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REBECCA P. SMITH  
NEW HANOVER COUNTY, NC  
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**DECLARATION OF CONDOMINIUM**  
**PHASE I**  
**CENTRE COURT AT NEW CENTRE DRIVE COMMERCIAL PARK, A CONDOMINIUM**  
  
CITY OF WILMINGTON, NEW HANOVER COUNTY  
NORTH CAROLINA

**THIS DECLARATION**, is made on the \_\_\_\_ day of December, 2005, by **NEW CENTRE DRIVE COMMERCIAL PARK, INC.**, a North Carolina Corporation, hereinafter called "**Declarant**";

**WITNESSETH:**

WHEREAS, Declarant is the developer of that certain real property located in the City of Wilmington, New Hanover County, North Carolina, known as **NEW CENTRE DRIVE COMMERCIAL PARK** as shown on the plats thereof duly recorded in the New Hanover County Registry ("NHCR") and has executed and caused to be recorded a certain Declaration of Covenants, Conditions and Restrictions for New Centre Drive Commercial Park in Book 2647 at Page 988, NHCR, as amended by a First Amendment recorded in Book 2845 at Page 0808, NHCR, and by that certain Amendment and Restatement of First Amendment to Declaration of Covenants, Conditions, restrictions and easements for New Centre Drive Commercial Park recorded in Book 2855 at Page 1, NHCR (all herein collectively, the "Master Declaration"); and

WHEREAS, Declarant has developed and/or sold Lots 1A, 1B and Lot 2, and now is building or has built a two-story building and other improvements on a portion of Lot 3R of New Centre Drive Commercial Park as shown on a plat recorded in Map Book 47 at Page 288 NHCR, which developer desires to dedicate as a mixed use commercial/retail/office condominium, to be known as **CENTRE COURT AT NEW CENTRE DRIVE COMMERCIAL PARK, A CONDOMINIUM**; and

WHEREAS, by this Declaration, Declarant intends to dedicate only Phase I of said condominium, including only Units 101, 102, 103, 107 and 203, but the Declarant shall dedicate the remainder of said two-story building to condominium ownership and annex the same to this condominium in subsequent phases; and

WHEREAS, the Declarant also owns, and reserves the right, without any obligation, to develop all or any part of the property described in Exhibit "A-1" hereto attached, in a series of phases, and to annex the same to this condominium by the execution and recordation of Supplemental Declarations; and upon the execution and recordation of such Supplemental Declarations, such additional land shall automatically be included within the Condominium created by this Declaration and such action shall require no approval or other action by either the unit owners, the Executive Board, or the members of the Association, or by any other person or entity as hereinafter more particularly provided; and

WHEREAS, the additional phases, if developed, shall be developed under a common plan which may include this Declaration, the features of which include providing of maintenance and other services through a common administration; and

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In order to facilitate the operation and administration of the condominium the Declarant has formed or intends to a non-profit corporation known or to be known as CENTRE COURT CONDOMINIUM POA, Inc, which shall have the general authority and responsibility for the operation and administration of the condominium pursuant to this Declaration, the bylaws and its articles of incorporation.

**NOW, THEREFORE,** Declarant hereby declares that the portion of Lot 3R New Centre Drive Commercial Park to be known as "Phase I, Centre Court at New Centre Drive Commercial Park, a Condominium" more particularly described upon Exhibit A hereto attached, with all improvements thereon, shall be and the same is hereby dedicated to condominium ownership pursuant to Chapter 47C of the General Statutes of North Carolina as amended, as hereinafter provided, and to that end does hereby publish and declare that all of the said property to be known as "**PHASE I, CENTRE COURT AT NEW CENTRE DRIVE COMMERCIAL PARK, A CONDOMINIUM**" shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, conditions, uses and obligations which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

The Declarant shall hereafter dedicate the land designated as "Future Development" on the plat referenced in Exhibit A hereto attached to condominium ownership and may, but is not obligated to, add additional real estate, including improvements, easements, rights, and appurtenances to this condominium in one or more subsequent phases, by amendments hereto duly recorded in the NHCR.

The recording of such Amendment or Amendments, with an Exhibit "A" describing the real estate, including improvements, easements, rights and appurtenances thereto belong shall, for the purposes of this condominium, be considered a supplementation and addition to the Exhibit "A" attached hereto

## **ARTICLE 1** **DEFINITIONS**

As used in the Condominium Documents the following words and phrases shall have the following meanings:

**Section 1.1 "Act"** shall mean the North Carolina Condominium Act, that is codified as Chapter 47C of the North Carolina General Statutes, as the same may be amended from time to time.

**Section 1.2 "Additional Lands"** shall mean the real estate described in Exhibit A-1 hereto attached which may be dedicated to condominium ownership by Declarant and annexed to this condominium, without the vote or consent of the Unit Owners.

**Section 1.3 "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 in Phase I are described in Article 7 of this Declaration and shown on Exhibit "B".

