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FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
CINEMA OAKS - A CONDOMINIUM
AND
BYLAWS OF
CINEMA OAKS PROPERTY OWNERS ASSOCIATION

THIS DECLARATION AND BYLAWS, made on the date hereinafter set forth by 5333 OLEANDER, LLC, A NORTH CAROLINA LIMITED LIABILITY COMPANY, the undersigned Declarant,

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in Wilmington, New Hanover County, North Carolina, and more particularly described as follows (herein "Property"):

See Attached Exhibit "A"

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, 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.

PART I

DEFINITIONS

Section 1: "Association" means CINEMA OAKS PROPERTY OWNERS ASSOCIATION, its successors and assigns.

RETURN TO
STEVEN F. SIEGEL
(910) 256-2292

Section 2: "Bylaws" means the bylaws of the association.

Section 3: "Common Elements" means all portions of a condominium other than the units.

Section 4: "Condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions.

Section 5: "Declarant" means 5333 OLEANDER, LLC, its successors and assigns.

Section 6: "Declaration" means this Declaration of Covenants, Conditions and Restrictions.

Section 7: "Executive Board" means the body designated in the declaration to act on behalf of the Association.

Section 8: "Limited Common Elements" means a portion of the common elements allocated by the declaration for the exclusive use of one or more but fewer than all of the units and shown as such on the recorded plat.

Section 9: "Member" means every person or entity who holds membership in the Association.

Section 10: "Owner" means the record owner, whether one or more persons or entities, of a fee simple title to any unit which is a part of the Property, together with an undivided interest in the common elements as hereinafter set forth, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11: "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a unit to an owner other than a declarant; (ii) 120 days after conveyance of seventy-five percent (75%) of the units (including any units which may be created pursuant to special declarant rights) to a unit owner other than declarant; (iii) two years after declarant has ceased to offer units for sale in the ordinary course of business; (iv) two years after any development right to add new units was last exercised, or (v) the date upon which declarant voluntarily surrenders control of the condominiums.

Section 12: "Plat" means the Condominium plat recorded at New Hanover County Register of Deeds in Unit Ownership Book 13 at Pages 22 through 24.

Section 13: "Unit" means a physical portion of the condominium designated for separate ownership or occupancy as shown on the plat in Section 12 above.

PART II

DECLARATION OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

ARTICLE I

GENERAL

Section 1: Declarant hereby submits the Property to the provisions of G.S. 47-C. The Property will be administered in accordance with the provisions of 47-C, the declaration, and the bylaws.

Section 2: The name of the condominium shall be "CINEMA OAKS CONDOMINIUMS - A Condominium."

Section 3: The Property is located in New Hanover County, North Carolina.

Section 4: The maximum number of units which Declarant reserves the right to create is twelve.

Section 5: Declarant does hereby establish within the Property that Unit as designated on the Plat, and does hereby designate such unit for separate ownership. Reference is hereby made to the plat for a separate description of the boundaries of the unit, identified by building and unit number, said plat being by this reference incorporated herein.

Section 6: Each owner shall be a member of the Association. An owner shall be entitled to one (1) vote in the Association for each unit owned.

Section 7: There are no limited common elements with the exception of the limited common elements created under Article IV and those created and designated as such on the recorded plat.

Section 8: Easements and licenses appurtenant to or included in the condominium are those recorded at the New Hanover County Registry. These recorded instruments grant to owners, as property owners in CINEMA OAKS CONDOMINIUMS, nonexclusive easements in and to certain open spaces and private roads located within the real property known as "CINEMA OAKS CONDOMINIUMS".

Section 9: Declarant reserves the following special declarant rights for the entire Property, which shall be exercisable during the period of declarant control:

- (a) To complete any and all improvements indicated on the plats and plans;
- (b) To construct and maintain any sales office, management office or model in any of the units or on any of the common elements shown on the plat;
- (c) To alter the size of any unit, combine or merge two or more units, and subdivide any unit;
- (d) To submit those buildings shown as "Must Be Built" on the Plat to the provisions of this Declaration; provided, however, Declarant may not create more than twelve (12) total units in the condominium.
- (e) To appoint and remove any executive board members during the period of declarant control; provided, however, (i) that upon conveyance of the unit described herein to owners other than a declarant, at least one member of the executive board shall be elected by owners other than the declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the units to owners other than a declarant, not less than two (2) members of the executive board shall be elected by owners other than the declarant.

