

The percentage of undivided interest in the Common areas and facilities appurtenant to each Unit for all purposes is set forth in Exhibit "C" attached hereto and made a part hereof. The maintenance, painting, repair and replacement of Common areas and facilities is the responsibility of the Association.

6. LIMITED COMMON AREAS AND FACILITIES. Limited common areas and facilities shall mean and include those Common areas and facilities reserved for use by a certain Unit or Units to the exclusion of other Units, including any deck, patio, courtyard, balcony, and/or storage room appurtenant to such of the Units as are shown on the Plans. Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy such Limited common areas and facilities as are associated with such Unit Owner's Unit. The cleanliness and orderliness of the Limited common areas and facilities shall be the responsibility of the individual Unit Owner, but the responsibility for maintenance, painting, repair and replacement, together with control over the exterior decoration, shall remain with the Association. References hereunder to Common areas and facilities shall include Limited common areas and facilities unless the context clearly indicates otherwise.

7. CONDOMINIUM ASSOCIATION. (a) A non-profit North Carolina corporation known and designated as Richland Run Condominium Association, Inc. (the "Association") has been organized to provide for the administration of the Property and said corporation 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 and Bylaws. A true copy of the Articles of Incorporation and Bylaws are attached hereto as Exhibits "D" and "E", respectively. Each Unit Owner shall automatically become a member of the corporation upon his acquisition of an ownership interest in any Unit and its appurtenant undivided interest in the Common areas and facilities, and the membership of such Unit Owner shall terminate automatically upon such Unit Owner being divested of ownership interest in the title to such Unit. In the administration of the operation and management of the Property, the Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect general and special assessments in the manner herein provided, and to adopt, promulgate, enforce and amend such rules and regulations governing the use of the Units and Common areas and facilities as the Board of Directors of the Association may deem to be in the best interests of the Association in accordance with the Bylaws.

(b) The Declarant shall have the right to appoint or remove members of the Board of Directors and officers of the Association as provided for in the Bylaws and/or Articles of Incorporation of the Association until such time as the first of the following events occurs: (i) the expiration of five (5) full years from the date of the conveyance of the first Unit; (ii) 120 days after the date as of which Units to which seventy-five percent (75%) of the Common Interest appertain shall have been conveyed by the Declarant to Unit Owners other than a party constituting the Declarant; or (iii) the surrender by the Declarant of the authority to appoint and remove members of the Board of Directors and officers of the Association by an express amendment to this Declaration executed and recorded by the Declarant. Whenever Declarant shall be entitled to designate and select any person or persons to serve on the Board of Directors of the Association or as officers of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or the Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors or as officers and to replace such person or persons with another person or other persons to act and serve in the place of any Director or officer so removed for the remainder of the unexpired term of any Director or officer so removed. Any Director or officer designated and selected by Declarant need not be a resident of the Property or

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a Unit Owner; however, except as otherwise provided to the contrary below, Declarant shall be responsible for the payment of any assessments which may be levied by the Association against any Unit or Units owned by the said Declarant and for complying with the remaining terms and provisions hereof in the same manner as any other Unit Owner.

(c) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all Common Areas and facilities which the Association is obligated to maintain. Such reserve fund shall be maintained out of the regular assessments for common expenses.

(d) The Association shall make available for inspection upon request during normal business hours to any Unit Owner, Mortgagee and to insurers or guarantors of any Mortgage, current copies of this Declaration, the Bylaws, and other rules concerning the Condominium and the books, records and financial statements of the Association.

8. USE OF COMMON AREAS AND FACILITIES. Each Unit Owner and his tenants, guests, and business invitees and licensees shall have the right to use the Common areas and facilities in accordance with the purposes for which they are intended and for all purposes incident to the use and occupancy of his Unit, and such right shall be appurtenant to and run with his Unit; provided, however, that no person shall use the Common areas and facilities or any part thereof in such manner as to interfere with or restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this Declaration, the Bylaws, and such rules and regulations as may be established from time to time by the Board of Directors.

9. PERSON TO RECEIVE SERVICE OF PROCESS. J. M. Brown is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. Said person's place of business is 2610 Wycliff Road, Raleigh, Wake County, North Carolina 27607, which is located within the county in which the Property is located. Mr. Brown is also the Registered Agent for the Association. A change in the registered agent of the Association shall automatically cause the same change herein.

10. EASEMENTS. (a) Each Unit Owner shall have an unrestricted and perpetual easement of ingress and egress to his Unit across that portion of the Common areas and facilities as are reasonable for ingress and egress to said Unit.

(b) Each Unit Owner shall have a perpetual, non-exclusive easement in common with all other Unit Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other Units and serving his Unit. Each Unit shall be subject to a perpetual non-exclusive easement in favor of all other Unit Owners to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other Units and located in such Unit. The Board of Directors shall have the right of access to each Unit to remove violations therefrom and to maintain, repair or replace the Common areas and facilities contained therein.

(c) If any portion of the Common areas and facilities now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common areas and facilities, or if any such encroachment shall occur hereafter as a result of settling or shifting of the Buildings, there shall exist a valid easement for the encroachment and for the maintenance of same so long as the Buildings shall stand. In the event the Buildings, Units, or any portion of the Common areas and facilities shall be partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and shall thereafter be rebuilt, encroachment of parts of the Common areas and facilities upon any Unit or of any Unit upon any other Unit or upon any portion of the Common areas and facilities due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Buildings shall stand.

(d) An easement is hereby established over all Common Areas for the benefit of applicable governmental agencies for the setting, removing, and reading of water meters, maintaining and replacing water, drainage and drainage facilities, fire fighting, law enforcement, garbage collection and

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the delivering of mail. Subject to the provisions of the Raleigh City Code, the Board of Directors may hereafter grant additional easements for utility purposes for the benefit of the Property including the right to install, lay, maintain, repair and replace water lines, pipes, ducts, sewer lines, gas mains, telephone wires and equipment, electrical conduits, cables and wires, and street lighting over, under, along and on any portion of the Common areas and facilities any of which may require an initial payment and/or a continuing payment by the Association as a Common Expense or by the Unit Owners, as the case may be; and each Unit Owner hereby grants the Board of Directors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

(e) Subject to the provisions of the Raleigh City Code, the Board of Directors may hereafter grant and accept easements and other covenants along and over any portion of the Common areas and facilities for the benefit of the Property and also for the benefit of all of Declarant's adjoining land including, without limitation Phase IIA and Phase IIB and any other property now owned by Declarant and described in that certain deed recorded in Book 3381, Page 943, Wake County Registry, which may be developed as condominiums, townhouses for sale, or planned unit developments whether under Supplementary Declaration(s) or a separate declaration of condominium or separate declaration of covenants, conditions, restrictions and easements, to provide such benefits as shared recreational facilities and amenities and to provide reasonable access for pedestrian traffic, open areas, green spaces and park lands; and each Unit Owner hereby grants to the Board of Directors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing; provided, further, that the designation on the Plans of an area dedicated for the use of any of the foregoing purposes in connection with either the Property or in connection with such adjoining land shall constitute the granting of such easement, unless same is specifically reserved unto the Board of Directors for future action.

(f) The Declarant reserves the right to subject the Common areas and facilities to a contract with Carolina Power and Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the Association as a Common Expense or by the Unit Owners, as the case may be.

(g) In case of any emergency originating in or threatening any Unit or the Common areas and facilities, regardless of whether the Unit Owner is present at the time of such emergency, the Board of Directors, or any other person authorized by it, shall have the right to enter any Unit for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Unit Owners, and such right of entry shall be immediate.

11. PARTITIONING. No Unit may be divided or subdivided into a smaller Unit or Units other than as shown on the Plans, nor shall any Unit or portion thereof be added to or incorporated into any other Unit. The undivided interest in the Common areas and facilities declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered, partitioned, subdivided or otherwise dealt with separately from said Unit, and the undivided interest in the Common areas and facilities appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly mentioned or described in the instrument 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 a Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its appurtenant undivided interest in Common areas and facilities 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 numerical designation assigned thereto on the plans without limitation or exception shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common areas and facilities. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the Common areas and facilities. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided

interest in the Common areas and facilities by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety or in any form by law permitted.

12. LIENS. While the Property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the Common areas and facilities except with the unanimous written consent of all of the Unit Owners and their Mortgagees. Every agreement for the performance of labor, or the furnishing of materials to the Common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanics' lien or other similar lien by reason of labor performed or material furnished is waived.

13. NATURE OF INTEREST IN UNITS. Every Unit, together with its undivided interest in the Common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real property and the Owner thereof 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, regulations, resolutions and decisions adopted pursuant hereto and as may be contained herein and in the accompanying Bylaws and in the minutes of the Board of Directors of the Association.

14. ASSESSMENTS.

(a) Taxes. Every Unit, together with its undivided interest in the Common areas and facilities, 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 will not be separately assessed until the calendar year following the year in which this Declaration is filed with respect to the Raleigh/Wake ad valorem property taxes.

(b) Common Expenses. Each Unit Owner shall contribute, pro rata in proportion to his undivided interest as set forth in Exhibit "C" hereto, toward the expense of administration, care of, maintenance and repair of the Common areas and facilities, and any other expense lawfully agreed upon, (i.e. the "Common Expenses") all in accordance with the attached Bylaws and the provisions of the North Carolina Unit Ownership Act. Due dates for payment of such Common Expenses shall be established by the Board of Directors and such Common Expenses shall be collected at least monthly. In order to enforce the collection of the Common Expenses, the Association shall have the lien rights more fully described in the Bylaws; provided, however, that such lien for unpaid Common Expenses and other charges becoming payable on or after the date of recordation of any Mortgage with respect to any Unit and all fees, late charges, fines and interest levied by the Association in connection with any such unpaid assessment for Common Expenses shall be and is hereby subordinated to the lien of such recorded Mortgage. Assessments for Common Expenses for Units in Phase I shall commence upon the Declarant's conveyance of the first Unit in Phase I. Assessments for Common Expenses for Units in Phase IIA and Phase IIB shall commence upon the conveyance of the first Unit in Phase IIA and Phase IIB, as applicable.