**Section 1.4 "Association"** means "CENTRE COURT CONDOMINIUM POA, INC.", a non-profit corporation organized or to be organized under Chapter 55A of the General Statutes of North Carolina. It is the Association of the Unit Owners pursuant to Section 47C-3-101 of the Condominium Act.

**Section 1.5 "Building"** shall mean and refer to the two-story building containing approximately 29,400 square feet constructed or to be constructed on the Property (as defined below) as shown on the Plat and Plans (as defined below.) Only those portions of the building designated as Phase I are dedicated to condominium ownership by this Declaration.

**Section 1.6 "By-laws"** means the By-laws of the Association, as they may be amended from time to time.

**Section 1.7 “Common Elements” or “Common Areas”,** which may be used interchangeably, means all portions of the Building dedicated to Condominium ownership by this Declaration other than the Units including, but not limited to, all exterior surfaces of the building.

**Section 1.8 “Common Expenses”** means the financial liabilities for the operation of the Condominium. These include:

- (a) expenses of administration, maintenance, repair or expenses declared to be Common Expenses replacement of the Common Elements.
- (b) whether annual or special by the Condominium Documents or by the Condominium Act; and
- (c) expenses agreed upon as Common Expenses whether annual or special by the Association; and
- (d) such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

**Section 1.9 “Condominium”** means those portions of the real property described in Exhibit “A”, subject to this Declaration of condominium and all additions thereto.

**Section 1.10 “Condominium documents”** means this Declaration, the Plats and Plans recorded and filed pursuant to the provisions of the Condominium Act, the Bylaws, and the Rules and Regulations as they may be adopted and amended from time to time. Any exhibit, schedule, or certification accompanying a Condominium document is a part of that Condominium Document.

**Section 1.11 “Declarant”** means New Centre Drive Commercial Park, Inc., a North Carolina Corporation, its successors and assigns as defined in Section 47C-1-103(9) of the Condominium Act.

**Section 1.12 “Development Rights”** means the rights reserved by the Declarant under Article 6 of this Declaration to create Units, Common Elements, and Limited Common Elements within this Condominium.

**Section 1.13 “Declarant Control Period” or “Period of Declarant Control”** means the period prior to the earlier of:

- (a) one hundred twenty (120) days after conveyance of seventy five per cent(75%) of the maximum number of units which may be created hereunder, to Unit Owners other than the Declarant;
- (b) three (3) years after Declarant or its successors or assigns have ceased to offer Units for sale in the ordinary course of business;
- (c) three (3) years after any right to add new Units was last exercised; or
- (d) ten(10) years after recording of this Declaration.

**Section 1.14 “Director”** means a member of the Executive Board.

**Section 1.15 “Eligible Mortgagee”** means an institutional lender holding a first mortgage or first deed of trust (“First Mortgage”) encumbering a Unit that has notified the Association in writing of its status, stating both name and address and the Unit number or address of the Unit its First Mortgage, encumbers, and has requested all rights under the Condominium Documents. For purposes of Article 16 only, when any right is to be given to an Eligible Mortgagee, such right shall also be given to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages if the Association has notice of such participation.

**Section 1.16 “Executive Board”** means the Board of Directors of the Association or the Declarant until such board is formed.

**Section 1.17 “Improvements”** means any construction, structure, fixture or facilities existing or to be constructed on the land included in the Condominium, including but not limited to buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility lines, pipes and light poles.

**Section 1.18 “Limited Common Elements”** means the portion of Common elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of Section 47C-2-102(2) and (4) of the Condominium Act. The Limited Common Elements in the Condominium are described in Article 3 of this Declaration.

**Section 1.19 “Majority or Majority of Unit Owners”** means the owners of more than fifty – one per cent (51%) of the allocated interest in Common elements stated as votes in the Association, as established by and set forth in this Declaration of condominium.

**Section 1.20 “Manager”** means a person, firm or corporation employed or engaged to perform management services for the Condominium and Association.

**Section 1.21 “Notice and Comment”** means the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set for in Section 22.1 of this Declaration.

**Section 1.22 “Notice and Hearing”** means the right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 22.2 of this Declaration.

**Section 1.23 “Person”** means an individual, corporation, business, trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

**Section 1.24 “Plats and Plans”** means the Plats and Plans recorded simultaneously with this Declaration, and constituting a part hereof, as the same may be amended from time to time.

**Section 1.25 “Property”** means the land, all improvements, easements, rights and appurtenances, which have been submitted to the provisions of the Condominium Act by this Declaration and as described in Exhibit “A”, hereto attached and incorporated by reference.

**Section 1.26 “Public Offering Statement”** no public offering statement will be provided to the purchasers, as all units are restricted to non-residential use and purchasers will be deemed to waive the right to receive any public offering statement by the acceptance of a deed from the Declarant.

