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Mailed To

*Legend Builders, Inc.
400 CARL ST. Suite 202
WILMINGTON, NC 28403*

FOR REGISTRATION REGISTER OF DEEDS
REBECCA P. SMITH
NEW HANOVER COUNTY, NC
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INSTRUMENT # 2005072562

**DECLARATION
OF
215 RACINE OWNERS ASSOCIATION**

THIS DECLARATION OF 215 RACINE, A CONDOMINIUM (hereinafter referred to as the "Declaration"), made this the ~~1~~ day of December, 2005. by LEGEND BUILDERS, INC., a North Carolina corporation (hereafter referred to as "Declarant") pursuant to the provisions of Chapter 47C of the General Statutes of the State of North Carolina (sometimes hereinafter referred to as the "Condominium Act" or the "Act") to All Prospective Purchasers or Owners of property described herein,

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain real estate located in the City of Wilmington, New Hanover County, North Carolina, said real estate being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Declarant has constructed on the property described on Exhibit "A" a two (2) level building with appurtenant facilities to be used for business and commercial purposes; and,

WHEREAS, it is the desire of the Declarant to submit the property described on Exhibit "A," together with the improvements thereon constructed, to the provisions of the Condominium Act to provide for the Condominium form of ownership; and,

WHEREAS, the Declarant has subjected the property described on Exhibit "A", together with the improvements thereon constructed, to membership in a Master Association, Racine Business Court POA, Inc.; and,

WHEREAS, Declarant hereby establishes by this Declaration a plan for the individual ownership of Condominium Units and the co-ownership by individual and separate owners thereof, as tenants in common, of all of the remaining property in the Condominium (all portions of the Condominium except the Units hereinafter being referred to as "Common Elements").

NOW, THEREFORE, Declarant does hereby declare that the property described on Exhibit "A" shall be held, conveyed, encumbered, used, occupied, improved, sold, mortgaged, and otherwise conveyed subject to the rules, regulations, restrictions, covenants, conditions, uses and obligations set forth in this Declaration. All such rules, regulations, restrictions, covenants, conditions, uses and obligations are declared and agreed to be in furtherance of a plan for the improvement of the Condominium and the creation thereon of Condominium Units and shall be deemed to run with the land and be a burden on and a benefit to the Declarant, its successors and assigns and on and to any person acquiring or owning any interest in the real property in the Condominium and any improvements thereto, and such parties' grantees, successors, heirs, assigns, executors, administrators and devisees. Individual Unit Owners, their employees, guests, tenants and all persons using or possessing any property within the Condominium are subject to the provisions of this Declaration. ↵

I.

ESTABLISHMENT OF CONDOMINIUM

On that property described on Exhibit "A", there exists a two (2) level building containing a total of ten (10) Condominium Units and other appurtenant improvements. Declarant does hereby submit the above-described property and improvements lying within the land area described on Exhibit "A" to Condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina (Condominium Act), and hereby declare the same to be a Condominium to be known and Identified as "215 Racine, a Condominium." The maximum number of Condominium Units which the Declarant reserves the right to create is ten (10). The Condominium is located in New Hanover County.

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

A survey of the land and plat and plans of the improvements constituting the Condominium, identifying the Condominium Units, the Common Elements and the Limited Common Elements as said terms are herein defined, and containing the information required by N.C.G.S. 47C-2-109(b) and (c) are recorded in the Unit Ownership Map Book as specified in Exhibit "B," said survey and plat and plans being incorporated herein by reference. Said survey

and plat and plans are sometimes collectively referred to herein as Exhibit "B." Each Condominium Unit is identified by a specific number on said Exhibit "B" and no Condominium Unit bears the same number as any other Condominium Unit. The Condominium Units are numbered 101, 102, 103, 104, 105, 201, 202, 203, 204 and 205 as shown on Exhibit "B."

III. DEFINITIONS

As used in this Declaration, the Bylaws and the exhibits attached hereto and all amendments thereof unless the context requires otherwise. The following definitions shall prevail:

A. "Allocated Interests" means the undivided interest in the Common Elements and Common Expense liability, and votes in the Association, allocated to Units in the Condominium. The Allocated Interests are described in Article IV of this Declaration and shown on Exhibit "C." Each Unit in the Condominium is allocated one (1) vote for a total of ten (10) votes.