At the closing of the sale of each Unit by the Declarant, a sum shall be collected equal to the total assessment for such Unit for the succeeding two (2) months, and such sum shall be paid into the general operating fund of the Association for the purpose of insuring that the Association will have sufficient funds to meet unforeseen expenditures, and to acquire additional equipment or services deemed necessary or desirable. Such sum is a one-time additional assessment and shall not be considered as an advance payment of regular annual assessments.

(c) Special Assessments. Upon the affirmative vote of Unit Owners owning at least 51% of the Common Interest, the Association may make special assessments, from time to time, against the Units in order to meet unexpected, extraordinary or nonrecurring expenses. Each Unit Owner shall contribute, pro rata, in accordance with his undivided interest as set forth in Exhibit "C" hereto his share of such special assessments. Due dates and payment terms shall be established by the Board of Directors. The collection of such special assessments and their priority with respect to Mortgages are subject to the same terms and conditions as the assessments for Common Expenses.

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(d) "Common Surplus", meaning 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), shall be owned by the Unit Owners in the same proportion that the undivided interest in Common areas and facilities appurtenant to each Unit Owner's Unit bears to the Common Interest; provided, however, that said 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 herein provided, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the Unit Owners of Units in accordance with their percentage interest in Common Surplus as declared herein.

15. PARKING. All parking spaces constituting a portion of the Property and as may be designated from time to time by the Board of Directors shall constitute part of the Common areas and facilities even though the Board of Directors may, in its discretion, elect to assign specific parking spaces to specific Units and if parking places are so assigned, each Unit Owner agrees to be bound by such decision and to abide by such rules and regulations as may be established in such regard; provided, however, that in no event shall there be less than the number of parking spaces prescribed by the Raleigh City Code available to each such Unit. The Board of Directors may, in its discretion, prohibit and/or regulate the parking of boats, trailers, campers (whether motorized or not) and such classes of trucks and vans as the Association may designate. No rules as to parking shall be made in violation of the City Code of Raleigh.

16. INSURANCE. (a) The Board of Directors shall obtain and maintain at all times insurance on the Property of the type and kind and in not less than the amounts set forth below:

(1) Fire. All the Buildings and other improvements upon the land and all fixtures and personal property included in the Common areas and facilities and all personal property and supplies belonging to the Association shall be insured in an amount equal to 100% of the current replacement cost (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors with the assistance of the insurance company providing coverage. In addition, if any fixtures, property or equipment used or kept in a Unit are financed by the proceeds of any Mortgage on such Unit, then such personal property shall be covered in such instance with any additional premium arising out of such coverage to be the sole responsibility of the Unit Owner. The Board of Directors shall, at least annually, review the insurance coverage required herein and determine 100% of the current replacement cost of the Buildings and all other improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, explosion and boiler damage, vandalism and malicious damage and all perils, covered by a standard "all risk" endorsement. All such policies shall provide that adjustment of loss shall be made by the Board of Directors or an "Insurance Trustee" (as defined below). In addition to the provisions and endorsements set forth in (c) of this Paragraph, the fire and casualty insurance described herein shall contain the following provisions:

- (A) a waiver by the insurer of its right to repair and to reconstruct instead of paying cash;
- (B) a provision that any "no other insurance" clause in the policy excludes individual Unit Owners' policies from consideration and that the master policy will be primary in the event a Unit Owner has insurance covering the same loss;
- (C) a New York standard mortgagee endorsement (without contribution) or a substantially similar endorsement;
- (D) standard "Agreed Amount" and "Inflation Guard" endorsements;

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- (E) construction code endorsements if the Condominium becomes subject to a construction code provision which would require changes to undamaged portions of any Building thereby imposing significant costs in the event of partial destruction of such Building by an insured peril;
- (F) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Unit Owners and their employees, agents, tenants and invitees;
- (G) a provision that the coverage will not be prejudiced by act or neglect of one or more Unit Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control; and
- (H) steam boiler coverage, if applicable.

The fire and casualty insurance policy shall not contain (and the insurance shall not be placed with companies whose charters or bylaws contain) provisions whereby: (1) contributions or assessments may be made against the Association, the Unit Owners or the Mortgagees; (2) loss payments are contingent upon action by the carrier's, directors, policy holders or members; and (3) there are limiting clauses (other than insurance conditions) which could prevent Unit Owners or Mortgagees from collecting the proceeds.

(2) Public Liability. The Board of Directors shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the Board of Directors may, from time to time, determine to be customary for projects similar in construction, location and use as the Property, covering each member of the Board of Directors, the managing agent, if any, and each Unit Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common areas and facilities and public ways and commercial spaces, if any, adjacent to, located in or running through the Property; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the Property or any portion thereof. Such insurance shall also protect against legal liability arising out of law suits related to employment contracts of the Association. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Unit Owners as a group to a single Unit Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Unit Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage.

(3) Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, fidelity bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

The total amount of fidelity bond coverage shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three months' aggregate assessments on all units plus reserve funds.

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Fidelity bonds required herein shall:

- (i) name the Association as an obligee;
- (ii) contain waivers by the issuers of the fidelity bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions;
- (iii) provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days prior written notice to the Association, to any such agent as the Association shall designate to negotiate settlement of insurance claims on behalf of the Association, and to any institutional leader servicing on behalf of the Federal National Mortgage Association any loan secured by any unit.

(4) Flood Insurance. In the event it is determined, by survey or otherwise, that the Condominium is located within an area having special flood hazards and if flood insurance has been made available under the National Flood Insurance Program ("NFIP"), the Association shall obtain and pay, as a common expense, the premiums upon a policy of flood insurance on the Property in such amount as may from time to time be deemed appropriate by the Board of Directors; provided, however, that such coverage shall not be less than the lesser of: (1) the maximum coverage available under the NFIP for that portion of the Property within a designated flood hazard area or (2) 100% of the current "replacement cost" of such portion of the Property.

(5) Other. Such other insurance coverages, including workmen's compensation, as the Board of Directors shall determine from time to time desirable.

(b) Premiums upon insurance purchased by the Board of Directors shall be paid by the Board of Directors and charged as a Common Expense.

(c) The Board of Directors shall make diligent effort to secure insurance policies that will provide for the following:

- (1) recognition of any insurance trust agreement entered into by the Association;
- (2) coverage that may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the named insured, any Insurance Trustee and all Mortgagees; and
- (3) coverage that cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Unit Owner or any Mortgagee;

(d) All insurance policies purchased by the Board of Directors shall be with a company or companies licensed to do business in the State of North Carolina and holding a rating of "AAA" or better by the current issue of Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and the Unit Owners and their Mortgagees as their respective interests may appear, and shall be issued in the name of and provide that all proceeds thereof shall be payable to the Association for the use and benefit of the Unit Owners or the Insurance Trustee (defined below). The sole duty of the Board of Directors (if the Association is named insured and loss payee) or the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares:

- (1) Proceeds on account of damage to Common areas and facilities shall be held in undivided shares for each Unit Owner and his Mortgagee, if any, each Unit Owner's share to be the same as such Unit Owner's undivided interest in the Common areas and facilities.

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

- (A) When the Buildings are to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Board of Directors.
- (B) When the Buildings are not to be restored, an undivided share for each Unit Owner, such shares being the same as such Unit Owner's undivided interest in the Common areas and facilities.

(3) In the event a mortgage endorsement has been issued with respect to a Unit, the share of the Unit Owner shall be held in trust for the Mortgagee and the Unit Owner as their respective interests may appear; provided however, no Mortgagee shall have the right to participate in the determination as to whether any Damaged Property shall be reconstructed or repaired.

(e) The originals of all such policies and the endorsements thereto shall be deposited with the Board of Directors and duplicates of said policies and endorsements and all renewals thereof, or certificates thereof, together with proof of payment of premiums, shall be delivered to the Unit Owners at least ten (10) days prior to the expiration date with respect to the then current policies. Duplicates shall also be obtained and issued by the Association to each Mortgagee, if any, upon request of such Mortgagee at any time.

(f) Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such insurance.

(g) Each Unit Owner hereby grants an irrevocable power of attorney to the Association or any Insurance Trustee designated by the Association for the purpose of purchasing and maintaining all forms of insurance as described above, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

17. DISTRIBUTION OF INSURANCE PROCEEDS. Proceeds of insurance policies received by the Board of Directors or the Insurance Trustee shall be distributed to or for the benefit of the Unit Owners in the following manner:

- (a) All expenses of the Insurance Trustee shall be first paid or provisions made therefor.
- (b) If it is determined, as provided in paragraph 18 hereof, that the damaged Property, with respect to which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Unit Owners and their Mortgagees, if any, jointly.
- (c) 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 Unit Owners and their Mortgagees, if any, jointly.

18. DUTY TO REPAIR.

(a) In the event of damage to or destruction of any Building as a result of fire or other casualty to the extent of less than 2/3rds in value of the Building, or if the Property is not partitioned as provided in N.C. Gen. Stat. § 47A-25, the Board of Directors shall arrange for the prompt repair and restoration of the Building (including any damage to any Unit therein, but not including any decoration or coverings for walls, ceilings, or floors, or other furniture, furnishings, fixtures or equipment in such Unit, unless the subject insurance policy covers a portion or all of such loss to the Unit, in which

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event the Board shall repair or replace such damage to property), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any 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 attached hereto as Exhibit B. The determination of whether the damage or destruction "exceeds two-thirds (2/3)" the value of any Building for the purposes herein stated shall be determined by an appraisal of the value of such Building (excluding the land) as of the day immediately preceding the damage obtained by the Board of Directors from a licensed appraiser (who is a licensed realtor and is a member of the American Society of Real Estate Appraisers, or a comparable professional association of appraisers), when compared to the cost of repairs and restoration as determined by the Board of Directors.

If any Building is more than 2/3rds destroyed and Unit Owners possessing 3/4ths of the votes of all Unit Owners residing in that Building resolve not to proceed with repair or restoration, then G.S. § 47A-25 shall apply to the Building and the Unit Owners who resided therein.

(b) Each Unit Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans attached hereto as Exhibit B, and will make no structural addition, alteration or improvement to his Unit without the prior written consent of the Board of Directors. Upon the failure of a Unit Owner to so maintain his Unit, the Board of Directors shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Unit Owner and constitute a lien on the Unit until paid.