**Section 1.27 “Public Offering Waiver”** means that the Declarant requires that all units within the condominium are restricted to non-residential use and shall be used for office, retail, commercial and institutional use only. All purchasers by the acceptance of a deed conveying an ownership interest in a unit subject to the condominium do hereby waive the right to any public offering statement as permitted under NCGS 47C-4-101(b), and acknowledge that a public offering statement will not be provided to them.

**Section 1.28 “Rules and Regulations:** means Rules and Regulations for the use of Units and common Elements and for the conduct of persons within the Condominium, adopted by the Executive board pursuant to this Declaration, as amended from time to time.

**Section 1.29 “Security Interest”** means an interest in real estate or personal property, created by contract or conveyance which secures payment or performance of an obligation. The terms includes a lien created by a mortgage, deed of trust, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation.

**Section 1.30 "Special Declarant Rights"** means the rights reserved for the benefit of a Declarant to:

- (a) complete improvements indicated on the Plats and Plans filed with the Declaration;
- (b) Exercise any Development Rights;
- (c) Maintain sales offices, management offices signs advertising the condominium;
- (d) Use easements through the Common elements for the purpose of making improvements within the Condominium or within real estate that may be added to the Condominium;
- (e) Appoint or remove any officer of the Association or any Executive board Member during the Declarant Control Period;
- (f) Grant such easements across Common Areas as Declarant deems necessary or convenient including, but not limited to any easement to comply with the Declaration; or
- (g) Amend the Bylaws of the Association during the period of Declarant Control.

**Section 1.31 "Centre Court at New Centre Drive Commercial Park, a Condominium"** shall mean the development comprised of the Property as defined below.

**Section 1.32 "Structure"** shall mean and refer to any thing or device the placement of which upon or within the property might affect the physical appearance thereof including by way of illustration and not limitation, improvements, building, sheds covered areas, vehicular and pedestrian bridges or driveways, parking areas, trees, shrubbery, paving, fill, curbing, landscaping fences or walls or signs.

**Section 1.33 "Trustee"** means the entity which may be designated by the Executive Board as the Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other like sources as defined in the Bylaws. If no Trustees has been designated, the Trustee will be the Board from time to time constitute, acting by majority vote, as executed by the President and attested by the Secretary.

**Section 1.34 "Unit"** means a physical portion of the condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 2.2 of this Declaration.

**Section 1.35 "Unit Owner"** means the Declarant or other Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by this Declaration.

**Section 1.36 "Use"** shall mean that the units within the condominium are restricted to non residential use as permitted under Section 8.1

## **ARTICLE 2 DESCRIPTION OF UNITS**

**Section 2.1 Number of Units** Declarant does hereby establish NINE (9) Units on the First Floor and one Unit on the Second Floor of the Building and does designate all such Units for separate ownership. Only four units on the First Floor, Unit 101, Unit 102, Unit 103 and Unit 107 and one unit on the Second Floor, Unit 203, are dedicated to Condominium Ownership by this Declaration. Units 104, 105, 106, 108 and 109 and the remainder of the Second Floor which has not yet been subdivided, will be dedicated to condominium ownership by one or more supplemental declarations to be recorded in the New Hanover County Registry. Notwithstanding the foregoing, the Declarant or any subsequent owner of a Unit shall have the right to subdivide any unit into two (2) or more Units or combine two (2) or more Units into one (1) Unit, provided that Declarant, if Declarant still owns any unit, or the Association, if the Declarant owns no units, approves such subdivision or combination and that such subdivision or combination is in compliance with the Act. Declarant also reserves the right to subdivide Units, combine Units or otherwise move or rearrange the boundaries of any Unit before such Unit is sold. Reference is hereby made to the Plat and Plans for a separate description of the boundaries of each Unit, identified by number, and Plat and Plans being by reference incorporated herein.

**Section 2.2 Boundaries.** Boundaries of each Unit created by this Declaration are shown on the Plats and Plans as numbered Units with their identifying number and are described as follows:

(a) **Upper Boundary:** The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams, and rafters, extended to an intersection with the vertical perimeter boundaries.

(b) **Lower Boundary:** The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors extended to an intersection with the vertical perimeter boundaries and open, horizontal, unfinished surfaces of trim, sills and structural components.

(c) **Vertical Perimeter Boundary:** The Planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of the masonry walls; the unfinished surfaces of the interior trim and thresholds along perimeter walls and floors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions, and partition walls between separate Units.

(d) **Inclusions:** Each Unit will include the spaces and Improvements lying within the boundaries described in Subsections 2.2(a), (b), and (c), and will also include the spaces and Improvements within such spaces including water, heating and air conditioning apparatus, smoke detector systems and all electrical switches, wiring, pipes, ducts, conduits, **smoke detector systems**, and television telephone, and electrical receptacles and light fixtures and boxes serving that Unit exclusively, from the point of entry into the Unit from any adjoining Common Areas. Moreover, included in the definition of Unit shall be all HVAC systems which exclusively serve such Unit, whether located within such Unit or beyond the perimeter boundaries of such Unit, whether or not contiguous.