B. "Association" shall mean the Unit Owners Association organized pursuant to the Condominium Act and shall be 215 Racine Owners Association, an Association of Unit Owners incorporated under Chapter 55A of the General Statutes of North Carolina, and its successor.

C. "Common Elements" shall mean and comprise all of the real property, improvements and facilities of the Condominium, including all personal property held and maintained for the joint use and enjoyment of all the Owners of Condominium Units, excluding however the Condominium Units as herein defined.

D. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

E. "Condominium" shall mean the property described on Exhibit "A" which is hereby submitted to Condominium ownership.

F. "Condominium Units" or "Units," as such terms are used herein, shall mean a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereafter defined. There are ten (10) Condominium Units in the Condominium which are the separate numbered Units designated as 101, 102, 103, 104, 105, 201, 202, 203, 204 and 205 on Exhibit "B."

The boundaries of the Units are specifically delineated on Exhibit "B." The unfinished walls and floors constituting the boundaries of the Units and the upper horizontal boundary of each Unit being located below the actual structural beams constituting a portion of the Common

Elements. All lath, furring, wallboard, sheetrock, plaster, paneling, tiles, ceiling tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished flooring and the other finished surfaces constitute part of the Unit and are not the actual boundaries of the Units. Notwithstanding the foregoing, all exterior windows, window frames, panes and screens shall be Limited Common Elements. Interior walls and partitions may be added to the Units by Declarant or by the respective Unit Owners and such Interior walls and partitions shall be part of the respective Condominium Units. In addition, all betterments and improvements added to the Limited Common Elements as hereinafter set forth In Article XIV shall be a part of the respective Condominium Units.

Except as otherwise modified herein, the provisions of N.C.G.S. 47C-2-102(1), (2), (3), and (4) are incorporated herein by reference.

G. "Declarant" shall mean Legend Builders, Inc. and any person or entity succeeding to any Special Declarant Rights as provided herein or pursuant to the Condominium Act.

H. "Declarant Control Period" means the period prior to the earlier of:

- (1) the sale of all Units within the Condominium to purchasers other than Declarant or successor Declarants, or
- (2) five (5) years from the date of the recording of this Declaration in the office of the Register of Deeds of New Hanover County.

I. "Declaration" means this instrument and any amendments thereto.

J. "Director" means a member of the Executive Board of the Association.

K. "Limited Common Elements" shall mean those portions of the Common Elements allocated by operation of N.C.G.S. 47C-2-102 for the exclusive use of one or more but fewer than all of the Units, and those improvements and fixtures listed in Section E above.

L. "Master Association" shall mean the Racine Business Court POA Inc.

M. "Person" shall mean a natural person, limited liability company, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity or any combination thereof.

N. "Property" shall mean the real estate described on Exhibit "A," together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and

appurtenances belonging to or in any way pertaining to said real estate.

O. "Unit Owner" or "Owner" shall mean any Person owning one or more Units, but shall not include a mortgagee unless such mortgagee has acquired title pursuant to foreclosure or some other process in lieu of foreclosure. The Declarant is the initial owner of any Unit created by this Declaration.

P. "Voting Rights" means Each Unit Owner shall have one vote and the total number of votes shall equal the number of Units. When more than one Person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised by one Person or alternative persons as the Unit Owners among themselves determine. If more than one of the multiple owners is present at a meeting in person or by proxy, the vote allocated to their Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the multiple owners casts the vote allocated to his Unit without protest being made promptly to the Person presiding over the meeting by any of the other owners of the Unit.

Any word not defined herein, unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall, as used herein, have the meaning set out in N.C.G.S. 47C-1-103.

IV. OWNERSHIP OF CONDOMINIUM UNITS AND APPURTENANT ALLOCATED INTERESTS

Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit also shall own, as an appurtenance to the ownership of said Condominium Unit, an undivided interest in the Common Elements. The undivided interest in the Common Elements appurtenant to each of the Condominium Units shall be as set out in Exhibit "C". The proportional interest in the Common Elements that is appurtenant to each Condominium Unit has been determined by the following formula:

The quotient, expressed as a percentage, derived by dividing the approximate square footage space of each Unit, as shown on Exhibit "B," by the total approximate square footage space of all Units in the Condominium.