19. UNIT SUBJECT TO DECLARATION, BYLAWS, RULES AND REGULATIONS. All present and future Unit Owners, tenants, employees of Unit Owners 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 said Declaration, Bylaws, rules and regulations may be amended 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 Unit Owner, tenant or occupant and all such other 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 Units as though such provisions were made a part of each and every deed of conveyance or lease.

20-A. AMENDMENT OF DECLARATION. This Declaration may be amended with the approval of Unit Owners collectively owning at least 75% of the aggregate undivided interest in the common areas and facilities of the Property. Such approval shall be expressed by the execution by such Unit Owners of such amendment; provided, however, that none of said executions has to be acknowledged or notarized.

Thereupon, the Board of Directors shall, within thirty (30) days after all such signatures have been collected, reasonably assure itself that the amendment has been executed by the required percentage of Unit Owners. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any unit to be examined). The Board of Directors then shall cause to be attached to the amendment a certification as to its validity, which certification shall be executed by the Association and acknowledged or notarized in the same manner that deeds are executed and acknowledged or notarized. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO DECLARATION OF RICHLAND RUN CONDOMINIUMS

By authority of its Board of Directors, Richland Run Condominium Association, Inc. hereby certifies that the foregoing instrument has been duly executed by owners of units collectively owning at least 75% of the aggregate undivided interest in the common areas and facilities of

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the Property and is, therefore, a valid amendment to the existing Declaration of Richland Run Condominium.

RICHLAND RUN CONDOMINIUM ASSOCIATION, INC.

By: _____
President

ATTEST:

Secretary

Such amendment shall be executed in the name of the Association by the President (or Vice-President) and by the Secretary (or Assistant Secretary) of the Association and recorded in the Office of the Register of Deeds of Wake County. No such amendment shall be effective until recorded as aforesaid. As to all bona fide purchasers for value, an amendment shall be conclusively presumed to be valid if such amendment contains a certification which in form and substance substantially conforms to the foregoing suggested certification. The provisions of this paragraph shall not apply to any change of percentage interest resulting from an annexation of Phases II through IX by Supplementary Declaration(s) as set out in paragraph 31 hereof and the Unit Owners shall not without the prior written consent of the Declarant have the right to amend this Declaration so as to restrict or limit Declarant's right of annexation of Phases II through IX.

20-B. The Board of Directors may amend this Declaration and/or Bylaws, without the consent of the Unit Owners, and hereby reserves the right to act on behalf of the Unit Owners, to correct any obvious error or inconsistency in drafting, typing or reproduction.

21. TERMINATION. This Declaration may be terminated and the Condominium Property removed from the provisions of the Unit Ownership Act by an instrument to that effect executed by all of the Unit Owners and duly recorded, provided that all the Mortgagees of the Units have consented thereto or agreed, in either case by instruments duly recorded, that their liens be transferred to the percentage of undivided interest of the Unit Owners who shall own the property as tenants-in-common following such termination, which shall be the percentage of undivided interest of such Unit Owner in the Common Area.

In the event it is determined in the manner provided in paragraph 18 hereof that the property shall not be repaired or reconstructed after fire or other casualty, and provided Mortgagees holding Mortgages on Units having at least 51% of the Common Interest consent in writing, the Condominium will be terminated and the Condominium Documents revoked. The determination not to repair or reconstruct after fire or other casualty shall be evidenced by a certificate of the Association providing that all liens affecting all of the Units are transferred to the percentage of undivided interest of the Unit Owners as set forth hereinabove, and certifying as to facts effecting the termination, which certificate shall become effective upon being duly recorded in the Wake County Public Registry.

22. STATEMENT OF PURPOSES, USE AND RESTRICTIONS. The Units and Common areas and facilities shall be occupied and used as follows:

(a) Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas and facilities.

(b) Use of Properties. No portion of the Property (except for a temporary office of the Declarant and/or model used by Declarant) shall be used except for single family residential purposes and for purposes incidental or accessory thereto. For purposes of this Article, "single family" shall mean and refer to a group related by blood, marriage or adoption living together, or a group of not more than three (3) persons who need not be related, living together.

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(c) Leasing. Each Unit shall be used for a single family residence and for no other purposes. No Unit Owner may lease his Unit for less than a thirty (30) day term or for purposes of occupancy by other than a single family as defined above. No portion of any Unit (other than the entire Unit home) may be leased and no transient tenants may be accommodated. Each lease shall be in writing on forms approved by the Association. Any Unit Owner who leases his Unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Association. Each such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Unit shall be subject and subordinate in all respects to the provisions of this Declaration, to the Association's Bylaws, and to such rules and regulations relating to the use of the Common Areas and facilities as the Board of Directors may from time to time promulgate. Every lease shall contain a provision that failure of the tenant to comply with the terms of this Declaration and the Association's Bylaws and rules and regulations shall constitute an act of default under the lease. The provisions of this subsection shall not apply to any Mortgagee of any Unit who comes into possession of the Unit as a result of a foreclosure sale or as a result of any proceeding in lieu of foreclosure, or to any Unit owned by Declarant.

(d) Insurance. Nothing shall be done or kept in any Unit or in the Common Areas and facilities which will increase the rate of insurance on the Common Areas and facilities or any other Unit without the prior written consent of the Board of Directors. No owner shall permit anything to be done or kept in his Unit or in the Common Areas and facilities which would result in the cancellation of insurance on any Unit or any part of the Common Areas and facilities, or which would be in violation of any law. No waste of the Common Areas and facilities shall be permitted or committed.

(e) Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas and facilities; provided, however, that household pets may be kept in a Unit provided all governmental laws as well as all rules and regulations adopted by the Association concerning pets are observed.

(f) Signs. Except for such signs as may be posted by the Declarant for safety, traffic control and/or marketing and sale purposes, and Unit address or identification numbers, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or the Common Areas and facilities except as is allowed under rules and guidelines established by the Board of Directors of the Association. The provisions of this subsection shall not be applicable to any Mortgagee which comes into possession of any Unit by reason of any remedies provided for in the mortgage, foreclosure of any mortgage or any deed of trust or other proceeding in lieu of foreclosure.

(g) Trash. No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any Unit or upon the Common Areas and facilities.

(h) Temporary Structures and Outdoor Drying. No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon the Common Area and facilities at any time. Outdoor clothes-dryers or clothes-lines shall not be erected or maintained upon the Common Areas and facilities at any time. No clothing, laundry or the like shall be hung from any part of a Unit or from or upon any balcony or patio.

(i) Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood. No waste of the Common Area or facilities shall be permitted or committed.

(j) Declarant's Rights. Notwithstanding anything to the contrary, Declarant, and such persons as it may select, shall have the right of ingress and egress over, upon and across the Common areas and facilities, the right to utilize one or more Units as a model, the right to erect signs upon the Property for the purpose of advertising availability of Units for sale and/or lease and similar uses, and the right to store materials in or on the Common areas and facilities and make such other use thereof as may be reasonably necessary incident to construction, development, lease and/or sale of the Units and the repair, maintenance and operation of the Units and Common areas and facilities.

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(k) Barriers. Except with the written consent of the Board of Directors, no natural barriers in the form of trees, bushes or shrubs, and no man-made structures in the form of fences, shall be permitted on or about the Common areas and facilities, except such natural barriers and man-made structures existing on the date of this Declaration.

23-A. RIGHTS RESERVED UNTO MORTGAGEES. "Mortgagee" or "Mortgagees", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders. "Governmental Guarantor", as used herein, shall mean the Veterans Administration, the Federal Housing Administration, FNMA, FHLMC or any other governmental agency which purchases guarantees or insures mortgages. So long as any Mortgagee or Mortgagees shall hold any mortgage upon any Unit or shall be the owner of any Unit or Units, and so long as any Governmental Guarantor shall own, insure or guarantee any mortgage upon any Unit, such Mortgagee or Governmental Guarantor shall have the following rights:

A. To be furnished, free of charge, with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished within 105 days after the end of each fiscal year.

B. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration, or the Articles of Incorporation and Bylaws of Association, which notice shall state the nature of the Amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

C. To be given notice of default by any Unit Owner owning a Unit encumbered by a mortgage held by the Mortgagee or Mortgagees, such notice to be given in writing and to be sent to the principal office of such Mortgagee or Mortgagees, or to the place which it or they may designate in writing to the Association.

D. To inspect the books and records of the Association during normal business hours.

E. To be given notice by the Association of any substantial damage to or destruction of any Unit or any part of the Common Areas and facilities.

F. To be given notice by the Association if any Unit or a portion of any Unit, or the Common areas or any portion of the Common areas and facilities is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

G. To be given notice by the Association of any delinquency in the payment of assessments or charges owed by a Unit Owner subject to a first mortgage held, insured or guaranteed by such Mortgagee or Governmental Guarantor, which remains uncured for a period of 60 days.

H. To be given notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

The prior written approval of Mortgagees who hold first mortgage liens on Units which have at least fifty-one percent (51%) of the votes of Units subject to first mortgage liens held by Mortgagees shall be required for the following matters:

I. The abandonment or termination of the Condominium in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

J. Any material amendment to the Declaration or to the Bylaws, including, but not limited to, any amendment which would change any of the following:

(a) Voting;

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- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Areas and facilities;
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use of the Common Areas and facilities;
- (f) Responsibility for maintenance and repair of the several portions of the project;
- (g) Expansion or contraction of the project or the addition, annexation (other than as provided for herein) or withdrawal of property to or from the project;
- (h) Boundaries of any Unit;
- (i) The interests in the Common Areas and facilities;
- (j) Convertibility of Units into Common Areas or of Common Areas into Units;
- (k) Leasing of Units;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit; and
- (m) Any provisions which are for the express benefit of Mortgagees or Governmental Guarantors.

K. The effectuation of any decision by the Association to terminate professional management and assume self-management of the Property.

L. Any restoration or repair of the Property, after a partial condemnation or damage due to an insurable hazard, which is not performed substantially in accordance with the Declaration and the Architectural Plans.