ARTICLE II

PROPERTY RIGHTS

Section 1: Ownership of a unit shall vest fee simple title to such unit in the owner.

Section 2: Every owner shall own an undivided interest in the common elements and shall have a right and easement of enjoyment in the common elements which shall be appurtenant to and shall pass with the title to every unit. The undivided interest of every unit owner in the common elements shall be proportionate to the total square footage of each unit as a percentage of the total square footage of the entire condominium: See attached "Exhibit B". The undivided interest in the common elements and the right and easement of enjoyment in such common elements are subject to the following:

- (a) the Association shall have the right to suspend the voting rights and right of use of any recreational facilities by an owner for any period during which any assessment against his unit remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (b) the Association shall have the right to adopt such rules and regulations as may be needed to regulate the use and enjoyment of the common elements;
- (c) the special declarant rights as set forth in Article I, Section 8.
- (d) the Association shall have the right to dedicate or transfer, or encumber all or any part of the common elements subject to approval by the owners as provided in G.S. 47C-3-112.

Section 3: Every owner shall have a common element right to use the parking spaces located in the common parking area.

Section 4: Any owner may delegate his right of enjoyment to the common elements to its tenants.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: The declarant, for each unit owned within the Property, and each owner by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, hereby covenants and agrees to pay the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The liability of each owner for the common expenses of the Association shall be proportionate to the each owners percentage of interest in the condominium, subject to the provisions of Section 7 hereof. Any assessment levied against a unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that unit when filed of record in the office of the Clerk of Superior Court of New Hanover County and shall accrue interest at a rate set by the Association not to exceed 18% per annum. The Association may bring an action at law against the owner, or foreclose the lien against the Property. Fees (including attorneys' fees), charges, late charges, fines, and interest are also enforceable as assessments.

Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any unit shall not affect the assessment lien. The sale or transfer of any unit pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 3: The annual assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the owners and tenants and in particular for the acquisition, improvement, insuring and maintenance of the condominium, services and facilities devoted to this purpose, and for the use and enjoyment of the common elements.

The Association may also levy a special assessment payable in a manner as specified by the Association for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the members.

Section 4: Until January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be determined by the Executive Board for each unit, prorated for the remainder of said year.

(a) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership by up to five percent (5%) of the previous year's maximum annual assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment for the next succeeding two (2) years may be increased above the increase permitted in Section 4(a), provided that any such assessment shall receive the affirmative vote of two-thirds (2/3rds) of the votes of the owners who are voting in person or by proxy, at a meeting duly called for this purpose. Written notice setting forth the purpose of such meeting shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. No quorum shall be required.

(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum.

Section 5: Except as set forth in Section 7 hereof, both annual and special assessments must be fixed at a rate based on each units percentage of ownership, for all units and may be collected on a monthly basis.

Section 6: The annual assessments provided for herein shall commence at a date established by the Association. Once such annual assessments are established, written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the executive board.

Section 7: Unit A, Building #1 established herein is a free-standing building, constructed separate and apart from the remaining buildings and shall be assessed separately from the remaining buildings and in accordance with the following provisions:

(a) This Unit shall be assessed for the following general costs and expenses:

(i) The cost of liability insurance purchased by the Association.

(ii) The cost of the maintenance of the asphalt parking lot as shown on the Plat.

(iii) The cost of maintenance of the landscaping immediately adjoining the asphalt parking lot as shown on the Plat and the entryway. The owner of the Unit shall not be assessed for maintenance of the landscaping surrounding Buildings 2 and 3 as shown on the Plat.

(iv) The cost of the area lights for the lighting of the common area.

(b) The owner of Unit A, Building #1 shall not be obligated to pay special assessments without its written consent, which consent will not be unreasonably withheld.

(c) To the extent the owner of Unit A, Building #1 is assessed pursuant to the provisions of (a) and (b) above the assessment shall be proportionate to its percentage interest in the common areas; provided, however, until completion of construction of Buildings 2 and 3 and

submission to this Declaration, the Owner of Unit A, Building #1 shall not be obligated to pay more than 24.6% of the total assessment.