The proportional interest in the Common Elements appurtenant to each Condominium Unit shall be reallocated among all of the Condominium Units employing the same formula as stated above when new Condominium Units are created pursuant to the exercise of Development Rights.

The proportion of the Common Expenses of the Association allocated to each Unit is based upon the same formula used to determine the proportional interest in the Common Elements appurtenant to each Unit and is as set forth on Exhibit "C." The proportion of the Common Expenses allocated to each Unit shall be reallocated among all of the Units employing the same formula as stated above when new Condominium Units are created pursuant to the exercise of Development Rights.

V.

**ALTERATION OF UNITS, RELOCATION OF UNIT BOUNDARIES'
SUBDIVISION OF UNITS AND REALLOCATION OF LIMITED COMMON
ELEMENTS. SEPARATE CONVEYANCE OF APPURTENANT
COMMON PROPERTY PROHIBITED**

Subject to the provisions of N.C.G.S. 47C-2-108, 47C-2-111, 47C-2-11 and 47C-2-113, and to the limitations contained in Article XIV of this Declaration, Units may be altered, boundaries between adjoining Units may be relocated, Units may be subdivided, Limited Common Elements may be reallocated, and Common Elements may be allocated as Limited Common Elements.

The undivided interest in the Common Elements declared to be an appurtenance to each Condominium Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Condominium Unit and the undivided interest in Common Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Condominium Unit, which describes said Condominium Unit by the number designation assigned thereto by the map recorded as aforesaid, without limitation or exception, shall be deemed and construed to affect the entire Condominium Unit and its appurtenant undivided interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants or as tenants by the entirety.

VI.

CONDOMINIUM SUBJECT TO RESTRICTIONS

The Condominium Units and Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use of said Condominium Units and Common Elements

and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Elements, and said Condominium Units and Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium and those hereinafter set forth:

A. Each Unit in the building shall be Occupied and utilized only for retail and office uses and purposes and no Unit may be Occupied or utilized as living quarters or for residential use.

B. Without the consent of the Association having been first obtained, no structure or personal property shall be placed or permitted to remain on any balcony, railing or other portion of the Common Elements or Limited Common Elements.

C. No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having Jurisdiction of the Condominium shall be observed.

D. No Owner of any Condominium Unit shall permit or suffer anything to be done or kept in his Condominium Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises. No Owner may undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Elements.

E. An Owner may lease all or part of his Unit subject to the following conditions and restrictions:

1. All leases for Units shall be in writing signed by the Owner and the Tenant.

2. All Leases shall be in such form, and contain such provisions, as approved by the Association, including provisions (a) requiring the Tenant to comply with the Association Documents, (b) providing that the failure of any Tenant under the lease to comply with the Association Documents shall be an event of default under the lease, and (c) provided that the Association may exercise any and all remedies for a default under the Association Documents against the Owner and the Tenant under the lease including, without limitation, the right to remove the Tenant from possession of the Unit.

3. A true executed copy of any lease for a Unit shall be provided to the Association.

F. The covenants, restrictions, reservations, easements and servitudes all more particularly set forth in the Declaration for 215

Racine recorded in Book _____, at Page _____ in the office of the Register of Deeds of New Hanover County.

G. Units shall not be utilized or conveyed as a Timeshare as the same is defined in the General Statutes of North Carolina.

H. In addition to the foregoing, the Condominium is subject to those matters affecting the Property set forth on Exhibit "D" attached hereto and incorporated herein by reference.

VII. PERPETUAL EASEMENT IN COMMON ELEMENT

Subject to the Special Declarant Rights reserved to Declarant in this Declaration and the provisions of N.C.G.S. 47C-3-112, all of the Common Elements, except the Limited Common Elements, shall be and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the Owners of Condominium Units in the Condominium for their use and the use of their tenants, guests, invitees and customers, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended for the use and enjoyment of the Condominium Units. For that portion of the Common Elements upon which a particular Unit is located as depicted on Exhibit "B," the easement to so locate a Unit shall be exclusive. Subject to the Special Declarant Rights, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his tenants, guests, invitees and customers, may be entitled to use the Common Elements and to establish regulations concerning the use of Said Common Elements.