The prior written approval of Mortgagees who hold first mortgage liens on units which have at least sixty-seven percent (67%) of the votes of Units subject to first mortgage liens held by Mortgagees shall be required to terminate the legal status of the Property as a Condominium (to remove the Property from the coverage of the Unit Ownership Act) except in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

Whenever any Mortgagee or Governmental Guarantor desires the provisions of this section to be applicable to it, it shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein identifying the Unit upon which any such Mortgagee holds any mortgage or any Governmental Guarantor insures or guarantees any mortgage, or identifying any Units owned by it, together with sufficient pertinent facts to identify any such mortgage, and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee or Governmental Guarantor. Any Mortgagee who receives a written request from the Association to approve additions or amendments to the Declaration but does not deliver or post to the Association a negative response within 30 days of receipt of such request shall be deemed to have approved such request.

23-B. RIGHTS OF UNIT OWNERS. The consent of Unit Owners to which at least sixty-seven percent (67%) of the total votes in the Association are allocated shall be required for the effectuation of any decision by the Association to terminate professional management and assume self-management of the Property.

24. INVALIDITY. 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.

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25. 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.

26. 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.

27. LAW CONTROLLING. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

28. 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 Unit Ownership Act. Throughout this Declaration whenever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

29. RIGHTS AND REMEDIES. The Association and any aggrieved Unit Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration, the Bylaws and any duly authorized rules and regulation governing the Condominium against any non-complying Unit Owner. Each Unit Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Condominium against the Association. Notwithstanding the foregoing, this Declaration is subject to Raleigh City Code Provision provided as follows:

In no case shall the City be responsible for failing to provide any emergency or regular fire, police or other public service to such developments or their occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, homeowners' association, or occupants.

In no case shall any approval, or certificate granted for the use of such developments be valid unless the homeowners' association documents clearly indicate the above limitations on the city's responsibility and unless all conveyances made with respect to such developments clearly indicate the limitations on the city's responsibility.

30. CONDEMNATION.

(a) In the event all or any part of the Condominium Property shall be taken in condemnation or by eminent domain, each Unit Owner hereby grants an irrevocable power of attorney to the Association to represent such Unit Owner in any and all condemnation proceedings, negotiations, settlements and agreements with the condemning authority. The award for such taking shall be payable to the Association for the use and benefit of the Unit Owners and their respective Mortgagees as their interest may appear and shall be disbursed by the Board as hereinafer provided.

(b) If the taking is confined to the Common areas and facilities, the Board of Directors shall arrange for restoration of the remaining Common areas and the Board of Directors shall disburse the proceeds of the condemnation award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common areas is to be repaired or reconstructed, as provided for in paragraphs 17 and 18 hereof.

(c) If the taking includes any part of a Unit, whether or not there is included in the taking any part of the Common areas and facilities, such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in paragraphs 17 and 18 hereof, whereupon:

(1) The Board of Directors, using the proceeds of such condemnation award, shall acquire, on behalf of the remaining Unit Owners, the Unit(s) and the appertaining interest in the Common areas and facilities of the Unit Owner(s) whose Unit(s) have been taken in whole or in part, at a

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price equal to the fair market value of said Unit(s) and said appertaining interest in the Common areas and facilities as of the date immediately preceding the condemnation thereof. Such price shall be determined by majority vote of three appraisers, one of whom shall be selected by the Unit Owner(s) affected, one of whom shall be selected by the Board of Directors and the third of whom shall be selected by the two appraisers so selected. All appraisers so selected shall be licensed realtors who are members of the American Institute of Real Estate Appraisers, the American Society of Appraisers, the Society of Real Estate Appraisers, or a comparable professional association of appraisers.

(2) After acquisition of the Unit(s) as aforesaid, the remaining Unit Owners shall amend this Declaration and the Bylaws to the end that the Condominium Property will continue to be subject to the Unit Ownership Act. Such amendments, if any, shall realign the percentage interests of each remaining Unit Owner in the Common areas and facilities, establish the method of distributing the remaining of the condominium award, if any, and include such other provisions as all of said remaining Unit Owners shall deem reasonable and appropriate. Such amendments shall have been consented to in writing by all Mortgagees and shall not prejudice creditors or other third parties who have an interest in any condominium award with respect to their rights, if any, in such award.

31. ADDITION OF LAND AND UNITS - PERCENTAGE INTEREST OF COMMON ELEMENTS.

(a) Supplementary Declaration. Phases II through IX, as collectively described in Exhibit F, each may be added to the Property by Declarant by the filing of a Supplementary Declaration, which describes or identifies the property to be added, specifically incorporates the terms and conditions of this Declaration and makes the property described therein subject to this Declaration. Such property may be annexed to the Condominium at one time, in one parcel or at several times in several parcels as Declarant may elect. In addition, each such Supplementary Declaration shall have attached thereto the surveys, site plans, specifications and certificates required by the Unit Ownership Act, together with such other provisions as deemed necessary by Declarant. Upon such recording, the property described in such Supplementary Declaration shall become part of the Condominium Property as if such property had been included in this Declaration, and by accepting a deed subject to this Declaration and any applicable Supplementary Declaration, each Unit Owner agrees to such additions to the Condominium. The annexation shall be accomplished by the recording of the Supplementary Declaration as required by the Unit Ownership Act, and no rights of any type or character whatsoever of any Unit Owner shall attach until such Supplementary Declaration is recorded annexing any of Phases II through IX, as applicable, to the Condominium hereby created. Nothing contained herein shall require or obligate the Declarant to submit any part of Phases II through IX to the provisions of the Unit Ownership Act or this Declaration. The maximum number of Units which may be added by the annexation of Phases II through IX is one hundred fourteen (114). Any annexation of Phases II through IX to the Condominium hereby created must occur within seven (7) years of the registration of this Declaration in the Wake County Public Registry. Except as otherwise provided herein to the contrary, the assessments for and votes appurtenant to Units in any of Phases II through IX shall commence and be effective upon the conveyance by the Declarant of the first Unit in the phase being annexed.

(b) Description of Units. Phases II, III and VIII may each contain a three-story residential building substantially similar in exterior design and appearance to that constructed in Phase I and each building may contain up to eighteen (18) dwelling units (to be numbered 1 through 36 and 103 through 118). Phases IV, V, VI, VII and IX may each contain a three-story residential building substantially similar in exterior design and appearance to that constructed in Phase I and each building may contain up to twelve (12) dwelling units (to be numbered 55 through 102 and 121 through 132).

There will be four (4) types of Units in these buildings. Type A Units have one bedroom, a bath, a living room, a dining room and a kitchen and contain 765 square feet each. Type B Units have one bedroom, one and one-half baths, a living room, a den, a dining room and a kitchen and contain 967 square feet each. Type C Units have two bedrooms (each with a bath), a living room, a dining room and a kitchen and contain 1,080 square feet each. Type D Units have two bedrooms, two baths, a living room, a dining room and a kitchen and contain 1,085 square feet each. The Unit numbers for each type unit are as follows:

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Type A	Type B	Type C	Type D
10, 11, 12	4, 5, 6	1, 2, 3	7, 8, 9
28, 29, 30	16, 17, 18	19, 20, 21	13, 14, 15
100, 101, 102	22, 23, 24	64, 65, 66	25, 26, 27
106, 107, 108	34, 35, 36	67, 68, 69	31, 32, 33
	55, 56, 57	76, 77, 78	58, 59, 60
	61, 62, 63	88, 89, 90	58, 59, 60
	70, 71, 72	91, 92, 93	73, 74, 75
	79, 80, 81	103, 104, 105	82, 83, 84
	85, 86, 87	118, 119, 120	97, 98, 99
	94, 95, 96	121, 122, 123	112, 113, 114
	109, 110, 111	130, 131, 132	127, 128, 129
	115, 116, 117		
	124, 125, 126		

(c) Percentage Interest. As the result of recording of this Declaration, the percentage interest of each Unit Owner in Phase I is established in the percentages for Phase I set out in Column #1 on Exhibit C attached hereto and made a part hereof. As and when Phases II through IX are added to the Condominium, the percentage interest of each Unit Owner in the Common areas and facilities shall be reduced to a percentage interest determined by the Phase or combination of Phases subject to this Declaration. The appropriate stated percentage interest as shown in Column #1 on Exhibit C is the percentage interest that is appurtenant to ownership of each condominium unit in Condominium Phase I alone. By acceptance of a deed to a condominium unit in Phase I, each owner, for himself, his successors and assigns, agrees and consents that Declarant, without need for further consent or joinder of any Unit Owner, may add Phases II through IX collectively described in Exhibit F to the Condominium, and upon the recording by Declarant of the Supplementary Declaration, the percentage interest of the Unit Owner shall be automatically changed to the appropriate percentage interest set out in Columns 2 through 9, as applicable, on Exhibit C. The precise formula whereby the percentage ownership of the Common Areas and facilities by a Unit Owner in Phase I is reduced upon the annexation of Phases II through IX is the ratio between the fair market value of such Unit Owner's Unit to the fair market value of all Units in all Phases.

No Supplementary Declaration may reduce the percentage interests of Phase I Unit Owners as shown in Column #1 any more than to those Percentage Interests as shown in Column #9, unless such Supplementary Declaration is joined by one hundred percent (100%) of Unit Owners and consented to by all Mortgagees in the manner required for amendment of the Declaration to change percentage interests of Unit Ownership in the Common areas and facilities.

(d) Miscellaneous. Prior to annexation, all taxes and other costs relating to the Phases II through IX property shall be the sole responsibility of the Declarant.

32. MAINTENANCE. The Association shall have no duty to maintain any Common Area facilities which are maintained by the City of Raleigh or any other governmental body or by any public utility company.

All maintenance, repairs and replacements to the Common Areas and facilities, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, or a Unit Owner's tenants, employees, invitees, or immediate family, in which case such expense shall be charged to such unit owner), shall be made by the Board and shall be charged to all Unit Owners as a common expense of the Property. By way of illustration, the Association shall repair damages to sheetrock in a Unit caused by a leaking roof, provided the Owner of such Unit has not caused the roof to leak.

All maintenance and repairs to any Unit, ordinary or extraordinary (other than maintenance of and repairs to any Common areas and facilities contained therein and not necessitated by the negligence, misuse, or neglect of the owner of such Unit) shall be made by the owner of such Unit. Each Unit Owner shall be responsible for all damages to any other unit and/or to the Common Areas and facilities that his failure so to do may endanger. Any damages which a Unit Owner causes to a Unit other than his own or to the Common Areas and facilities shall be repaired by the Association, and the cost of such repairs shall be assessed against the Unit Owner who causes such damage.

