

RECORDED AND VERIFIED
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REG. STATE OF N.C.
NEW HANOVER CO. NC
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HOSPITAL PLAZA OFFICE PARK
CONDOMINIUM'S DECLARATION

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EXHIBIT "A"
Legal Description of Land

EXHIBIT "B"
Description of Buildings and Common Areas and Facilities

EXHIBIT "C"
Plans of a Typical Building

EXHIBIT "D"
Percentage Ownership of each Unit in the Common Elements

EXHIBIT "E"
By-Laws

DECLARATION OF UNIT OWNERSHIP UNDER
THE PROVISIONS OF CHAPTER 47A OF THE
GENERAL STATUTES OF NORTH CAROLINA, AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION made this 27th day of April, 1982, by
HOSPITAL PLAZA, INC., a North Carolina corporation with its principal
office at 920 South 17th Street, Wilmington, North Carolina, hereinafter
referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, the Declarant is the owner of record of the fee simple
title of certain properties in the City of Wilmington, North Carolina,
which are more particularly described in Exhibit "A" attached hereto and
incorporated herein by reference; and

WHEREAS, the Declarant is the owner of certain condominium type
multi-unit buildings and certain other improvements heretofore constructed
or hereafter to be constructed upon the aforesaid property, and it is the
desire and the intention of the Declarant to divide the project into
"condominium units" or "units" as those terms are defined under the pro-
visions of the North Carolina Unit Ownership Act, and to sell and convey
the same to various purchasers subject to the covenants, conditions and
restrictions herein reserved to be kept and observed; and

WHEREAS, the Declarant desires and intends, by the filing of this
Declaration, to submit the above-described property and the multi-unit
buildings located thereon and all other improvements constructed or to be
constructed thereon, together with all appurtenances thereto, to the pro-
visions of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina
General Statutes).

NOW, THEREFORE, the Declarant does hereby publish and declare
that all of the property described in Exhibit "A" and as described in
Paragraph 3 below is held and shall be held, conveyed, hypothecated, en-

umbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. NAME AND ADDRESS

The name by which this condominium is to be identified is:

HOSPITAL PLAZA OFFICE PARK CONDOMINIUMS.

The condominium's location and address are: 920 South 17th Street, Wilmington, North Carolina, 28401.

2. DEFINITIONS

The terms used herein and in the By-Laws shall have the meanings stated in the Unit Ownership Act, Chapter 47A, of the North Carolina General Statutes unless otherwise defined herein or in the By-Laws or unless the context otherwise requires.

2.1 Condominium Unit means a unit as defined in the said Unit Ownership Act.

2.2 Association means the Hospital Plaza Assn., Inc., consisting of all the unit owners acting as a group in accordance with the By-Laws and this Declaration.

2.3 Condominium means all of the condominium property as a whole when the context so permits, as well as the meaning stated in the said Unit Ownership Act.

2.4 Singular, Plural, Gender. Whenever the context so permits, the use of the plural shall include the singular, the singular the plural, and the use of any gender shall be deemed to include all genders.

2.5 The Developer shall be Hospital Plaza, Inc.

3. IDENTIFICATION OF PROPERTY

A. LAND: The description of the land on which the buildings and improvements are, or are to be, located is set forth in Exhibit "A" of this Declaration.

B. BUILDING: The description of the buildings erected or to be erected by the Declarant on the land described in Exhibit "A" is set forth in Exhibit "B" which states the number of units and the location of the common areas and structural boundaries.

The floor plan of a typical building is annexed hereto as Exhibit "C".

C. UNIT DESIGNATIONS: The unit designation of each condominium unit, its location, its dimensions, approximate area, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth on Exhibit "B" hereinabove referred to and made a part hereof. No unit bears the same identifying number as does any other unit. Each unit is bounded both as to horizontal and vertical boundaries by the interior surface of its perimeter walls, ceilings, and floors which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement or movement of the building, or by permissible repairs, construction or alteration.

D. COMMON AREAS AND FACILITIES:

(1) Extent: The common areas and facilities consist of all parts of the property described in Exhibits "A" and "B" other than the individual dwelling units therein as described in Exhibit "B" above.

(2) Nature of Interest: Each of the unit owners shall own an undivided interest in the common elements and said undivided interest, stated as percentages of such ownership in the said common elements, is set forth in Exhibit "D" which is annexed to this Declaration and made a part hereof.