(e) **Exclusions:** Except when specifically included by other provisions of Section 2.2, the following are excluded from each Unit. The spaces and Improvements lying outside of the boundaries described in Subsections 2.2(a), (b) and (c), above and all chutes, pipes, flues, ducts, wires, conduits, skylights, and other facilities running through or within any interior wall or partition for the purpose of furnishing utilities and similar services to the other Units and Common elements or both.

(f) **Non-contiguous Portions:** Certain Units may include special portions, pieces or equipment such as air conditioning compressors, meter boxes, utility connection structures and storage portions situated in buildings or structures that are detached or semi detached from the buildings containing the principal occupied portion of the Units. Such special equipment and storage portions are part of the Units notwithstanding their non-contiguity with the occupied portions.

(g) **Inconsistency with Plats and Plans:** If this definition is inconsistent with the Plats and Plans, then this definition will control.

### **ARTICLE 3** **LIMITED COMMON ELEMENTS**

The following portions of the Common Elements are Limited Common elements assigned to the Units as stated:

- (a) If a chute, flue, pipe, wire conduit, bearing or non load bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portions serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit, and any portion thereof serving more than one Unit or a Portion of the Common elements is a part of the Common Elements.
- (b) Any shutters, awnings, doorsteps, stoops, entranceways, or other fixture designed to serve a single Unit that is located outside of the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

- (c) All glass surfaces appurtenant to and servicing any specific Unit, such as glass exterior doors and windows, and all exterior doors which access any specific Unit are Limited Common Elements of the Unit to which they service. Except the owner's association will maintain coverage for exterior glass breakage due to fire or such other perils listed in the owner's association policy.
- (d) Nameplates, permitted signage, and exterior lighting affixed to the building will be Limited Common Elements allocated to the Unit served.
- (e) If this definition of Limited Common Elements is inconsistent with the Plats and Plans, then this definition will control.

#### **ARTICLE 4 MAINTENANCE, REPAIR, AND REPLACEMENT**

**Section 4.1 Common Elements** The Association will maintain, repair, and replace all of the Common Elements, except the [portions of the Limited Common Elements that are required by this Declaration to be maintained, repaired or replaced by the Unit Owners.

**Section 4.2 Units** Each Unit Owner shall maintain, repair, and replace, at his own expense, all portions of his or her Unit, except the portions thereof to be maintained, repaired or replaced by the Association.

**Section 4.3 Limited Common Elements** Any Common Expense associated with the maintenance, repair, or replacements of heat exchanger, heat outlet, enclosures and mechanical attachments will be assessed against the Unit or Units to which the Limited Common Element is assigned.

Common Expenses associated with the maintenance, repair or replacement of components and elements attached to or a part of exterior doors, windows and other Limited Common Elements will be assessed against the Unit or Units to which the Limited Common Element is assigned.

No Additional component or element may be attached without written consent of the Executive board. In the event such additional component or element becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired at the Unit Owner's expense as a Common expense assessment under this Section, after Notice and Hearing.

If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common element will be assessed equally among the Units to which it is assigned.

Common expenses associated with the cleaning, maintenance, repair or replacement of all other Limited Common Elements will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses.

**Section 4.4, Access** Any person authorized by the Executive board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations, or repairs, and for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires, and equipment, provided that such requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

**Section 4.5 Repairs Resulting From Negligence** Each Unit Owner will reimburse the Association for any damages to any other Unit, to the Common Elements, or to Limited Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit or Limited Common Elements appurtenant thereto. The Association will be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair, or make replacements to the Common elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing. A Unit Owner may request a hearing before the board of Directors for the purpose of validating the

Declaration of Condominium

Phase I, Centre Court at New Centre Drive Commercial Park, a Condominium

assessment. Request for the hearing by the Unit Owner must be in writing and will be held at the next regularly scheduled board meeting.

**ARTICLE 5.**  
**SUBSEQUENTLY ALLOCATED LIMITED COMMON ELEMENTS**

Those portions of Common Elements now or hereafter improved as parking spaces may be subsequently allocated as Limited Common Elements in accordance with Subsection 6.1(c) and Article 10 of this Declaration, or may be assigned by Rules and Regulations of the Executive Board, or may be limited by Rules and Regulations.

**ARTICLE 6.**  
**DEVELOPMENT RIGHTS AND OTHER SPECIAL DELARANT RIGHTS**

**Section 6.1 Reservation of Development Rights:** The Declarant reserves the following Development Rights:

(a) The right by amendment to withdraw real estate from the Condominium that is shown as "Future Development, Need not be Built" or labeled "Withdrawable Land", "May Not Be Developed", or words of similar effect, if there is any so shown, on any Plats and Plans and described in Article 1.23.

(b) The right by Amendment to add and create Units, common Elements and Limited Common Elements within the Condominium in the location shown as "Development Rights Reserved in this Area" and on the Plats and Plans and described in Section 1.23.