ARTICLE IV

PARTY WALLS

Section 1: The walls and flooring connecting adjacent units are "party walls" and are situated on or about the boundary line separating such units.

Section 2: All finish flooring and any other materials constituting any part of the walls, floors, or ceilings are a part of the common elements, pursuant to G.S. 47C-2-102(1).

To the extent any duct, wire, conduit, or any other fixtures lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a limited common element allocated exclusively to that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements, pursuant to G.S. 47C-2-102(2).

Any decks, porches, balconies, patios and all other exterior doors and windows or other fixtures designated to serve a single unit but located outside the unit's boundaries are limited common elements allocated exclusively to that unit, pursuant to G.S. 47C-2-102(4).

Section 3: Each wall which is built as a part of the original construction of a unit and placed on the dividing line between the units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 4: The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

Section 5: Notwithstanding any other provisions of this Article, an owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6: The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 7: If any owner desires to sell his unit, such owner may, in order to assure a prospective purchaser that no adjoining unit owner has a right of contribution as provided in this Article IV, request of the adjoining unit owner a certification that no right of contribution exists, whereupon it shall be the duty of the adjoining unit owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining unit owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina as then existing.

Section 9: This Article shall not be applicable to Unit A, Building #1 which contains no party walls.

ARTICLE V

EXTERIOR MAINTENANCE

Section 1: In addition to maintaining the common elements, the Association shall provide exterior maintenance for each unit, subject to assessment hereunder, including the performance of the following, as needed: Paint, repair, replace and care of roofs, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. As long as the Tidal Creek Food Cooperative is a Tenant of a unit owner or is a unit owner occupying their unit, they will have the right to do the landscaping of the common area for the Association if their cost is equal to or less than the lowest competitive bid, that their landscaping plan is approved by the Executive Board and the quality of their work is of a professional level as reasonably determined by the Executive Board. Tidal Creek shall submit separate bids on the landscaping of those areas described in Article III(a)(iii) above and the remainder of the landscaping. These bids shall be considered separately by the Board and the contract shall not be awarded to Tidal Creek unless the cost and quality requirements are met as to both bids. If Tidal Creek Food Cooperative does get the landscaping contract, it will be for one year and re-negotiated annually.

Section 2: In the event that the need for maintenance, repair, or replacement is caused through the willful or negligent act of an owner, his family, guests, invitees, or tenants, the cost of such maintenance, replacement, or repairs shall be added to and become a part of the assessment to which such unit is subject.

Section 3: The maintenance of the limited common areas created and designated on the Plat will be the responsibility of the party using the limited common area, at their own expense. The Association will have no obligation to maintain the limited common areas. If the limited common areas are not maintained to the satisfaction of the Association, the Association will do the maintenance and bill the owner.

Section 4: The owner of Unit A, Building #1 shall be responsible for the total maintenance of Building #1 and the landscaping adjoining the Building. The Association shall have no obligation to maintain said building; provided, however, if the owner of Building #1 fails to reasonably maintain its building and within thirty (30) days after delivery of written notice by the Association to the owner detailing with specificity the alleged failure to maintain, the owner has not reasonably maintained the building or reasonably commenced maintenance, the Association may, but is not obligated to, maintain the building and may assess the cost of said maintenance to the owner of the unit.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1: No building, fence, wall, or other structure or improvement shall be commenced, erected or maintained upon the condominium, nor shall any exterior addition or change therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing.

The exterior color of a unit can be changed with the approval of two-thirds of the owners at a duly called meeting at which a quorum is present.

This section shall not apply to Unit A, Building #1.