The fee title to each condominium unit shall include both the unit and the respective undivided interest in the common elements and the said undivided interest in the common elements is to be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the condominium unit.

Any attempt to sever or separate the fee title to a condominium unit from the undivided interest in the common elements appurtenant to each unit shall be null and void.

(3) All areas of the described property not within any units shall be common areas; and all portions of any building or other improvement not included within a unit shall be a common facility. The common facilities shall include all installations, items and equipment for utility service to more than one unit and shall also include tangible personal property required for the maintenance and operation of the condominium even though owned by the Association. The use of the term "common elements" in this document shall be synonymous with "common areas and facilities."

E. AMENDMENT TO PLANS:

(1) The Developer reserves the right to change the interior design and arrangement of all units, and to alter the boundaries between units, so long as the Developer owns the units so altered. No such change shall increase the number of units except as provided in Paragraph 6, in fra, nor alter the boundaries of the common elements without amendment of this Declaration by approval of the Association and unit owners in the manner elsewhere provided. If the Developer shall make any changes in units so authorized, such changes shall be reflected by an amendment to the Declaration. If more than one unit is concerned, the Developer shall apportion between the units the shares in the common elements which are appurtenant to the units concerned. No unit, at any time, may contain less than 500 square feet.

(2) An amendment of this Declaration reflecting such alteration of condominium unit plans by Developer need be signed and acknowledged only by the Developer and need not be approved by the Association, unit owners or lienors or mortgagees of units or of the condominium, whether or not elsewhere required for an amendment.

4. AMENDMENT TO RATIOS

As provided by this Declaration, the By-Laws and Rules and Regulations of Hospital Plaza Assn., Inc. (hereinafter called the "Association") and the terms of Chapter 47A of the General Statutes of North

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Carolina, the ratio of the undivided interest of each unit owner in the common areas and facilities as set forth on Exhibit "D" attached hereto may be altered by an amendment to this Declaration duly recorded.

5. NATURE OF INTEREST IN UNITS

Every condominium unit, together with its undivided common interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute, a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easements, rules, regulations, resolutions, and decisions as may be contained or provided for herein and in the accompanying By-Laws and minutes of the Association and the Board of Directors.

6. SUBDIVISION OF UNITS

The Developer shall have the absolute right to subdivide any unit into no more than two (2) sub-units with one portion of the subdivided unit being designated by the unit member followed by the letter "A" and the remaining portion being designated by the unit member followed by the letter "B". The Developer shall apportion between the sub-units the share in the common elements which are appurtenant to the unit so subdivided, and the owner of each subdivided unit shall be entitled to one-half vote in the affairs of the Association.

An amendment to the Declaration reflecting such subdivision of a unit (except for the subdivision of unit 10, which is indexed in this Declaration) need be signed and acknowledged only by the Developer and need not be approved by the Association, unit owners or lienors or mortgagees of units of the condominium, whether or not elsewhere required for an amendment.

7. SERVICE OF PROCESS

A. V. SAFFO is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium development and/or the Association. Said person's place of business is 920 South 17th Street, Wilmington, North Carolina, which is within the City and County in which the development is located. The Board of Directors of Hospital Plaza Assn., Inc. may revoke the appointment of any such agent and appoint a successor, all pursuant to the By-Laws.

8. EASEMENTS

The following easements are covenants running with the land of the condominium:

(A) Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors of the Association or their designee shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

(B) The Association may hereafter grant easements, as approved by the Board of Directors, for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, gas lines, pipes, sewer lines, television cables, telephone wires and equipment and electrical conduits, and wires over, under, along and on any portion of the common areas; and each unit owner hereby grants the Association an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner such instruments as may be necessary or desirable to effectuate the foregoing.

(C) Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the common elements; and for vehicular traffic over, through and across such portions of the common elements as from time to time may be paved and intended for such purposes.

(D) Easements are reserved to the owners of units in the HOSPITAL PLAZA OFFICE PARK for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes, and for the construction and maintenance of water, sewer and other utilities.

(E) If a unit shall encroach upon any common element, or upon any other unit by reason of original construction or by the nonpurposeful or nonnegligent act of the unit owner or of the Association, then an easement appurtenant to such encroaching unit, to the extent of such encroachment, shall exist so long as such encroachment shall exist.