(c) The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the land anywhere in the Condominium for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the land designated "Development Rights Reserved in this Area" on the Plats and Plans. The Declarant also reserves the right to grant easements to public utility companies and to convey Improvements within those easements anywhere in the Condominium for the above mentioned purposes. If the Declarant grants any such easements, Exhibit "A" will be amended to include reference to the recorded easement.

(d) The right to subdivide any unit or two (2) or more units or combine two (2) or more units into one (1) unit, provided that such subdivision or combination is in compliance with the act and provided that said subdivision or combination is prior to the sale to a third party of the unit to be subdivided or combined.

**Section 6.2 Limitations on Development Rights** The Development Rights reserved in Section 6.1 are limited as follows:

(a) The Development Rights may be exercised at any time but not more than ten(10) years after the recording of this initial Declaration.

(b) No additional building or additions increasing the size of the buildings will be built to add units; however, the Declarant reserves its rights under Article 2.1 and 6.1(d).

(c) The quality of construction of any buildings and Improvements to be created on the Property shall be consistent with the quality of those constructed pursuant to this Declaration as initially recorded.

(d) All Units and Common Elements created pursuant to the Development Rights will be restricted to office, institutional and retail use to the same extent as the Units created under this Declaration as initially recorded.

**Section 6.3 Phasing of Development rights** No assurances are made by the Declarant regarding the portions of the areas shown as "Development Rights Reserved in this Area", "Future Development", "May Not Be Developed", or words similar effect on the Plats and Plans as to the portions where the Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed or withdrawn. The exercise of Development Rights as to some Portions will not obligate the Declarant to exercise them as to other portions, but no part of a portion may be withdrawn after a Unit in that Portion has been sold or conveyed to a purchaser.

**Section 6.4 Special Declarant Rights** The Declarant reserves the following Special Declarant Rights to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the condominium:

(a) To complete Improvements indicated on the Plats and Plans filed with the Declaration;

(b) To exercise any Development Right reserved in the Declaration;

(c) To maintain sales offices, management offices, and signs advertising the Condominium;

(d) To use easements through the common elements for the purpose of making improvements within the Condominium and construction on, or other uses of adjoining properties whether or not such other use is related to or associated with the Condominium development, including the non-exclusive right to connect to any drainage or retention pond which the Declarant and unit owners may share with any other development.

(e) To appoint or remove an officer of the Association or an Executive Board member during the Declarant Control Period subject to the provisions of Section 6.9 of this Declaration.

**Section 6.5 Models, Sales Offices and Management Offices.** As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant as a sales office or management office.

**Section 6.6 Construction: Declarant's Easement** The Declarant reserves the right to perform repairs and construction work, and to store materials in secure areas, in Units and Common elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Executive Board or any Unit Owner. The Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations and for exercising Special Declarant Rights, whether arising under the Condominium Act or reserved in the Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State of North Carolina, adjoining property owners, riparian owners or upland owners to fulfill the plan of development. Additionally, Declarant hereby reserves unto itself, its successors and assigns an easement for utilities, drainage, access, ingress, and regress over, across, and under the tract of land shown on the plats and plans described in Section 1.23 and identified in said map as "Drainage Easement", "Access and Public Utility Easement" and "Public Utility Easement", which said Easement or Easements shall continue to exist and shall be maintained for the benefit of Declarant, its successors and assigns and for the benefit of lot owners within the Condominium.

**Section 6.7 Signs and Marketing** The Declarant reserves the right to post signs and displays in the Common elements to promote sales of Units and to conduct general sales activities, in a manner as will not unreasonably disturb the rights of the Unit Owners. At such time as a unit may become available for sale or resale, only one sign, not to exceed 3 x 3, may be placed inside the front window of the applicable Unit. No exterior signs may be posted with board written consent.

**Section 6.8 Declarant's Personal Property** The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Condominium that has not been represented as Property of the Association. The Declarant reserves the right to remove from the Property, and all goods and Improvements used in development, marketing, and construction, whether or not they have become fixtures.

**Section 6.9 Declarant control of the Association**

(a) Subject to Subsection 6.9(b) during the Declarant Control period, a Declarant or persons designated by the Declarant may appoint and remove officers and members of the Executive board. A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before the termination of the Declarant control Period, but

in the event the Declarant may require, for the duration of the Declarant Control Period, that specified actions of the Association or Executive board, as described in a recorded instrument executed by the Declarant be approved by the Declarant before they become effective.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of all Units that may be created hereunder, to Unit Owners other than the Declarant, at least one member and not less than twenty-five per cent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty per cent (50%) of all Units that may be created hereunder, to Unit Owners other than the Declarant, not less than thirty three percent (33%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.

(c) Not later than the termination of the Declarant Control Period, the Unit Owners shall elect an Executive Board of at least three (3) members, and not more than five (5) members, at least a majority of which shall be Unit Owners. If three members are elected, the two highest vote getters shall serve an initial term of two years, and the third member elected shall serve a term of one year. If five members are elected the three highest vote getters shall serve an initial term of two years and the remaining two members shall serve an initial term of one year. All subsequent directors shall serve a term of two years from the date of their election. After the initial election, and within the parameters above set forth, the number of directors shall be determined by the members at the annual meeting. The Executive Board shall elect the officers. The Executive board members and officers shall take office upon election.