Section 2: Limitation of Liability. Neither Declarant nor the partners, officers, directors, employees and/or agents of Declarant shall be liable in damages or otherwise to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with any submittal or re-submittal of Plans for review and approval under this Declaration. Without the prior written consent of Declarant, no Owner who submits or resubmits Plans may bring an action or suit against Declarant, or Declarant's partners, officers, directors, employees and/or agents to recover any such damages, and such parties hereby release, remise and quitclaim all claims, demands and causes of action for damages arising out of or in connection with any mistake of judgment, negligence or nonfeasance of Declarant or its or their partners, officers, directors, employees and/or agents relating to the review and approval, disapproval or failure to respond with respect to any Plans which are submitted or resubmitted under this Declaration; and such parties hereby waive all rights and entitlements they may have under any provision or principle of law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

Section 3: No Liability for Design or Other Defects. The approval of any Plans under this Declaration by Declarant shall not impose any liability or responsibility whatsoever upon Declarant or its partners, officers, directors, employees and/or agents (i) with respect to the compliance or non-compliance of any such Plans, or any structures erected or installed in accordance therewith, with applicable zoning ordinances, building codes, signage ordinances, or other applicable governmental laws, ordinances or regulations or (ii) with respect to defects in or relating to the Plans, including, without limitation, defects relating to engineering matters, structural design matters and the quality or suitability of materials.

ARTICLE VII

INSURANCE

Section 1: The Executive Board shall have the right and authority to obtain and maintain such insurance as the Executive Board may from time to time reasonably deem advisable, provided that such insurance is of types and amounts reasonably customary for first class office

parks in New Hanover County, North Carolina, including without limitation coverages of the types and kinds set forth below, in such amounts as the Executive Board shall reasonably deem advisable:

(a) Fire and casualty insurance on all improvements and all fixtures on the Property, including the Buildings, Common Facilities and all personal property and supplies comprising a portion of the Common Facilities. All such policies shall provide that adjustment of loss shall be approved by the Executive Board.

(b) Public liability insurance on the Property in such limits as the Executive Board may, from time to time determine to be customary for projects similar in construction, location and use to CINEMA OAKS, and customary for projects similar to CINEMA OAKS, covering the Executive Board, the managing agent, if any, and each Owner with respect to its liability arising out of the ownership, maintenance, or repair of the Common Facilities and out of the activities of the Executive Board with respect to the Common Facilities.

(c) Fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds, or the assessments, in an amount determined by Executive Board in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Flood insurance on any Units or portions thereof which are determined to be within a flood zone according to the appropriate governmental entities.

(e) Such other insurance coverage, including flood insurance and worker's compensation, as Executive Board shall determine from time to time to be desirable.

Premiums upon such insurance policies purchased by Executive Board shall be paid by Executive Board and collected from the Owners as part of the assessments pursuant to Article III hereof.

Section 2. Owner's Obligations.

(a) Public Liability Insurance. Each Owner shall maintain or cause to be maintained in full force and effect comprehensive public liability insurance with a financially responsible insurance company or companies licensed to do business in the State of North Carolina insuring against claims on account of loss of life, bodily injury, or property damage that may arise from, or be occasioned by, the condition, use or occupancy of such Owner's Unit; and such insurance shall provide for a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) for personal or bodily injury or death to any one person, a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) for personal or bodily injury or death to any number of persons arising out of any one occurrence, and a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) in respect of any instance of property damage. Such insurance shall extend to the contractual obligation of the insured party arising out of the indemnification obligations set forth in this Declaration. Each Owner shall furnish to the Executive Board, and to any other Owner requesting the same, evidence that the insurance described above is in full force and effect. All policies of insurance carried by any Owner pursuant hereto shall name The Property Owners Association as an additional insured, and shall

provide that the same may not be canceled (including, without limitation, a non-renewal) or amended without at least thirty (30) days prior written notice being given by the insurer to the Executive Board.

(b) Waiver of Subrogation. All such insurance shall include a waiver of subrogation by the insurer against the other Owners so long as the same is obtainable without extra cost. If extra cost shall be chargeable therefor, each party shall advise the other thereof and the amount of the extra cost; and the other party, at its election, may pay the same but shall not be obligated to do so. Each Owner hereby waives any rights of recovery against any other Owner, its directors, officers, members, employees, agents, and tenants for any damage or consequential loss which is covered by or would be covered by the policies required to be carried by such Owner hereunder, to the extent of the proceeds payable under such policies.

(c) Changes in Owner's Coverage. The Executive Board shall have the right and authority from time to time as it may deem advisable, to amend the types of coverage and amounts required of the Owners hereunder; provided, however, that such coverage and amounts are reasonably customary for first class office parks in New Hanover County, North Carolina.