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33. OFF-SITE AMENITIES. The listing and description of the components of the Off-Site Amenities herein is illustrative of Declarant's present plans only and is not a guaranty by Declarant or Richland Run Condominium Association, Inc. that all or any part of such components shall be constructed by Declarant or shall remain or continue as part of the Off-Site Amenities at any future time.

(a) Declarant plans to construct and include with one of the phases to be annexed, the following:

(i) swimming pool, of principally concrete construction, holding 60,000 gallons of water with surface area of approximately 1,500 square feet and varying in depth from 3 to 8 feet. Such swimming pool will be equipped with a pump, filtration system, feeding system, skimmers, piping, and miscellaneous auxiliary equipment necessary to the operation thereof. No children's pool is to be constructed. The pool will be surrounded by a concrete deck of approximately 3,500 square feet in area with a wooden fence with wrought iron gates. The pool area will include a bath house of principally wood construction, with a shingle roof, containing approximately 250 square feet of enclosed floor area, and including men's and women's rest rooms with concrete floors and with one lavatory and toilet in each rest room, together with miscellaneous related furnishings and equipment. The swimming pool deck area will be furnished with pool and deck furniture, including chairs, tables and lounges.

(ii) two tennis courts

The swimming pool and tennis courts and all other related structures, fixtures and furnishings hereinabove described are hereinafter referred to as the "Off-Site Amenities."

(b) The expenses of operation, maintenance, repair and replacement of the Off-Site Amenities shall, upon annexation, be Common Expenses of Richland Run Condominium. Such expenses shall include personnel and insurance costs directly related to the operation of the Off-Site Amenities and shall include amounts necessary to fund a replacement reserve for all or part of such Off-Site Amenities.

(c) The Association shall, upon annexation, have the exclusive right to promulgate, apply and enforce rules and regulations as it deems necessary, in its discretion, for the use and enjoyment of the Off-Site Amenities, and all parties entitled to use of such Off-Site Amenities may be subject to suspension of privileges for violations of said rules and regulations.

34. PROHIBITION AGAINST ASSOCIATION ENTERING INTO LONG TERM CONTRACT WHILE DECLARANT IN CONTROL OF BOARD OF DIRECTORS. Until such time as the first of the following events occurs: (i) the expiration of five (5) full years from the date of the recording of this Declaration or (ii) 120 days from the date of which units to which 75% of the Common Interest appertain have been conveyed to Unit Owners other than a party constituting the Declarant, the Association is not bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time, upon not more than 60 days notice from the Association to the other party.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed and sealed this 18 day of October, 1985.

RICHLAND PROPERTIES, INC.

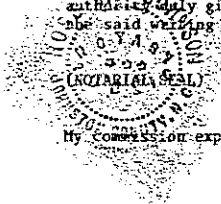
BY: J. M. Brown
President



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STATE OF NORTH CAROLINA
COUNTY OF WAKE

This 18 day of October, 1985, personally came before me
J. M. Brown who, being by me duly sworn, says that he is
President of RICHLAND PROPERTIES, INC., that the seal affixed to the foregoing
instrument in writing is the corporate seal of the Corporation, and that said
writing was signed and sealed by him, in behalf of said Corporation, by its
authorizedly given. And the said President acknowledged
the said writing to be the act and deed of said Corporation.



Rose H. Johnson
NOTARY PUBLIC

My commission expires: 3-9-86

NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of *Rose H. Johnson*

Notary Public is
(are) certified to be correct. This instrument and this certificate are duly registered at the date and time
and in the book and page shown on the first page hereof

KENNETH C. WILKINS, Register of Deeds

By *Charles A. Pulling*
Asst. Register of Deeds

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EXHIBIT "A" TO
DECLARATION OF CONDOMINIUM
FOR
RICHLAND RUN CONDOMINIUM

Legal Description of Real Estate Comprising
Phase I of Richland Run Condominium

Lying and being in the County of Wake, State of North Carolina and being more particularly described as follows:

Being all of Phase I containing approximately 1.963 acres as shown on map entitled "Survey for Richland Run-Phases I-III" recorded in Book of Maps 1985, Page 1922, Wake County Registry; and being part of Tract 4 as shown on map recorded in Book of Maps 1985, Page 1731, Wake County Registry.

Together with non-exclusive easements for (i) ingress and egress over and across the private drive, and (ii) parking in the parking lot located in Phases II and III as shown on the above referred to map recorded in Book of Maps 1985, Page 1922, Wake County Registry.

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EXHIBIT "B" TO
DECLARATION OF CONDOMINIUM
FOR
RICHLAND RUN CONDOMINIUM

Plans of Richland Run Condominium Phase I

[See the Plans of Richland Run Condominium Phase I dated December 14, 1984, prepared by CHR Associates, P.A., Registered Architects, and survey dated July 23, 1985, as revised, prepared by Triangle Engineering Services, Inc. Registered Land Surveyors, both of which were filed for registration simultaneously with the filing of the Declaration of the Unit Ownership File located in the Office of the Register of deeds for Wake County, North Carolina, under the name of the Condominium.]

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EXHIBIT "C" TO

DECLARATION OF CONDOMINIUM
FOR
RICHLAND RUN CONDOMINIUM

PERCENTAGE OF UNDIVIDED INTEREST
IN THE COMMON AREAS AND FACILITIES
APPLICABLE TO EACH UNIT

APPLICABLE PERCENTAGE OF INTEREST

UNIT NO.	BLDG. NO.	UNIT TYPE	PHASE DESIGNATION	PERCENTAGE COLUMNS								
				#1 PHASE I	#2 COMBINED PHASES I & II	#3 COMBINED PHASES I THRU III	#4 COMBINED PHASES I THRU IV	#5 COMBINED PHASES I THRU V	#6 COMBINED PHASES I THRU VI	#7 COMBINED PHASES I THRU VII	#8 COMBINED PHASES I THRU VIII	#9 COMBINED PHASES I THRU IX
1	C-1	C	III	1,981	1,615	1,358	1,176	1,040	.885	.802		
2	C-1	C	III	1,981	1,615	1,358	1,176	1,040	.885	.802		
3	C-1	C	III	1,981	1,615	1,358	1,176	1,040	.885	.802		
4	C-1	B	III	1,813	1,478	1,243	1,076	.952	.810	.734		
5	C-1	B	III	1,813	1,478	1,243	1,076	.952	.810	.734		
6	C-1	H	III	1,813	1,478	1,243	1,076	.952	.810	.734		
7	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		
8	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		
9	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		
10	C-1	A	III	1,598	1,303	1,096	.948	.839	.714	.647		
11	C-1	A	III	1,598	1,303	1,096	.948	.839	.714	.647		
12	C-1	A	III	1,598	1,303	1,096	.948	.839	.714	.647		
13	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		
14	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		
15	C-1	D	III	1,948	1,588	1,336	1,156	1,022	.870	.788		

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UNIT NO.	BLDG. NO.	UNIT TYPE	PHASE DESIGNATION	#1	#2	#3	#4	#5	#6	#7	#8	#9
16	C-1	B	III	1,478	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
17	C-1	B	III	1,478	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
18	C-1	B	III	1,478	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
19	C-2	C	II	2,970	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
20	C-2	C	II	2,970	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
21	C-2	C	II	2,970	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
22	C-2	B	II	2,718	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
23	C-2	B	II	2,718	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
24	C-2	B	II	2,718	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
25	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
26	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
27	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
28	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
29	C-2	A	II	2,396	1,598	1,303	1,096	.948	.839	.714	.647	.647
30	C-2	A	II	2,396	1,598	1,303	1,096	.948	.839	.714	.647	.647
31	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
32	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
33	C-2	D	II	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788	.788
34	C-2	B	II	2,718	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
35	C-2	B	II	2,718	1,813	1,478	1,243	1,076	1,076	.952	.810	.734
36	C-3	C	II	5,931	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
37	C-3	C	II	5,931	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
38	C-3	C	II	5,931	1,981	1,615	1,358	1,176	1,040	.802	.885	.802
39	C-3	C	II	4,785	1,598	1,303	1,096	.948	.839	.714	.647	.647
40	C-3	A	II	4,785	1,598	1,303	1,096	.948	.839	.714	.647	.647
41	C-3	A	II	4,785	1,598	1,303	1,096	.948	.839	.714	.647	.647
42	C-3	A	II	4,785	1,598	1,303	1,096	.948	.839	.714	.647	.647

PERCENTAGE COLUMNS

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UNIT NO.	BLDG. NO.	UNIT TYPE	PHASE DESIGNATION	#1 PHASE I	#2 COMBINED PHASES I & II	#3 COMBINED PHASES I THRU III	#4 COMBINED PHASES I THRU IV	#5 COMBINED PHASES I THRU V	#6 COMBINED PHASES I THRU VI	#7 COMBINED PHASES I THRU VII	#8 COMBINED PHASES I THRU VIII	#9 COMBINED PHASES I THRU IX
43	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
44	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
45	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
46	C-3	D	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
47	C-3	D	I	5,831	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788
48	C-3	D	I	5,831	2,920	1,948	1,588	1,336	1,156	1,022	.870	.788
49	C-3	D	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
50	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
51	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
52	C-3	B	I	5,428	2,718	1,813	1,478	1,243	1,076	.952	.810	.734
53	C-3	C	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
54	C-3	C	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
55	C-4	B	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
56	C-4	B	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
57	C-4	B	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
58	C-4	B	I	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
59	C-4	D	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
60	C-4	D	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
61	C-4	B	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
62	C-4	B	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
63	C-4	B	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
64	C-4	B	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
65	C-4	C	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
66	C-4	C	IV	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
67	C-5	C	V	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
68	C-5	C	V	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802
69	C-5	C	V	5,931	2,970	1,981	1,615	1,358	1,176	1,040	.885	.802