(d) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under Section 47C-3108 of the Condominium Act, the Unit Owners, representing a sixty-seven percent (67%) voting interest of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the Executive board with or without cause, other than a member appointed by the Declarant.

**Section 6.10 Limitations on Special Declarant Rights** Unless sooner terminated by an amendment to the Declaration executed by the Declarant, any Special Declarant right may be exercised by the Declarant until the earlier of the following:

- (a) so long as the Declarant holds a Development Right to create additional Units or Common Elements or to withdraw real estate from the Condominium or
- (b) so long as Declarant owns any Unit or
- (c) ten (10) years after recording this Declaration.

**Section 6.11 Interference with Special Declarant Rights.** Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any special Declarant Right without the prior written consent of Declarant.

## **ARTICLE 7 ALLOCATED INTERESTS**

**Section 7.1 Allocation of Investments** The table showing Unit numbers and their Allocated Interests is attached as Exhibit "B". These interests have been allocated in accordance with the formulas set out in Article 7. These formulas are to be used in reallocating interests if Units are added to the Condominium.

**Section 7.2 Formulas for the Allocation of Interests** The interests allocated to each Unit have been calculated on the following formulas:

(a) **Undivided Interest in the Common elements.** The percentage of the undivided interest in the Common Elements allocated to each Unit is based on the relative heated and cooled floor area of each Unit as compared to the heated and cooled floor area of all the Units in the Condominium.

(b) **Liability for the Common Expenses.** Each Unit in the Condominium shall share in the Common Expenses of the Condominium in the same percentage of liability as their respective percentage of ownership in the Common elements as established therein. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article 17 of this Declaration.

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(c) **Votes** The condominium if constructed as planned will have 9 approximately equal sized units on the first floor, but the size of the units on the Second Floor will not be equal. Therefore, each Unit in the Condominium shall have one weighed vote in association matters. The vote attributable to each Unit shall be stated as percentages and shall be the same as the allocated percentage ownership interest in Common Elements attributable to each such Unit as set forth in Exhibit "B."

**Section 7.3 Assignment of Allocated Interest Upon Creation of Units Pursuant to Exercise of Development Rights** The effective date for assigning Allocated Interests to Units created pursuant to Section 6.1 of this Declaration shall be the date on which the amendment creating the Units is recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

## **ARTICLE 8. RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY**

**Section 8.1 Use and Occupancy Restrictions** Subject to the Special Declarant Rights reserved under Article 6, the following use restrictions apply to all Units and to the Common Elements.

(a) Each Unit is restricted to general retail and commercial uses, including without limitation, restaurants, office and professional use, including, but not limited to medical, dental, legal and other professional office uses, banking or mortgage services and other institutional uses and their directly related uses along with such other related and harmonious uses as the Declarant or the Association through its board of Directors may permit, provided, however, there shall be no more than two restaurants in the condominium at any one time.

(b) The use of Units and Common Elements is subject to this Declaration, the Master Declaration, the Articles of Incorporation and Bylaws of the Association, and such Rules and Regulations as may from time to time be promulgated by the Association.

(c) Owners of Units in the Building shall have the right only to affix letter signage of an approved size to the exterior door which is the Limited Common Element serving each respective Unit.

(d) Each Unit shall share a common mobile trash receptacle. However, periodic garbage service shall be by contract between the Association and the service provider. The cost of such service shall be a Common Expense.

(e) Additional signage, displays, etc. shall not be placed inside or outside the unit's windows except as noted in Section 6.7 of the Document. Any displays or signage determined by Declarant or Executive Board to be in violation of this Declaration or the By-laws or Rules and Regulations of the Association shall be removed within 48 hours of notice.

**Section 8.2 Restrictions on Alienation** All leases and rental agreements shall be in writing and subject to the requirements of the Condominium Documents and Rules and Regulations of the Association.

All leases of a Unit shall be deemed to include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Condominium Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce, and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

## **ARTICLE 9. EASEMENTS AND LICENSES**

Declarant does hereby establish, declare, and grant, for the benefit of each and every portion of the Property, as an appurtenance thereto, and to and for the benefit of Declarant, the Condominium Associations and the Owners, the following easements:

**Section 9.1 Ingress/Egress** Perpetual, non-exclusive rights, privileges and easements for the passage of vehicles and for the passage and accommodation of pedestrians, over, across and through all roadways, driveways, curb cuts, aisles, walkways and sidewalks located within

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or to be located within the Property, specifically including the right and easement of ingress and egress over, across, and through the entrances into the Property from adjoining property, as shown on the Exhibits and Condominium Plats and Plans.