Section 3: Special Provisions Relating to Unit A, Building #1. Notwithstanding the foregoing, and pursuant to G.S. 47C-3-113(i), the owner of Unit A, Building #1 may procure its own insurance, insuring the improvements (including interior and exterior walls, roofs and all structures and improvements reasonably related to the use and occupancy of said Unit) and such other insurance as the owner shall deem advisable. To the extent the owner procures said insurance, neither the Executive Board nor the Association shall be obligated to provide such insurance and the owner shall not be assessed for the cost of any insurance provided by the Association, with the exception of public liability insurance and fidelity coverage as described above.

ARTICLE VIII

CASUALTY

Section 1: Definitions. For the purposes of this Article VII, the following terms shall have the following meanings: (i) "Casualty" shall mean damage to or destruction of the Buildings or any portion thereof by fire, hurricane or other casualty or sudden destructive event, or a taking of the use, occupancy or title of the Buildings or any portion thereof by an entity exercising the power of eminent domain in any actual or threatened action or proceeding pursuant to any law, general or special, and shall include any such taking made in settlement of any such threatened action or proceeding; (ii) the "Date of Casualty" shall mean the date on which the Casualty occurs; (iii) "Proceeds" shall mean the amounts recovered or awarded as compensation or damage on account of a Casualty, including insurance payments or condemnation awards, less the reasonable costs and expenses incurred in collecting such amount; (iv) "Major Casualty" shall mean a Casualty whereby the Buildings or any portion thereof are totally destroyed or taken, or are so substantially damaged or taken such that it would take more than 180 days from commencement of construction until completion to repair the Buildings or

portions thereof to their state before such Date of Casualty; and (v) "Partial Casualty" shall mean a Casualty which is not a Major Casualty.

Section 2: Major Casualty. If a Major Casualty occurs in any Unit, the Executive Board shall reconstruct, restore, and repair the damage inflicted by the Casualty unless the Condominium Association unanimously elect that the Executive Board should not rebuild, with such election to occur within thirty (30) days after the Date of Casualty, following written notice to the Condominium Association members. If the Condominium Association elects to rebuild, the Condominium Association shall reconstruct, repair, and restore the Units in accordance with the Plans and Specifications, and all Proceeds payable with respect to the damaged or condemned Unit up to the amount needed for such reconstruction or repair (with the exception of Proceeds payable for the loss of personal property within each Unit) shall be paid to the Executive Board.

In the event the Condominium Association elects not to rebuild, or in the event excess Proceeds are available from reconstruction or repair, such Proceeds shall be distributed by the Executive Board to the Condominium Association's Unit Owners whose property was destroyed or damaged.

In the event of a restoration after a Major Casualty, the Owner of the damaged Unit shall reconstruct, restore or repair the interior of such Unit in accordance with the Plans and Specifications, to substantially the same condition as was contemplated upon its initial construction, subject to all approval rights of the Executive Board as set forth herein. To the extent Proceeds are unavailable or insufficient to accomplish the reconstruction, restoration or repair of the Unit, then each Owner shall fund such shortfall with respect to such Owner's Unit.

Section 3: Partial Casualty. If a Partial Casualty occurs, then the Executive Board shall reconstruct, restore or repair the damage in accordance with the Plans and Specifications, to substantially the same condition as was contemplated upon its initial construction, and the Proceeds payable with respect to the insurance policies shall be used for such purpose. To the extent Proceeds are unavailable or insufficient to accomplish the reconstruction, restoration or repair, then each Owner shall fund such shortfall with respect to such Owner's Unit. Any excess Proceeds shall be distributed by the Executive Board to the Condominium Association's Unit Owners according to the percentages set forth for assessments in the condominium declarations.

Section 4: Special Provisions Relating to Unit A, Building #1. Notwithstanding the foregoing, to the extent that the owner of Unit A, Building #1 has procured insurance pursuant to Article VII, Section 3 above, said owner shall, in its sole discretion, be entitled to repair or rebuild. All insurance proceeds from insurance procured by the owner shall be payable to the owner and neither the Board nor the Association shall have any interest in the insurance proceeds.