(F) The Developer hereby reserves unto itself, its successors or assigns, the right to grant easements over any of the common elements of this condominium to be used for, by or in connection with any other development property which may hereafter be erected on property owned, or hereafter acquired, by the Developer, its successors or assigns, in the vicinity of the property covered hereby, to the same extent as if said common elements were common elements of said condominiums or as may become necessary for the purpose of the undersigned, its grantee, lessee, successors or assigns, servicing the properties which are subject to the Declaration, or its adjacent properties with utility services, drainage and easements for ingress and egress.

(G) The Developer has granted a non-exclusive easement and right of way to Center Court Athletic Club, Inc., over a portion of Hospital Plaza Drive for access to Center Court properties.

9. PARTITIONING

The common areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entireties, jointly, or in common or in any other form by law permitted.

10. PARKING SPACES

Parking spaces are located in the condominium clusters and are not identified by numbers. These parking spaces are available generally for owners, their tenants, guests, and invitees without reservation or restriction.

11. LIENS

While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanics lien or other similar lien by reason of labor performed or materials furnished is waived.

12. OPERATING ENTITY

The operation of the condominium shall be by an incorporated Association organized pursuant to Chapter 55 of the General Statutes of North Carolina.

A. NAME: The name of the Association shall be: HOSPITAL PLAZA OFFICE PARK, ASSN., INC.

B. POWERS: The Association shall have all of the powers and duties set forth in the Unit Ownership Act, except as limited by this Declaration and the By-Laws, and all of the powers and duties reasonably necessary to operate the condominium as set forth in this Declaration and the By-Laws and as they may be amended from time to time.

The Association's powers of maintenance, operation, administration, management, and care of the condominium property may be delegated to a Manager as provided for in Article 14 herein.

All other affairs of the Association shall be conducted by a Board of Directors who shall be designated in the manner provided in the By-Laws of the Association.

C. MEMBERS:

(1) Qualifications: The members of the Association shall consist of all of the record owners of units.

(2) Change of Membership: After receiving the approval of the Association elsewhere required, change of membership in the Association shall be established by recording in the public records of New Hanover County, North Carolina, a deed or other instrument establishing a record title to a unit or units in the condominium and the delivery to the Association of a certified copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

(3) Voting Rights: There shall be one person with respect of each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "voting member". Such voting member may be the owner or one of a group composed of all of the owners of a unit ownership, or may be some other

person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to the Board of Directors by the owner or owners. The total number of votes of all voting members shall be one hundred (100), and each owner or group of owners (including the Board of Directors, if said Board or its designee shall then hold title to one or more units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the common areas and facilities applicable to his or their unit ownership as set forth in Exhibit "D" of this Declaration. The unit owner may vote on any matter by secret ballot upon motion duly made and seconded by any voting member.

(4) Approval or Disapproval of Matters: Whenever the decision of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such owner if in an Association meeting, unless the joinder of record owners is specifically required by this Declaration.

(5) Restraint Upon Assignment of Shares in Assets: The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his unit.

Any assessment for reserve or sinking funds for capital improvements or repairs shall be held by the Board of Directors for the purposes so designated and for no other. In the event such purpose or contingency does not occur, said allocated funds shall be expended only for the general operation of the property and any excess assessments in any year shall be used to reduce the following year's assessments.

D. INDEMNIFICATION OF DIRECTORS: Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be

a party, or in which he may become involved, by reason of his being or having been a director or officer at the time of the acts in question or such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

E. BY-LAWS: The By-Laws of the Association shall be in the form attached hereto as Exhibit "E" as amended from time to time.

F. PROPERTY IN TRUST: All funds and the titles of all properties acquired by the Association and the proceeds thereof shall be held in trust for the members in accordance with the provisions of this Declaration and the By-Laws.

13. COMMON EXPENSE

The common expenses and surpluses of the property shall be shared by the unit owners in the ratios specified in Exhibit "D" as amended from time to time.

14. MANAGEMENT AND MAINTENANCE

A. MANAGER: The Association may enter into a contract with a Management Company or Manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. All the powers and duties of the Association necessary or convenient for such maintenance and management may be delegated to and vested in the Manager by the Board of Directors, except such as are specifically required by this Declaration, the By-Laws, or the Unit Ownership Act, to have the approval of the Board of Directors or the Association. The Manager is hereby further authorized to recommend the annual budget, and, upon approval thereof by the Board of Directors, make assessments for common expenses, and collect such assessments as provided in this Declaration and the By-Laws, subject always to the supervision and right of approval of the Board of Directors.