**Section 9.2 Parking.** Perpetual, non-exclusive rights, privileges and easements to Owners, their lessees, invitees and licensees and the invitees and customers of such lessees, invitees and licensees for vehicular parking within the surface vehicular parking spaces located on the Property, provided, however, the Association shall, in the rules and regulations, establish and change from time to time, rules regarding towing and parking violations and the designation of certain parking areas for use by Owners, their employees, tenants, licensees and business visitors.

**Section 9.3 Utility Easements.** Reciprocal non-exclusive easements over the entire Property for the furnishing of water, electricity, storm and sanitary sewerage, gas, telephone, television, communications, security systems, other utilities and services and heating, air-conditioning and ventilation by means of pipes, wires, duets, cables, conduits, equipment panels, mechanical equipment, heating, air conditioning and ventilation equipment and machinery, fire stairwell and other apparatus and facilities (collectively referred to as "Utility Lines") and as may hereafter be consented to in writing from time to time, by the Declarant. Unless such utilities and mechanical facilities are separate and distinct for each Unit and serve only that Unit, such utility and mechanical facilities shall be construed, maintained, repaired and replaced by the Association.

**Section 9.4 Encroachments.** Reciprocal non-exclusive easements over the entire Property for minor encroachments which will not substantially interfere with the property encroached upon created by the construction, reconstruction, renovation, settling, shifting or other causes of movement and for overhangs. This easement shall be appurtenant to each Unit for the benefit of Owners thereof.

**Section 9.5 Easements Shown on Map.** All easements or licenses to which the Condominium and the Common Elements are presently subject are recited in Exhibit "A" or the Plats and Plans as defined in Article 1.23 of this Declaration. The condominium may be subjected to other easements or licenses granted by the Declarant pursuant to its powers under Article 6 of this Declaration.

Any easement areas shown on Exhibit "A" or the Plats and Plans, together with any improvements thereon, shall be maintained, repaired, and as necessary, replaced by the Association. The cost of all maintenance, repairs and replacement shall be a common expense and shall be paid by the Association.

**Section 9.6 Construction Easement.** Declarant shall have a reasonable construction easement across the Common Elements for the purpose of constructing improvements in the Units. Declarant also shall have such easements through the Common Elements as may be reasonable necessary for the purpose of exercising Special Declarant Rights as provided herein or discharging Declarant's obligations under this Declaration or the Covenants, Conditioned or Restrictions.

**Section 9.7 Right of Entry.** The Association and its representative shall have a right of entry upon the Units and any Common Elements, including Limited Common Elements, to effect emergency repairs and a reasonable right of entry upon the Units to effect other repairs, improvements, replacements or maintenance as necessary.

## **ARTICLE 10 ALLOCATION AND REALLOCATION OF LIMITED COMMON ELEMENTS**

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to provisions of Article 5 of the Declaration. The allocations will be made by amendments to the Declaration, specifying to which Unit or Units the Limited Common Elements is allocated.

No Limited Common Element depicted on the Plats and Plans may be reallocated by an amendment to this Declaration pursuant to this Article 10 except as part of a relocation of boundaries of Units pursuant to Article 12 of this Declaration. Such amendment shall require the approval of all holders of Security Interests in the affected Units, which approval shall be

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endorsed thereon. The Person executing the amendment shall provide an executed copy thereof to the Association which, if the amendment complies with the provisions of this Declaration and the Condominium Act, shall record it. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and of the Condominium. The parties executing the amendment shall be responsible for the preparation of the amendment and shall reimburse the Association for all of its costs and expenses, including but not limited to attorneys' fees, incurred in connection with the review of the amendment and the recording thereof.

## **ARTICLE 11 ADDITIONS, ALTERATIONS AND IMPROVEMENTS**

### **Section 11.1 Additions, Alterations and Improvements by Unit Owners.**

(a) No Unit Owner will make any structural addition, structural alteration, or structural improvement in or to the Condominium with the prior written consent thereto of the Executive Board in accordance with Subsection 11.1(c).

(b) Subject to Subsection 11.1(a), a Unit Owner:

(i) may make any other Improvements or alterations to the interior of his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium; The owner/tenant may not penetrate any foundation exterior wall or the roof without first having received written permission from the Executive Board.

(ii) may not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the condominium, without permission of the Association;

(iii) after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, may remove or alter any intervening portion or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this Subsection is not an alteration of boundaries.

(c) A Unit Owner may submit a written request to the Executive Board for approval to do anything that he or she is forbidden to do under Subsection 11.1(a) or 11.1(b)(ii). The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its Rules and Regulations.

(d) Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed by the Association only. Such execution will not, however, create any liability on the part of the Association or any of its members to the applying Unit Owner nor to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to persons or damage to property arising therefrom. Costs applicable to this application shall be at the expense of applying unit owner.

(e) All additions, alterations and improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premium of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right.

**Section 11.2 Additions, Alterations and Improvements by Executive Board.** Subject to the limitations contained elsewhere in this Declaration, the Executive Board may make any additions, alterations or Improvements to the Common Elements which, in its judgment, it deems necessary.