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UNIT NO.	Bldg. NO.	UNIT TYPE	PHASE DESIGNATION
70	C-5	B	V
71	C-5	B	V
72	C-5	B	V
73	C-5	D	V
74	C-5	D	V
75	C-5	D	V
76	C-5	D	V
77	C-5	C	V
78	C-5	C	V
79	C-6	D	V
80	C-6	B	V
81	C-6	B	V
82	C-6	D	V
83	C-6	D	V
84	C-6	D	V
85	C-6	B	V
86	C-6	B	V
87	C-6	B	V
88	C-6	C	V
89	C-6	C	V
90	C-6	C	V
91	C-7	C	V
92	C-7	C	V
93	C-7	C	V
94	C-7	H	V
95	C-7	H	V
96	C-7	B	V

PERCENTAGE COLUMNS

PHASE I	COMBINED PHASES I & II	COMBINED PHASES I THRU III	COMBINED PHASES I THRU IV	COMBINED PHASES I THRU V	COMBINED PHASES I THRU VI	COMBINED PHASES I THRU VII	COMBINED PHASES I THRU VIII	COMBINED PHASES I THRU IX
1.243	1.243	1.076	1.243	1.076	.952	.810	.734	
1.243	1.243	1.076	1.243	1.076	.952	.810	.734	
1.336	1.336	1.156	1.336	1.156	1.022	.870	.788	
1.336	1.336	1.156	1.336	1.156	1.022	.870	.788	
1.358	1.358	1.176	1.358	1.176	1.040	.885	.802	
1.358	1.358	1.176	1.358	1.176	1.040	.885	.802	
1.076	1.076	1.076	1.076	1.076	.952	.810	.734	
1.076	1.076	1.076	1.076	1.076	.952	.810	.734	
1.076	1.076	1.156	1.076	1.156	1.022	.870	.788	
1.156	1.156	1.156	1.156	1.156	1.022	.870	.788	
1.156	1.156	1.156	1.156	1.156	1.022	.870	.788	
1.076	1.076	1.076	1.076	1.076	.952	.810	.734	
.952	.952	.952	.952	.952	.952	.810	.734	
1.040	1.040	1.176	1.040	1.176	1.040	.885	.802	
1.040	1.040	1.176	1.040	1.176	1.040	.885	.802	
1.040	1.040	1.176	1.040	1.176	1.040	.885	.802	
1.040	1.040	1.176	1.040	1.176	1.040	.885	.802	
.952	.952	.952	.952	.952	.952	.810	.734	
.952	.952	.952	.952	.952	.952	.810	.734	
.952	.952	.952	.952	.952	.952	.810	.734	

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UNIT NO.	BLDG. NO.	UNIT TYPE	PHASE DESCRIPTION	PERCENTAGE COLUMNS															
				#1 PHASE I	#2 COMBINED PHASES I & II	#3 COMBINED PHASES I THRU III	#4 COMBINED PHASES I THRU IV	#5 COMBINED PHASES I THRU V	#6 COMBINED PHASES I THRU VI	#7 COMBINED PHASES I THRU VII	#8 COMBINED PHASES I THRU VIII	#9 COMBINED PHASES I THRU IX							
97	C-7	D	VII																
98	C-7	D	VII																
99	C-7	D	VII																
100	C-7	A	VII																
101	C-7	A	VII																
102	C-7	A	VII																
103	C-8	C	VII																
104	C-8	C	VII																
105	C-8	C	VII																
106	C-8	A	VII																
107	C-8	A	VII																
108	C-8	A	VII																
109	C-8	B	VII																
110	C-8	B	VII																
111	C-8	B	VII																
112	C-8	D	VII																
113	C-8	D	VII																
114	C-8	D	VII																
115	C-8	B	VII																
116	C-8	B	VII																
117	C-8	D	VII																
118	C-8	C	VII																
119	C-8	C	VII																
120	C-8	C	VII																
121	C-9	C	IX																
122	C-9	C	IX																
123	C-9	C	IX																

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MISC12/dec

UNIT NO.	BLDG. NO.	UNIT TYPE	PHASE DESIGNATION	#1 PHASE I	#2 COMBINED PHASES I & II	#3 COMBINED PHASES I THRU III	#4 COMBINED PHASES I THRU IV	#5 COMBINED PHASES I THRU V	#6 COMBINED PHASES I THRU VI	#7 COMBINED PHASES I THRU VII	#8 COMBINED PHASES I THRU VIII	#9 COMBINED PHASES I THRU IX
124	C-9	B	TX									.734
125	C-9	B	TX									.734
126	C-9	B	TX									.734
127	C-9	D	TX									.788
128	C-9	D	TX									.788
129	C-9	D	TX									.788
130	C-9	D	TX									.802
131	C-9	C	TX									.802
132	C-9	C	TX									.802

PERCENTAGE COLUMNS

EXHIBIT "D" TO
DECLARATION OF CONDOMINIUM
FOR
RICHLAND RUN CONDOMINIUM

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DOCUMENT #56754
DATE 10/17/95 TIME 10:

ARTICLES OF INCORPORATION
OF

FILED
THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

RICHLAND RUN CONDOMINIUM ASSOCIATION, INC.

DOCUMENT #56754
DATE 10/17/95 TIME 10:

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned, a natural person of full legal age, does this day hereby form a non-profit corporation and does hereby

ARTICLE I

NAME

The name of the corporation is RICHLAND RUN CONDOMINIUM ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II

REGISTERED OFFICE

The principal and initial registered office of the Association is located at 2610 Wycliff Road, Raleigh, Wake County, North Carolina 27607.

ARTICLE III

REGISTERED AGENT

J. M. Brown, whose address is 2610 Wycliff Road, Raleigh, Wake County North Carolina 27607, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSES OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof. The purposes and objects of the Association shall be to administer the operation and management of RICHLAND RUN CONDOMINIUM (the "Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the Property situate, lying and being in Wake County, North Carolina, and more particularly described in Exhibit "A" of the formal Declaration of Condominium which will be recorded in the public records of Wake County, North Carolina, as the same may be amended from time to time (herein referred to as "Declaration") said Exhibit A and Declaration being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of the Condominium in accordance with the terms, provisions, conditions and authorization contained in these Articles of Incorporation and the Declaration at the time said Property, and the improvements now or hereafter situate thereon, are submitted to the plan of Condominium Ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of the Condominium.

ARTICLE V

POWERS OF THE ASSOCIATION

The Association shall have the following powers:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration.

(b) To have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (Chapter 55A, North Carolina General Statutes) by law may now or hereafter have or exercise.

(c) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Areas and Facilities and Property of the Condominium as said terms may be defined in the Declaration.

(d) To levy and collect assessments against Unit Owners of the Association to defray the common expenses of the Condominium as may be provided in the Declaration and in the Bylaws of the Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in the Declaration.

(e) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the property of the Condominium, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(f) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Board of Directors or Unit Owners of the Condominium.

(g) To enforce the provisions of the Declaration, these Articles of Incorporation, the Bylaws of the Association which may be hereafter adopted and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

ARTICLE VI

MEMBERSHIP

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The owners of all Condominium Units in the Condominium shall be members of the Association, and no other person or entities shall be entitled to membership.

2. Membership shall be established by the acquisition of fee ownership in a Condominium Unit in the Condominium or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automaticall terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium Units or who may own a fee ownership interest in two or more Condominium Units, so long as such party shall retain title to or a fee ownership interest in any Condominium Unit.

3. The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an

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NORTH CAROLINA

WAKE COUNTY

I, Rose H. Johnson, a Notary Public, do hereby certify that J. M. Brown, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and notarial seal/stamp, this 17 day of October, 1985.

Rose H. Johnson
Notary Public

My commission expires: 3-9-86

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appurtenance to his Condominium Unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the Bylaws which may be hereafter adopted.

4. On all matters which the membership shall be entitled to vote, the owner of each Condominium Unit shall have a vote equal to his Percentage of Interest in the Common Areas and Facilities as set forth in Exhibit C of the Declaration. The vote of the owner of each Unit may be cast or exercised in such manner as may be provided in the Bylaws hereafter adopted by the Association. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Unit owned in the manner provided by said Bylaws.

ARTICLE VII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be three (3); and the names and addresses of the persons who are to serve as directors, subject to the Bylaws and the laws of the State of North Carolina, until the first annual meeting of members of the Association, as provided for in the Bylaws, or until their successor or successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
J. M. Brown	1110 Ashford Lane Cary, N. C. 27511
James H. Pou Bailey, Jr.	3424 Williamsborough Ct. Raleigh, N. C. 27609
James I. Middleton, Jr.	107 Castlewood Drive Cary, N. C. 27511

ARTICLE VIII

DURATION

The corporation shall exist perpetually.

ARTICLE IX

INCORPORATOR

The name and address of the incorporator is as follows:

<u>Name</u>	<u>Address</u>
J. M. Brown	2610 Wycliff Road Raleigh, N. C. 27607

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned, being the incorporator of this Association, have executed these Articles of Incorporation this 17 day of October, 1985.

J. M. Brown

EXHIBIT "E" TO
DECLARATION OF CONDOMINIUM

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FOR
RICHLAND RUN CONDOMINIUM
BYLAWS

OF
RICHLAND RUN CONDOMINIUM ASSOCIATION, INC.
A NON-PROFIT CORPORATION

ARTICLE I

PURPOSE, APPLICABILITY, OFFICES

Section 1. Purpose. This Corporation (hereinafter called the "Association") has been organized to provide for the administration, management, maintenance and care of Richland Run Condominium, a condominium established or to be established in accordance with the North Carolina Unit Ownership Act upon the property situate, lying and being in Raleigh, Wake County, North Carolina and more particularly described in Exhibit "A" and Exhibit "F" (if such property is annexed to Richland Run Condominium in the manner provided in the Declaration) attached to the Declaration and incorporated herein by reference. (Richland Run Condominium is hereinafter referred to as the "Condominium").

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. All present and future Owners, Mortgagees, lessees and occupants of Units and their families and guests, and any other persons who may use or occupy the facilities of the Condominium in any manner, are subject to the Declaration, these Bylaws and rules and regulations made pursuant hereto and any amendment to these Bylaws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws (and any Rules and Regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

Section 3. Principal Office. The principal office of the Association shall be located in Raleigh, Wake County, North Carolina.

Section 4. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 5. Definitions. All terms as defined in the Declaration shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE II

UNIT OWNERS

Section 1. Membership. Each Unit Owner shall be a member of the Association and no other person or entity shall be entitled to membership.