ARTICLE IX

USE RESTRICTIONS

Section 1: No unit shall be used except for office, medical, restaurant and retail purposes.

Section 2: No noxious or offensive activity shall be conducted upon any unit nor shall anything be done thereon which may be or may become an annoyance or nuisance.

Section 3: No animals, livestock or poultry of any kind shall be kept or maintained on any unit or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes except for a veterinary office or clinic. All household pets shall be kept on a leash at all times when outside the units.

Section 4: No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the executive board.

Section 5: No signs shall be permitted on or about the units except those approved by the executive Board.

Section 6: All window coverings will be one inch mini blinds which will be off-white.

Section 7: Owners shall not park or store any, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises overnight. No trucks shall be permitted except for standard 2-ton pickup trucks, or smaller sized truck.

ARTICLE X

EASEMENTS

Section 1: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may obstruct or change the flow of drainage channels in the easements.

Section 2: All units and common elements shall be subject to easements for the encroachment of improvements constructed on adjacent units by the declarant to the extent that such improvements actually encroach, including, but not limited to, such items as overhanging eaves, stoops, mis-aligned common wall foundation footings and walls, provided such

encroachment does not interfere with the reasonable use of the common elements or units so encroached upon.

Section 3: Declarant shall have a reasonable construction easement across the common elements for the purpose of constructing improvements on the units. Declarant shall also have such easements through the common elements as may be reasonably necessary for the purpose of discharging a declarant's obligations or exercising special declarant rights as provided herein.

Section 4: The Association shall have a right of entry upon the units and any limited common elements to effect emergency repairs, and a reasonable right of entry upon the units to effect other repairs, improvements, replacement or maintenance as necessary.

Section 5: All easements granted herein are appurtenant to and shall run with the unit, and shall inure to the benefit of and be binding upon the declarant, the Association, owners, occupants, and mortgage holders, and any other person or entity having an interest in the condominium.

Section 6: All Owners and their employees, and guests shall have an easement for ingress and egress over all the common and limited common areas of the property.

ARTICLE XI

RIGHT TO ENLARGE CONDOMINIUM UNIT

The owner of Unit A, Building #1 shall have the right to expand its building upon the limited common area allocated to it and located to the northeast of the Unit. All construction shall be paid for by the owner and shall comply with all applicable building codes and zoning ordinances. Upon completion of construction, the owner shall prepare and cause to be recorded a revised condominium plat showing the location of the newly constructed improvements. Thereafter, the owner shall also execute and record an amendment to this Declaration which shall set forth the revised square footage of the Unit and the revised percentage interest in the common areas. The Association shall execute such documents as are reasonably necessary to effectuate the intent hereof. The amendment shall be effective upon recordation in the Office of the Register of Deeds of New Hanover County, North Carolina and shall not require execution by the Association or any of the remaining unit owners.

ARTICLE XII

GENERAL PROVISIONS

Section 1: All powers granted in the declaration or the bylaws to the Association shall be exercisable by the executive board, except as expressly provided in the declaration, the bylaws, or G.S. 47-C.

Section 2: The Association may adopt and enforce reasonable rules and regulations not in conflict with the declaration and supplementary thereto, as more fully provided in the bylaws.

Section 3: The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this declaration, the bylaws and articles of incorporation of the Association. Failure by the Association to enforce any covenant or restrictions therein shall in no event be deemed a waiver of the right to do so thereafter.

Upon notice to the Association of a violation hereunder and a failure of the Association to take action upon said violation within 90 days, any unit owner, or other holder of an interest in the condominium may undertake the enforcement of the provisions of the declaration at his own expense.

Section 4: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5: The covenants and restrictions of this declaration shall run with and bind the unit, for a term of twenty (20) years from the date this declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This declaration may be amended during the first 20-year period by an instrument signed by not less than seventy-five (75) percent of the unit owners, and thereafter by an instrument signed by not less than seventy-five (75) percent of the owners. Any amendment must be recorded.

Section 6: The fiscal year of the Association shall begin on the first day of January and end the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

PART III

BYLAWS

ARTICLE I

MEETINGS OF MEMBERS

Section 1: The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day and the same month of each year thereafter, unless changed by the Executive Board.