**ARTICLE 12**  
**RELOCATION OF BOUNDARIES BETWEEN ADJOINING UNITS**

**Section 12.1 Application and Amendment.** Subject to approval of any structural changes and required permits pursuant to Article 11, the boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the owners of the Units affected by the relocation. If the owners of the adjoining Units have specified a relocation between their Units of their Allocated Interests, the application shall state the proposed reallocations. Unless the Executive Board determines, within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall consent to the reallocation and prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners and contain words of conveyance between them, and the approval of all holders of Security Interests in the affected Units shall be endorsed thereon. On recordation, the amendment shall be indexed in the name of the Grantor and the Grantee, and in the Grantee's Index in the name of the Association.

**Section 12.2 Recording Amendments.** The Association shall prepare and record plats and plans necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers.

The applicants will pay for all of the costs, including, without limitation, reasonable attorney fees, incurred by the Association in considering the application including consulting fees, if it is deemed necessary to employ a consultant by the Executive Board, the preparation of the amendment, and its recording.

**ARTICLE 13**  
**AMENDMENTS TO DECLARATION**

**Section 13.1 General.** Except in cases of amendments that may be executed by the Declarant in the exercise of its Development Rights or by the Association under Article 6 of this Declaration and Section 47C-1-10V of the Condominium Act, or by certain Unit Owners under Article 10 and Section 12.1 of this Declaration and Section 47C-2-118 of the Condominium Act, and except as limited by Section 12.1 of this Declaration, the Declaration, including the Plats and Plans, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the voting interests in the Association are allocated.

**Section 13.2 Limitation of Actions.** An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

**Section 13.3 Recordation of Amendments.** Each amendment to the Declaration must be recorded in the office of the Register of Deeds of New Hanover County, and the amendment is effective only upon recording. An amendment, except an amendment pursuant to Article 12 of this Declaration, must be indexed in the Grantor's and Grantees' Index in the name of the parties executing the amendment.

**Section 13.4 Unanimous Consent Required.** Except to the extent expressly permitted or required by other provisions of the Condominium Act or this Declaration, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of a unit, the Allocated Interests of a Unit, or the uses to which a unit is restricted, in the absence of the unanimous consent of the Unit Owners.

**Section 13.5 Execution of Amendments.** An amendment to the Declaration required by the Condominium Act to be recorded by the Association, which has been adopted in accordance with this Declaration and the Condominium Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose, or in the absence of designation, by the President of the Association.

**Section 13.6 Special Declarant Rights.** Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

**Section 13.7 Amendments to Create Units or Withdraw Real Estate.** To exercise any Development Rights reserved under Section 6.1 of this Declaration, the Declarant shall prepare, execute and record an amendment to the Declaration. The Declarant shall also record either

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new Plats and Plans necessary to conform to the requirements of the Section 47C-2-109(a), (b) and (c) of the Condominium Act or new certifications of the Plats and Plans previously recorded if those Plats and Plans otherwise conform to the requirements of those Sections.

The amendment to the Declaration shall assign an identifying number to each new Unit created and reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements and any Limited Common Elements created thereby and designate the Unit to which each Limited Common Element is allocated to the extent required by Section 47-C-2-108 of the Condominium Act.

#### **ARTICLE 14** **AMENDMENTS TO BYLAWS**

During the period of Declarant Control, as defined in Article 1, Declarant may amend the Bylaws as Declarant deems necessary or convenient.

Thereafter, the Bylaws may be amended only by a vote of fifty-one percent (51%) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose.

#### **ARTICLE 15.** **TERMINATION**

Termination of the Condominium may be accomplished only in accordance with Section 47C-2-118 of the Condominium Act.

#### **ARTICLE 16** **MORTGAGEE PROTECTION.**

**Section 16.1 Introduction.** This Article establishes certain standards and covenants which are for the benefit of Eligible Mortgagees. This Article is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the case of conflict, this Article shall control.

**Section 16.2 Percentage of Eligible Mortgages.** Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding First Mortgages in Units which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to First Mortgages held by Eligible Mortgagees.

**Section 16.3 Notice of Action.** The Association shall give prompt written notice to each Eligible Mortgagee of:

(a) Any condemnation loss or any casualty loss which affects a material portion of this Condominium or any Unit in which there is a First Mortgage held, insured, or guaranteed by such Eligible Mortgagee, as applicable.

(b) Any delinquency in the payment of Common Expense assessments owned by an Owner whose Unit is subject to a First Mortgage held, insured or guaranteed, by such Eligible Mortgagee, which remains uncured for a period of one hundred twenty (120) days;

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

(d) Any judgment rendered against the Association.

**Section 16.4 Inspection of Books.** The Association shall permit any Eligible Mortgagee to inspect the books and records of the Association by appointment during normal business hours upon twenty-four (24) hours notice.

**Section 16.5 Financial Statements.** The Association shall provide any Eligible Mortgagee which submits a written request with a copy of an annual financial statement within ninety (90)

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