Section 2. Place of Meetings. All meetings of the Unit Owners shall be held at the Condominium or at such other place either within or without the State of North Carolina as shall be designated in a notice of the meeting.

Section 3. Annual Meetings. An annual meeting of the Unit Owners shall be held at 7:30 p.m. on the fourth Thursday of January of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next day that is not a legal holiday, commencing in 1986, for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting.

Section 4. Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

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Section 5. Special Meetings. Special meetings of the Unit Owners may be called at any time by the Board of Directors or upon the written request of Unit Owners owning in the aggregate at least a 25% undivided interest in the Common Areas and facilities.

Section 6. Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the Board of Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of directors on which the vote of the Unit Owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

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

Section 7. Quorum. The presence in person or by proxy at any meeting of members having a majority of the total votes entitled to be cast shall constitute a quorum. Unless otherwise expressly provided herein or provided in the North Carolina Unit Ownership Act, as now written or hereafter amended, any action, consistent with the notice of such meeting, may be taken at any meeting of the Association at which a quorum is present upon the affirmative vote of the members having a majority of the total votes present at such meeting.

If a quorum is not present at the opening of any meeting, the meeting may be adjourned from time to time by vote of a majority of the voting members present, either in person or by proxy, and shall be reconvened at the date and time determined at the adjourned meeting, subject to the notice requirements set forth in Section 6 of this Article. Upon the reconvening of any meeting adjourned for lack of a quorum, the quorum required at any subsequent meeting shall be one-half (1/2) that required at the next preceding meeting, unless otherwise expressly provided herein or provided in the North Carolina Unit Ownership Act as now written or hereafter amended.

Section 8. Voting Rights. There shall be one person with respect of each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Unit Owner or one of the group composed of all of the Unit Owners, or may be some other person designated by such Unit Owner or Owners to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or Owners. The total number of votes of all Voting Members shall be 100, and each owner or group of owners (including the Board of Directors, if the Board of Directors, or its designee, shall then hold title to one or more Units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common areas and facilities applicable to his or their Unit as set forth in Exhibit "C" of the Declaration.

Section 9. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

Section 10. Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of the Unit Owners shall constitute a waiver of notice by him of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any

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meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.

Section 11. Informal Action by Unit Owners. Any action which may be taken at a meeting of the Unit Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, (that is, the Voting Members) and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers. The business and the Property shall be managed and directed by the Board of Directors of the Association or by such executive committee as the Board may establish pursuant to these bylaws.

Section 2. Initial Board. There shall be an initial board of three directors, appointed by the Declarant, who shall serve until their successors are appointed or elected and qualified.

Section 3. Number, Term and Qualification. At the first annual meeting of the Association, there shall be elected a Board of Directors consisting of five (5) members, three (3) of whom shall be designated by the Declarant and two (2) of whom shall be elected from among the membership by the voting members all of whom shall serve for a term of one (1) year. Thereafter, the Declarant shall be entitled to appoint or reappoint and, from time to time, remove and replace any of the three (3) directors originally designated by it, until the occurrence of the earlier of the following two events:

- (a) 120 days after the date on which seventy-five percent (75%) of the aggregate interest in the Common areas and facilities has been conveyed to Unit Owners other than a party constituting the Declarant; or
- (b) the expiration of five years from the date of the conveyance of the first unit by the Declarant.

At the first annual meeting thereafter, all directors shall be elected by the voting members of the Association. Two (2) of the directors so elected shall serve for a term of one (1) year and three (3) of the directors so elected shall serve for a term of two (2) years. Their successors shall be elected for two (2) year terms.

Section 4. Election of Directors. Except for the appointed directors provided for in Section 3 of this Article and as otherwise provided in Section 5 of this Article, the directors shall be elected at the annual meeting of the Association; and those candidates who receive the highest number of votes shall be elected.

Section 5. Removal. Any elected director may be removed from office, with or without cause, by the affirmative vote of a majority of the voting members. If any directors are so removed, new directors may be elected at the same meeting.

Section 6. Vacancies. A vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting Members may elect a Director at any time to fill any vacancy not filled by the Directors.

Section 7. Compensation. The Board of Directors shall receive no compensation for their services as directors unless expressly allowed by the Board upon the affirmative vote of the voting members representing two-thirds (2/3) of the aggregate interest in the Common Areas and facilities, but the Board may reimburse any director for any direct expense incurred by him on behalf of the Association and such reimbursement shall be a common expense.

Section 8. Executive Committees. The Board of Directors may, by resolution adopted by a majority of the number of Directors fixed by these Bylaws, designate two or more Directors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Condominium.

Section 9. Powers and Duties. The Board of Directors shall have the power and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except such acts as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep, repair, maintenance and replacement of the Common areas and facilities and payments therefor.
- (b) Determination of the Common Expenses required for the affairs of the Condominium, including without limitation, the operation and maintenance of the Common areas and facilities.
- (c) Collection of the Common Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the Common areas and facilities.
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Property, and for the health, comfort, safety and general welfare of the Unit Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of Unit Owners, Units offered for sale or surrendered by their Unit Owners to the Board as provided by the Declaration.
- (h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, provided such purchase is duly authorized as set forth in the Declaration.
- (i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.
- (j) Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common areas and facilities or any other Unit or if the Unit 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 delivered or mailed by the Board to said Unit Owner, provided that the Board shall levy a special assessment against such Unit Owner for the costs of said maintenance or repair.
- (k) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the 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 Board of Directors to be an emergency.

(l) 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 Board, such documents shall be signed by either the President or Vice President and countersigned by the Secretary, or the Assistant Secretary, of the Association.

(m) Obtaining insurance for the Property pursuant to the applicable provisions of the Declaration.

(n) 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.

(o) Engaging the services of any person, firm or corporation to act as managing agent of the Condominium at a compensation established by the Board, to perform all of the powers and duties of the Association, except those which may be required by the Declaration, the North Carolina Unit Ownership Act or the North Carolina Non-Profit Corporation Act to have approval of the Board of Directors or the Unit Owners; provided, however, the term of any such agreement with a managing agent shall not exceed one (1) year initially, shall only be renewable by agreement of the parties for successive one (1) year periods and shall be terminable by the Association with or without cause upon 60 days' prior written notice to the manager and without payment of a termination fee.

(p) To enforce 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 areas and facilities in the Condominium.

(q) To pay 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 Unit Owners in the manner herein provided.

(r) To adopt a seal for the Association.

(s) Hiring attorneys and other professionals.

(t) Any other powers and duties reserved to the Board of Directors in the Declaration, the Articles of Incorporation or these Bylaws.

Section 10. Persons Who May Serve. Every elected member of the Board shall be a Unit Owner or co-owner or the spouse of a Unit Owner or co-owner, unless the owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, in which event any officer, director, agent or employee of such corporation, partner of such partnership, beneficiary of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board. Members of the Board appointed by the Declarant need not be owners.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. Organization Meeting. The initial Board of Directors shall meet prior to conveyance of the first unit by the Declarant. No notice to the Directors shall be necessary in order to legally constitute such meeting, provided that a quorum shall be present.

Section 2. Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Directors may provide by resolution the time and place within the City of Raleigh, North Carolina, for the holding of regular meetings of the Board.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by or with the request of the President or by any two Directors. Such meetings may be held within the City of Raleigh, North Carolina.

Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice shall specify the purposes for which the meeting is called.

Section 5. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 6. Quorum. A majority of the number of Directors fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 7. Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution appointing an Executive Committee. Vacancies in the Board of Directors may be filled as provided in Article III, Section 6, of the Bylaws.

Section 8. Organization. Each meeting of the Board of Directors shall be presided over by the President, and in the absence of the President, by the Vice President, and in his absence by any person elected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary any person designated by the presiding officer of the meeting, shall act as Secretary of the meeting.

Section 9. Informal Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 10. Minutes. The Board shall keep minutes of its proceedings.

Section 11. Fidelity Bonds. The Board of Directors shall require all officers, employees, agents or independent contractors of the Association handling or responsible for Association funds to be covered by adequate fidelity bond coverage as provided in the Declaration. The premiums on such bonds shall constitute a common expense.

Section 12. Liability of the Board. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common areas and facilities bears to the interests of all the Unit Owners in the Common areas and facilities. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common areas and facilities bears to the interest of all Unit Owners in the Common areas and facilities.

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ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a president and a secretary, who shall at all times be members of the Board of Directors, a treasurer and such vice presidents, assistant secretaries, assistant treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except that the office of President and Secretary may not be held by the same person.

Section 2. Election and term. The officers of the Association shall be elected by the Board of Directors, and such elections may be held at the regular annual meeting of the Board; provided, however, that prior to the first annual meeting, the Declarant shall appoint the officers from among the initial Board.

Each officer shall hold office for a period of one (1) year or until his death, resignation, removal, disqualification or his successor is elected and qualified.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board, with or without cause, and any officer or agent appointed or designated by the Declarant may be removed by the Declarant, with or without cause. Such removal, however, shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Compensation. No officer shall receive any compensation from the Association for acting as such, but the Board may reimburse any officer for any direct expenses incurred by him in the performance of his duties as such officer and such reimbursement shall be a common expense.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Property. The President shall, when present, preside at all meetings of the Board and of the Association, and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed from time to time by the Board.

Section 6. Vice President. The Vice President, and if there be more than one, the Vice Presidents shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President.

Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Association and of the Board. He shall give, or cause to be given, all notices required by law and these bylaws. He shall have general charge of the minute book and records of both the Association and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall have custody of all Association funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Association in books especially provided for the purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Directors within ninety (90) days following the end of each fiscal year. The statement shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also prepare and file all reports and returns required by Federal, state or local law and shall generally perform all other duties as may be assigned to him from time to time by the Board of Directors. All books and records shall be kept in accordance with good and accepted accounting practices and an outside audit shall be made at least once a year. The Treasurer may, if the Board approves, delegate any

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of the foregoing duties to a person or company employed by the Association to provide management, financial or accounting service.

Section 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, 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 Board of Directors.