B. OWNER'S MAINTENANCE:

(1) Each unit owner agrees as follows:

(a) To maintain in good condition and repair his unit and all interior surfaces within his unit (such as walls, ceilings, and floors) which are not common elements or exterior surfaces, the maintenance of which shall be the responsibility of the Association and assessable to all the unit owners as a common expense.

(b) Not to make or cause to be made any structural addition to the common elements without the prior written consent of the Association.

(c) To make no alteration, repair, replacement, or change of the common elements, or to any outside or exterior portion of the building, whether within a unit or part of the common elements.

(d) To permit the Board of Directors or the Manager, or the agents or employees of the Association, to enter with notice at any reasonable hour of the day, for the purpose of maintenance, inspection, repair, replacement, or improvements within the units or the common elements, or to determine in the case of emergency, the circumstances threatening any unit(s) or the common elements, or to determine compliance with the provisions of this Declaration, the By-Laws, or the Rules and Regulations promulgated thereunder.

(2) In the event a unit owner fails to maintain the unit as required herein or makes any structural addition or alteration to the common areas without the required written consent of the Board of Directors, or fails to permit entrance to the Board or the Manager as required above, the Manager on behalf of the Board of Directors or Association, or the Board on its own behalf, shall have the right to proceed either at law or in equity for whatever appropriate remedy the circumstances require. In lieu thereof and/or in addition to this remedy, the Association, through the Board of Directors, shall have the right and power to levy an assessment against the owner of the unit and the unit itself for such necessary sums to remove any unauthorized structure or alteration and to restore the property to its former condition. The Association and/or the Board of Directors on its behalf, shall have the further right and power to have its

employees or agents, or any subcontractor appointed by it, enter the unit at any and all reasonable times, to do such work as is deemed necessary by the Board to enforce compliance with the provisions hereof.

C. LIMITATION OF LIABILITY: Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to unit owners for injury or damage caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

15. ASSESSMENTS

The common expenses shall be assessed against each unit owner as provided for in Paragraph 13 above, except that water and sewer assessments shall be pro-rated according to the amount of plumbing installations required to service each unit. Assessments which are unpaid for over thirty (30) days after due date shall bear the maximum interest allowed by law, (but not to exceed the monthly rate of one and one-half percent (1 1/2%) from the due date until such unpaid assessment is paid in full.

Unit owners shall be subject to assessment by the Board of Directors upon acquiring title to their unit. The Developer shall be liable for assessments for unsold units contemplated by this Declaration upon completion of the building exterior in which such units are located.

Any sum assessed remaining unpaid for more than thirty (30) days shall constitute a lien upon the delinquent unit or units when filed of record in the Office of the Clerk of Superior Court of New Hanover County in the manner provided for by Article 8 of Chapter 44 of the General Statutes of North Carolina as amended. The lien for unpaid assessments shall also secure reasonable attorney's fees incurred by the Manager or the Board of Directors incident to the collection of such assessment or the enforcement of such lien. In any foreclosure of a lien for assessments, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit, and the Manager or Board of Directors shall be entitled to the appointment of a receiver to collect the same.

16. INSURANCE

A. OWNERSHIP OF POLICIES: All insurance policies upon the condominium property shall be purchased by the Association or Manager for the benefit of the Association, the unit owners, and their mortgagees as

their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain additional insurance coverage at their own expense upon their own personal property, for their personal liability, business interruption and such other coverage as they may desire.

B. COVERAGE: All buildings and improvements upon the land and all personal property included in the common elements shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, or by ninety percent (90%) co-insurance blanket coverage or by such other form of policy as the Board of Directors annually determines will most reasonably provide the funds necessary to repair or reconstruct the insured improvements. Such coverage shall afford protection against (1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and (2) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including, but not limited to vandalism and malicious mischief.

C. PUBLIC LIABILITY INSURANCE: Public liability insurance shall be secured by the Association or Manager in such amount and with such coverage as shall be deemed necessary by the Board of Directors, including, but not limited to, an endorsement to cover liability of the unit owners as a group or to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors or Manager shall determine from time to time to be desirable or necessary.

D. PREMIUMS: Premiums upon insurance policies purchased by the Association or Manager shall be paid by the Association and chargeable to the Association as a common expense.

E. PROCEEDS: All insurance policies purchased by the Association or Manager shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The Board of Directors of the Association is hereby irrevocably appointed Agent for each unit owner and his mortgagee