Each Unit Owner hereby is granted a perpetual easement to locate heating and air conditioning systems upon the Common Elements. When so located, such heating and air conditioning systems, related pipes, ducts, conduits, wires and related facilities that serve only the respective Condominium Unit shall become and be deemed to be a part of the respective Condominium Unit. Prior to installing any heating and air conditioning systems or any related facilities in the Common Elements, the Unit Owner shall obtain the consent of the Association as provided in Article XIV herein. This provision shall not apply to any replacements of heating and air conditioning systems and facilities as located in the Common Elements as of the date of recording this Declaration.

**VIII.
EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT
ENCROACHMENTS: BEALL'S RULE**

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

**IX.
RESTRAINT UPON SEPARATION AND
PARTITION OF COMMON ELEMENTS**

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Elements in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the ownership of the Common Elements be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Elements appurtenant to each Condominium Unit, shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division of the Common Elements

**X.
ADMINISTRATION OF THE CONDOMINIUM BY 215 RACINE
CONDOMINIUM ASSOCIATION, AN INCORPORATED ASSOCIATION
OF UNIT OWNERS**

To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, an Association of all Unit Owners has been incorporated under Chapter 55A of the General Statutes of North Carolina known and designated as "215 Racine Owners Association" (herein sometimes called the "Association")

has been organized, and the Association shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Bylaws. The Owner or Owners of each Condominium Unit automatically shall become members of said Association upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person, firm or association holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association, subject to the provisions of N.C.G.S. 47C-3-105 and 47C-3-112, shall have and is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and to collect assessments in the manner hereinafter provided, to adopt, promulgate and enforce such rules and regulations governing the use of the Common Elements as the Executive Board of said Association may deem to be in the best interests of the Association and to exercise such other powers as set forth in N.C.G.S. 47C-3-102, specifically including the power to assign its right to future income together with the right to assign its right to receive common expense assessments.

XI.
USE OF COMMON ELEMENTS
SUBJECT TO RULES OF ASSOCIATION

The use of Common Elements by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association.

Limited Common Elements are allocated to the Unit or Units as depicted on Exhibit "B." The use of Limited Common Elements is restricted to the Owners and Owners' tenants, guests, invitees and customers, of the Unit and or Units to which the Limited Common Elements are allocated.

XII
RIGHT OF ENTRY INTO CONDOMINIUM UNITS IN EMERGENCIES

In case of any emergency originating from or threatening

any Condominium Unit, regardless of whether the Owner is present at the time of such emergency, the Executive Board of the Association, or any other person authorized by it, or the management, if any, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

XIII.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS OR OTHER CONDOMINIUM UNITS

Whenever it may be necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration or replacement to any portion of the Common Elements or adjacent Condominium Units, the Owner of each Condominium Unit shall permit other Owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

XIV.

LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS, NO RIGHT TO ALTER COMMON ELEMENTS, SIGNS

A. Subject to the Special Declarant rights reserved to Declarant in this Declaration, no Owner of a Condominium Unit shall permit any structural modification or alteration to be made to a Condominium Unit or any betterment or improvement to the Limited Common Elements appurtenant to a Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Executive Board of the Association shall determine in their sole discretion, that such structural modification, alterations, betterments or improvements would adversely affect or in any manner endanger the Condominium, in part or in its entirety, subject to the Special Declarant Rights reserved to Declarant in this Declaration. No Owner shall cause any improvements or changes to be made on the exterior of any Unit or the building (including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects, machines or equipment which may protrude through the walls or roof of any Unit or building) or in any manner alter the appearance of the exterior portion of the building without the written consent of the Association being first had and obtained. Such consent shall not be unreasonably withheld. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Unit Owner shall cause any object to be affixed to the Common Elements or in any manner change the appearance of the Common Elements without the written consent of the Association being first obtained. In the event the Association shall grant its consent for such improvements or changes to

be made, such improvements, including but not limited to all antennae and other objects, machines or equipment which may protrude through the walls of the Units or roof of the building shall become and be deemed to be a part of the Unit to which they are affixed. Unit Owners of the Units shall be entitled to place signage upon the Common Elements or Limited Common Elements adjacent to such Owner's Unit or above the main entry door of such Owner's Unit and may install painted signs or lettering upon the entry door of such Owner's Unit after obtaining the prior written consent of the Association. In the event that the Association should object to the signage placed upon the Common Elements, Limited Common Elements or on the doors of these Units, the Association may require the Unit Owner to remove the same upon a vote of two-thirds of the directors and a vote of two-thirds of the members of the Association. Any permitted signage or lettering applicable to any Unit, either singularly or collectively, shall not exceed eighteen inches (18") by twenty-four inches (24").