Section 10. Liability of the Officers. The officers of the Association shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise except for their own individual malfeasance or willful neglect of duty. The Association shall indemnify and hold harmless each of the officers against all contractual liability to others arising out of contracts made by the officers on behalf of the Association unless any such contracts shall have been made in bad faith or in willful disregard of the provisions of the Declaration or these Bylaws. It is intended that the officers shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent of their liability as Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contracts made by the officers or out of the aforesaid indemnity in favor of the officers shall be limited to such proportions of the total liability thereunder as his interest in the Common areas and facilities bears to the interest of all of the Unit Owners in the Common areas and facilities. Every agreement made by the officers or by the manager on behalf of the Association shall provide that the officers, or the manager, as the case may be, are acting only as agents for the Association, and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion to the total liability thereunder as his interest in the Common areas and facilities of the Property bears to the interest in said Common areas and facilities of all unit owners in the Property.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of the Common Charges. The Board of Directors shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Unit). Such budget shall determine the amount of the common charges payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate and assess such common charges among the Unit Owners according to their respective undivided percentage interests in the Common areas and facilities. Common Expenses, as used herein, shall have the same meaning as defined in the Declaration, and includes, among other things, the cost of all insurance premiums; ad valorem taxes and public assessments levied against the Common areas and facilities; water and sewer charges; and such expenses and reserves as are required for the proper operation, management, repair, maintenance, and replacement of the Common area and facilities, including without limitation, a general operating fund and contingency reserve for current operations, repairs and maintenance; a reserve fund for replacement of, major repair to, and construction or installation of capital improvements; and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase by the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Directors shall keep separate, in accordance with Section 2 hereof, funds and items relating to general current operations, repair and maintenance from funds and items relating to capital improvements. The Board of Directors shall advise all Unit Owners, promptly in writing, of the amount of Common Expenses payable by each of them, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of the budget to all Unit Owners.

Section 2. Capital Improvement Fund. The Board of Directors, in establishing the Annual Budget to meet the Common Expenses of the Condominium,

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shall designate therein a sum to be collected and maintained as a reserve fund for replacement of, major repair to, and construction or installation of capital improvements located in or associated with the Common areas and facilities (Capital Improvement Fund). The amount to be allocated to the Capital Improvement Fund shall be established by the Board of Directors and shall reflect what is anticipated will be the needs of said capital improvements. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only for replacement, repair and construction of capital improvements as specified herein. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors, be allocated to the general operating fund and expended for current operation, repair and maintenance. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his proportionate interest in the Common areas and facilities, and the Association shall upon the written request of a Unit Owner, furnish to said Unit Owner the amount of his balance in the Capital Improvement Fund. However, such balance shall not be subject to withdrawal by a Unit Owner.

Section 3. Assessment Increases.

(a) Increase by Board of Directors. Until December 31, 1985, the maximum annual assessment that may be levied against any Unit Owner shall be Eighty Dollars (\$80.00). From and after December 31, 1985, the maximum annual assessment that may be levied against any Unit Owner, may be increased each year by the Board of Directors, without a vote of the membership, by not more than ten percent (10%) above the maximum annual assessment for the previous year.

(b) Increase by Members. From and after December 31, 1985, the annual assessment may be increased by a percentage greater than permitted by Section 3.(a) of this Article VI by an affirmative vote of Unit Owners owning at least 51% of the common interest, said Unit Owners voting either in person or by proxy at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Unit Owners not less than twenty (20) days nor more than fifty (50) days in advance of the meeting.

Section 4. Payment of Common Charges. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine.

No Unit 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, together with his interest in the Common areas and facilities. The obligation of a Unit Owner to pay the Common Expenses assessed during his ownership of such Unit is a personal obligation and shall not pass to any purchaser of the Unit unless expressly assumed by such purchaser or unless required by the provisions of G.S. § 47A-23.

Section 5. Collection of Assessments. The Board of Directors shall assess Common Expenses against the Unit Owners from time to time and at least monthly and 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.

Section 6. Default in Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the highest rate the law allows; together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the 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 Unit Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. The Board of Directors shall also have the right to impose uniform late payment charges for

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delinquent Common Expense payments, which charges shall also be recoverable by the proceedings specified above.

Section 7. Lien and Personal Obligation. All Common Expenses provided for in this Article, together with the interest 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) tax liens on the Unit in favor of any assessing authority and charges for real estate taxes due and unpaid on the Unit, (ii) all sums unpaid on mortgages of record against the Unit prior to the docketing of such lien and (iii) materialmen's and mechanics' liens. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Wake County, North Carolina, in the manner provided in Article 8 of Chapter 44 of the North Carolina General Statutes provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of 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. In addition, each Unit Owner shall be personally liable for any assessment against his Unit. No Unit Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Area or by the abandonment or sale of his Unit.

Section 8. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Board to foreclose on a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners if so instructed, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosure or waiving the lien securing the same.

In the event a Mortgagee or other purchaser (other than the Association) purchases and takes title to a Unit as a result of a foreclosure, or proceedings held in lieu of foreclosure by the Mortgagee, with respect to the first mortgage on such Unit, such purchaser, his successor and assigns, shall not be liable for the share of the assessment for Common Expenses of the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. However, such unpaid share of Common Expenses shall be deemed as general Common Expenses collectible pro rata from all of the Unit Owners including such purchaser, his successors and assigns.

Section 9. Statement of Common Charges. The Board of Directors shall promptly provide any Unit Owner or any proposed grantee of a Unit so requesting the same in writing, with a written statement of all unpaid Common Expenses due with respect to his Unit. The Board may charge a reasonable fee for providing such written report.

Section 10. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the 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 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, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (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 Unit Owner.

Section 11. Maintenance and Repair. (a) All maintenance and any repairs to any Unit, whether ordinary or extraordinary (other than maintenance of and repairs to any Common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Unit or his guests, employees, tenants or members of his family) shall be made by the Unit Owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common areas and facilities that his

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failure to do so may engender; and (b) all maintenance, repairs and replacements to the Common areas and facilities (unless necessitated by the negligence, misuse or neglect of a Unit Owner or his guests, employees, tenants or members of his family, in which case such expense shall be charged to and paid by such Unit Owner), shall be made by the Board and be charged to all the Unit Owners as a Common Expense; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs.

Section 12. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any change in the exterior appearance, thereof or to any Limited common areas and facilities, unless such addition, alteration or improvement is in harmony with the other structures on the Property as determined by the Board of Directors. The Board shall have the obligation to answer any such written request by a Unit Owner within forty (40) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change.

Section 13. Use of Common Areas and Facilities. A Unit Owner shall not interfere with the use of the Common areas and facilities by the remaining Unit Owners and their families and guests.

Section 14. Right of Access. A Unit Owner grants a right of access to his Unit to the managing agent and/or any other person authorized by the Board of Directors or the managing agent, 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 areas and facilities, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common areas and facilities 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 Unit Owner. In the case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

Section 15. Rules of Conduct. Rules and regulations concerning the use of the Units and the Common areas and facilities shall be promulgated by and amended as necessary by the Board. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to the time when the same shall become effective.

Section 16. Utilities. Any utilities (including water, sewer, electricity and natural gas) which may be provided to the Condominium through a single or common meter or facility and utilities furnished to any portion of the Common Areas shall be paid pro rata by each Unit Owner as and when billed or, at the option of the Board, such may be paid by the Board as a Common Expense.

ARTICLE VII

RECORDS AND AUDITS

The Board of Directors shall keep detailed records of the actions of the Board, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures affecting the Common areas and facilities specifying and identifying the maintenance and repair expenses of the Common areas and facilities and any other expense incurred, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of the Common Expenses against each Unit, the date when due, the amounts paid thereof, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the Unit Owners, their Mortgagees and their duly authorized agents or attorneys at convenient hours. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board to all Unit Owners on or before the 90th day following the close of each fiscal year covering the preceding year. In addition, an

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annual report of the receipts and expenditures of the Association shall be rendered by the Board to all Unit Owners and to all Mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made a party) by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise. The Association's indemnity does not relieve a director or officer from liability resulting from his prorata undivided ownership of the Common areas and facilities or from his ownership of Units.

Nothing contained in this Article VIII, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE IX

OPERATION PRIOR TO INITIAL MEETING OF BOARD

Prior to the first meeting of the initial Board of Directors, all functions of the Association and of the Board of Directors as herein set forth shall be performed and carried out by the Declarant through its officers and agents.

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ARTICLE X

AMENDMENT OF BYLAWS

These Bylaws may be amended with the approval of Unit Owners collectively owning at least 75% of the aggregate undivided interest in the Common Areas and facilities of the Property. Such approval shall be expressed by the execution by the Unit Owners of the amendment; provided, however, that none of said executions has to be acknowledged or notarized.

Thereupon, the Board of Directors shall, within thirty (30) days, reasonably assure itself that the amendment has been executed by the required percentage of Unit Owners. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any unit to be examined). The Board of Directors then shall cause to be attached to the amendment a certificate as to its validity, which certification shall be executed by the Association and acknowledged or notarized in the same manner that deeds are executed and acknowledged or notarized. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO BYLAWS
OF RICHLAND RUN CONDOMINIUM

By authority of its Board of Directors, Richland Run Condominium Association, Inc. hereby certifies that the following instrument has been duly executed by unit owners collectively owning at least 75% of the aggregate undivided interest in the Common Areas and facilities of the Property and is, therefore, a valid amendment to the existing Bylaws of Richland Run Condominium.

RICHLAND RUN CONDOMINIUM ASSOCIATION,
INC.

ATTEST: By _____
President

Secretary

Such amendment shall be executed in the name of the Association named herein by the President (or Vice-President) and by the Secretary (or Assistant Secretary) of the Association and recorded in the Office of the Register of Deeds of Wake County. No such amendment shall be effective until recorded as aforesaid. As to all bona fide purchasers for value, an amendment shall be conclusively presumed to be valid if such amendment contains a certification which in form and substance substantially conforms to the foregoing suggested certification.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT, I am the duly elected and acting President of Richland Run Condominium Association, Inc. and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 18th day of October, 1985.

IN WITNESS WHEREOF, I have executed this Certification in the name of and on behalf of Richland Run Condominium Association, Inc. this 18th day of October, 1985.

RICHLAND RUN CONDOMINIUM ASSOCIATION, INC.

By: J. M. [Signature]
President