Subject to the Special Declarant Rights reserved to Declarant in this Declaration, the Executive Board of the Association, in their sole discretion, may require a Unit Owner desiring to add betterments or improvements to the Limited Common Elements appurtenant to his Unit to indemnify the other Unit Owners and the Association against any and all loss, cost and expense that may be occasioned by the addition of such betterments or improvements and further may require such Unit Owner to obtain liability insurance naming the other Unit Owners and the Association as additional insured in such amounts and upon such terms as the Executive Board shall determine.

B. Subject to the Special Declarant Rights reserved to Declarant in this Declaration and to other provisions of this Article, the Association may make rules and regulations specifying or limiting the improvements or alterations any Unit Owner may make on the exterior of his Unit and no Unit Owner shall erect any permanent improvement on the exterior of his Unit (excluding maintaining the Unit in its original condition) without the written consent of the Association first being obtained.

C. Declarant has exercised Special Declarant Rights and installed a security system for the common areas of the condominium only and is not obligated to provide security systems or monitoring for the Condominium Units. The Owner of each Condominium Unit is required to provide additional security systems and measures to adequately protect and monitor their Unit.

XV.
RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON
ELEMENTS AND ASSESSMENT THEREFOR

Subject to Declarant's Special Declarant Rights, the Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements are approved by the Executive Board of the Association and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations or improvements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Executive Board of the Association.

XVI.
MAINTENANCE AND REPAIR
BY OWNERS OF CONDOMINIUM UNITS

Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, and every Owner shall be expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all his air conditioning and heating equipment, stoves, refrigerators, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, heat, power, telephone, sewage and sanitary service solely to his Condominium Unit. Such Owner further shall be responsible and liable for the maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair and replacement of any item for which the Owner of a Condominium is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair

and replacement as shall, by reason of the applicability of any deductible provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. Other than maintenance, repair and replacement arising from a casualty loss, Unit Owners shall be responsible and liable for the maintenance, repair and replacement of the glass surfaces of doors and windows, and door and window screens constituting a portion of the Limited Common Elements appurtenant to such Owner's Unit.

XVII MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

Subject to Declarant's Special Declarant Rights, the Association shall be responsible for the maintenance, repair and replacement of the Common Elements, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements or in a Condominium Unit for the furnishing of utility and/or other services to the Common Elements or other Condominium Units. If any incidental damage is caused to any Condominium Unit by value of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair or replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a Condominium Unit Owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair or replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. Whenever the maintenance, repair or replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a Unit Owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such maintenance, repair or replacement. Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N.C.G.S. 47C-3-107(d).

XVIII.
AUTHORITY TO PURCHASE INSURANCE

All required or permitted insurance policies (other than title insurance and insurance on betterments and improvements to the Limited Common Elements, if any) upon the Property (other than the personal property of the Unit Owners) shall be purchased by the Association in the name of the Association, as Trustees for the Condominium Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and to any Unit Owner, mortgagee, or beneficiary of a deed of trust. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his Condominium Unit, his personal property and for his personal liability as may be permitted or required by law, and such insurance shall, if available, contain a waiver of subrogation as to any claims against Condominium Unit Owners, the Association and their respective servants, agents and guests.

XIX.
INSURANCE COVERAGE TO BE MAINTAINED: USE AND
DISTRIBUTION OF INSURANCE PROCEEDS

A. The following insurance coverage shall be maintained in full force and effect by the Association:

1. Casualty insurance covering the Common Elements and Units, including the building and all improvements upon the land and all personal property included within the Condominium, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and, (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Casualty insurance obtained for the building and improvements shall provide such coverage commonly known as "all inclusive building" coverage and/or "completed Condominium Unit" coverage as such terms are used in the insurance industry.

2. Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and in such forms as shall be required by the